

**The  
first step...**

**A huge step  
forward**

Every journey must go through an initial learning curve, and some journeys may have to be aborted if one cannot overcome the challenges. With Hoa Sen Group, we made a huge step forward after overcoming the initial obstacles, led by a sound business strategy and built upon our core competitive advantages.

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From an initial capital of VND 30 billion, a workforce of 22 employees and revenue of VND 3 billion during its first year in 2001, Hoa Sen Group grew to VND 570 billion of share capital, 2,000 employees and a revenue of VND 2,831 billion in 2009. Hoa Sen Group's glorious achievements are driven by our sound business strategies and the synergies of our core competitive advantages.

Not one to rest on our laurels, Hoa Sen Group continues to drive accelerated growth through a number of major projects, namely, the VND 2,321 billion Hoa Sen - Phu My Steel Sheet Plant, considered as Southeast Asia's biggest and most modern plant of its kind to date; the inaugural real estate projects which set off our diversification into this new business field; the Hoa Sen – Gemadept International Port & Logistics Project that promises to spur growth in the Southern key economic region; the Hoa Sen Building Materials One-Member Limited Liabilities Company (Phase 2) which will support Hoa Sen Group's ambition to become the leading provider of building materials...

Hoa Sen Group relentlessly pursues growth opportunities for the cause of contributing to community development, which is a key inspiration for Hoa Sen Group along our development path. Our accomplishments are reflected through the market share Hoa Sen Group and brand loyalty among consumers.





**VISION**



**MISSION**



**CORE VALUES**

To become a leading, diversified Group in Vietnam and the region, driven by a sustainable development strategy that focuses on manufacturing and trading of steel sheet, iron and steel products and building materials, built upon the platform and synergies of our core competitive advantages, namely: vertically integrated value-chain; extensive branch network; strong and community-oriented brand; unique corporate governance and culture; and pioneering in new technology investment to maximize value for shareholders, employees and society.

Providing international-standard quality, reasonably priced and wide range of products under the Hoa Sen brand to meet customers' needs, contributing to changing the nation's architectural landscape, and contributing to the development of the community.

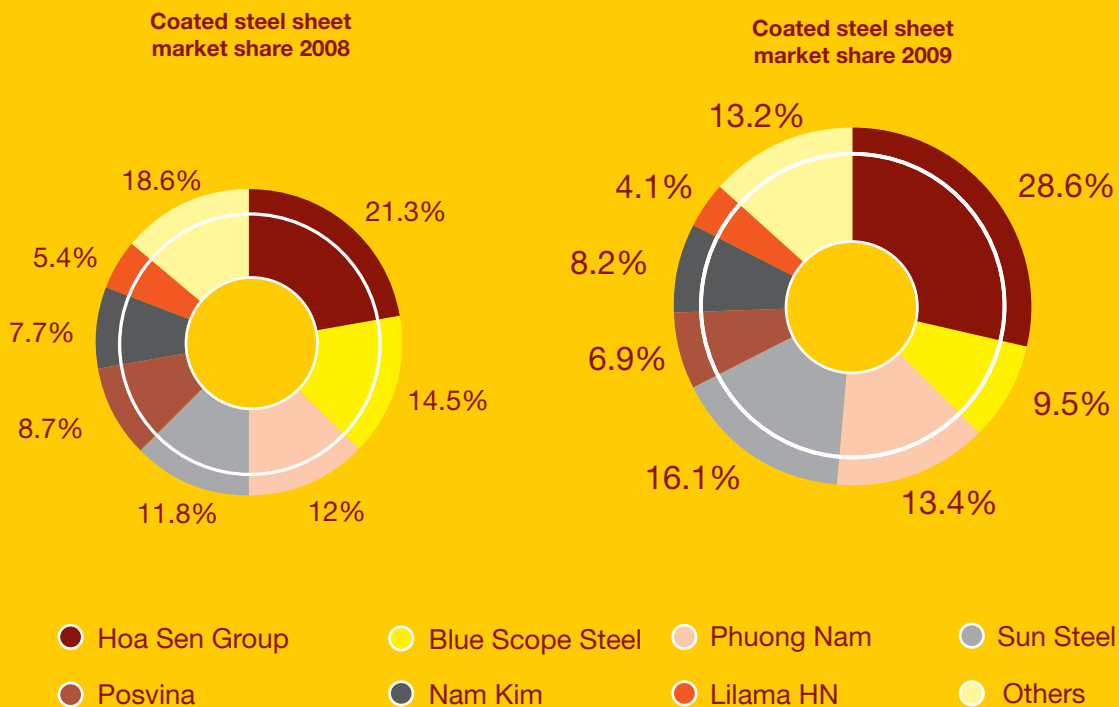
- Integrity
- Community
- Development



# Facts and figures for fiscal year 2008-2009

## NUMBER 1

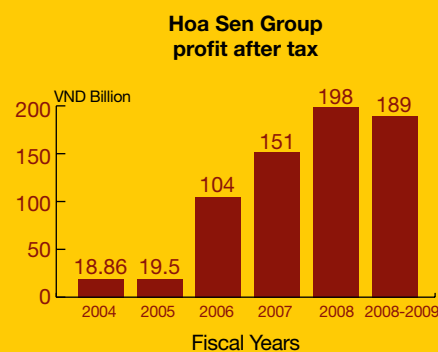
Established clear leadership in Vietnam coated steel sheet market with 28.6% market share in 2009, a sharp increase from 21.3% in 2008.



Source: Vietnam Steel Association 2008 and 2009  
Excluding the output of Perstima Vietnam as their Tin-coated steel sheet products are not used in construction industry.

### DELIVERED PROFITABILITY

Hoa Sen Group delivered VND 189 billion profit after tax for fiscal year 2008 - 2009, a marginal decline over prior year, in spite of a difficult year severely disrupted by global financial crisis, economic recession and domestic economic downturn.



### EXPANSION

Hoa Sen Group commenced construction of Hoa Sen - Phu My Steel Sheet Plant boasting the most advanced technology in Southeast Asia, and a capacity three times the Group's current capacity.



### LEADING BRAND

Ton Hoa Sen was honored the Vietnam Gold Star Award and "Top 10 Brands of Vietnam".



### NEW DEVELOPMENT

Hoa Sen Group reached a new milestone on 12 December 2009 with the construction of Hoa Sen - Pho Dong Apartment Building at Phuoc Long B Ward, District 9, Ho Chi Minh City. This is the first of a series of real estate projects, marking Hoa Sen Group's progress into a strong Group with diversified business.



## Message from Chairman



*“We have overcome the greatest challenge and welcome a new development cycle based on sound decisions in the most turbulent time.”*

### Dear esteemed shareholders,

Fiscal year 2008 - 2009 posed tremendous challenges to Hoa Sen Group, remarkably, it also witnessed a major milestone in our development journey.

The recent global financial crisis and economic downturn were the most severe since the 1930s Great Depression. This crisis upset trends, caused unexpected disruptions and threatened business continuity across all sectors of the economy. Noteworthy, the steel industry was not immune to the downturn impact, whereby the hot rolled coil price fell sharply and abruptly from USD 1,092/ton in June 2008 to USD 458/ton in December 2008, and bottomed out at USD 422/ton in April 2009.

The unexpected market meltdown rendered many companies in the industry helpless. Hoa Sen Group, however, weathered the economic storm well, due in part to our efficient branch network and brand equity, and in particular, driven by visionary leadership of the Board, positive reaction of management team, and concerted effort of all employees.

After four tumultuous quarters of battling with the crisis, to production stability, expeditious recovery, and eventually returning to strong growth, the underlying achievements of Hoa Sen Group went beyond the VND 2,831 billion revenue and VND 189 billion profit. Firstly, our coated steel sheet market share in 2009 rose to 28.6% from 21.3% in 2008, reaffirming our leadership position and widening the gap over competitors. Moreover, Hoa Sen Group capitalized on the golden opportunity to carry out the Hoa Sen - Phu My Steel Sheet Plant project at the lowest possible cost. This plant has a capacity three times that of the Group's current capacity, and its NOF-technology galvanizing line is currently the first of its kind in Southeast Asia. The new hot-dip galvanized steel sheet products will shape the progress of Hoa Sen Group as such products are currently imported at an import tax of 15%.

"After the rain comes sunshine", both the global and domestic outlook are now much brighter. Vietnam's GDP growth rate in 2009 exceeded forecast to come in at around 5.3%, a feat that ranked Vietnam as one of the fastest growing economies in the world. Vietnam is a populous country with a young workforce, and embarking upon industrialization and rapid urbanization; thus, there is a growing demand for construction. This creates a huge opportunity for the building

materials industry, specifically the production of steel sheet and iron, which is the main business of Hoa Sen Group.

We would like to express our sincere appreciation to the shareholders for their unwavering partnership during our most challenging period, and to reiterate our confidence and support for the management decisions of the Board of Directors. Hoa Sen - Phu My Steel Sheet Plant is at the height of construction, and expected to launch its first products in April 2010. We are also accelerating the construction of the Hoa Sen - Gemadept International Port & Logistics project. This port will serve Phu My Industrial Park and the Southern key economic region, its strategic location will benefit the Hoa Sen - Phu My Steel Sheet Plant in particular and Hoa Sen Group in general.

Fiscal year 2009 - 2010 shall mark the first step of Hoa Sen Group's foray into the real estate sector. Construction for Pho Dong - Hoa Sen Apartment Building Project (50% owned by Hoa Sen Group) which was officially carried out on 12 December 2009, paved the way for a series of other real estate projects (100% owned by Hoa Sen Group) such as: Hoa Sen - Phuoc Long Premium Apartments, Hoa Sen Riverside Premium Apartments. With easy access and strategically located in the rapidly urbanizing District 9, these projects are expected to deliver strong top-line and bottom-line growth for Hoa Sen Group.

On behalf of Hoa Sen Group, I would like to extend my gratitude to shareholders, partners and customers for your support and trust, to all staff and employees for your contributions to the Group's success. Our achievements today are the outcome of your concerted effort and excellent teamwork.

I wish all of you health, happiness and success!

**Le Phuoc Vu**

Chairman, General Director



# Establishment & Development

## CORPORATE PROFILE

Vietnamese name:	<b>CÔNG TY CỔ PHẦN TẬP ĐOÀN HOA SEN</b>
English name:	<b>Hoa Sen Group</b>
Headquarter:	No. 9 - Thong Nhat Boulevard - Song Than II Industrial Park - Di An District - Binh Duong Province
Representative office:	215 - 217 Ly Tu Trong Street, Ben Thanh Ward, District 1, Ho Chi Minh City
Tel:	(84-650) 3 790 955
Fax:	(84-650) 3 790 888
Website:	<a href="http://www.hoasengroup.vn">www.hoasengroup.vn</a>

### 2001

On 8 August 2001, Hoa Sen Joint Stock Company (Hoa Sen JSC) was established with an initial share capital of VND 30 billion, 22 employees and 3 retail - distribution branches.

Revenue reached VND 3.2 billion. Although Hoa Sen JSC was not profitable yet, it gained certain market share.

### 2002 & 2003

Hoa Sen JSC set up 31 retail - distribution branches, increased the total number to 34 branches, located in the Mekong Delta, South-East and Central Vietnam regions.

Hoa Sen JSC delivered strong performances since 2002 with increased revenue and market share.

### 2004

Hoa Sen JSC increased the number of retail - distribution branches to 49.

8 August 2004: Hoa Sen JSC put the first color coating line into operation with a capacity of 45,000 tons/year. Hoa Sen JSC inaugurated its headquarter at No. 9 - Thong Nhat Boulevard - Song Than II Industrial Park - Di An District - Binh Duong Province.

16 October 2004: Hoa Sen JSC called for official tender for a 180,000 tons/year capacity cold rolling mill, with investment capital of nearly USD 30 million financed by the India Official Development Assistance (ODA), Development Assistance Fund of Vietnam and the reciprocal capital.

### 2005

Hoa Sen JSC opened 7 additional retail - distribution branches.

14 February 2005: The first galvanizing steel line with a capacity of 50,000 tons/year was put into operations in Song Than II Industrial Park, Di An District, Binh Duong Province.

*The construction site of  
Hoa Sen – Phu My Steel Sheet Plant*



## FISCAL YEAR 2008 – 2009

Hoa Sen Group set up 3 more retail - distribution branches.

Under the acceptance of Ho Chi Minh City Stock Exchange (HoSE), 57,038,500 Hoa Sen Group shares (code HSG) were officially listed on HoSE on 5 December 2008.

13 May 2009: Hoa Sen Group commenced construction of Hoa Sen - Phu My Steel Sheet Plant on a 16.6 hectare site in Phu My I Industrial Park, Ba Ria – Vung Tau Province.

# 2008 - 2009

## 2006

Hoa Sen JSC set up 3 more retail - distribution branches.

16 February 2006: Hoa Sen JSC began construction of cold rolling mill with a capacity of 180,000 tons/year on a 24,000 m<sup>2</sup> site, adjacent to the headquarter in Song Than II Industrial Park – Di An District - Binh Duong Province.

09 November 2006: Set up the first subsidiary of Hoa Sen JSC - Hoa Sen Steel Sheet Joint Stock Company with a charter capital of VND 320 billion.

## 2007

Hoa Sen JSC opened 16 additional retail - distribution branches.

03 January 2007: Hoa Sen JSC inaugurated and put the second galvanizing steel line with a capacity of 50,000 ton/year into operation, which increased the total capacity to 100,000 tons/year.

26 March 2007: Hoa Sen JSC set up two more subsidiaries: Hoa Sen Building Materials Joint Stock Company and Hoa Sen Engineering - Construction Joint Stock Company with a charter capital of VND 150 billion and VND 10 billion, respectively.

6 April 2007: Hoa Sen JSC inaugurated Hoa Sen cold

rolling mill with 180,000 tons/year capacity and started construction of the continuous zinc aluminum alloy coating line in NOF (Non-Oxidizing Furnace) technology with 150,000 tons/year capacity, of which total investment value was nearly USD 30 million.

21 April 2007: Hoa Sen Building Materials Joint Stock Company started construction of the steel pipe and plastic pipe production lines with total investment capital of VND 700 billion.

In December 2007: Hoa Sen JSC was renamed as Hoa Sen Group. Hoa Sen Group then merged with its 3 subsidiaries.

## 2008

Hoa Sen Group opened 4 more retail - distribution branches.

16 January 2008: Hoa Sen Group signed an agreement with Gemadep Joint Stock Company on the establishment of Hoa Sen – Gemadep International Port & Logistics Joint Stock Company.

6 March 2008: Hoa Sen Group inaugurated the first phase and followed by the second phase of Hoa Sen Building Materials One-Member Limited Liabilities Co., located in Phu My I Industrial Park, Ba Ria – Vung Tau Province.

19 March 2008: Hoa Sen Group opened the continuous zinc aluminum alloy coating line using NOF technology and the second color coating line with a capacity of 45,000 tons/year.

# Key Business Activities

## STEEL SHEET AND IRON PRODUCTION

- 6 high single-stand reversing cold rolling mill with a capacity of 180,000 tons/year.
- Advanced NOF technology coating line (both galvanized and aluzinc) with a capacity of 150,000 tons/year.
- 2 galvanizing steel lines with total capacity of 100,000 tons/year.
- 2 color coating lines with total capacity of 90,000 tons/year.



Cold rolling mill



Galvanizing steel line



NOF technology coating line



Color coating line

## Becoming a diversified group

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### **BUILDING MATERIALS**

In addition to steel sheet and iron, Hoa Sen Group continues to invest in the production line of other kinds of building materials such as:

- Steel pipes, galvanized steel pipes and other kind of alloy coated steel pipes;
- Purlin, galvanized purlin and other alloy coated purlin;
- Plastic building materials including plastic pipes, plastic beads and plastic plafond, etc.



### **REAL ESTATE**

Driven by the aim to become a diversified group, Hoa Sen Group expanded its business into real estate field. The first 3 real estate projects, among which one had begun construction in early December 2009, are key drivers of the Group's future revenue and profit growth.



### **PORTS AND LOGISTICS**

Hoa Sen Group has co-operated with Gemadept Joint Stock Company to implement Hoa Sen – Gemadept International Port & Logistics J.V. project. Located in the Southern key economic region and adjacent to new projects of Hoa Sen Group, this project will create favorable advantages for the expansion of the Group's core business.

# The modern technology yields various types of internationally-standardized products.



### Cold rolled coil

The cold rolled coil is manufactured under the modern 6 high single-stand reversing cold mill.



### Zinc - aluminium alloy coated steel sheet (Aluzinc)

Manufactured by the advanced NOF technology, Hoa Sen Aluzinc meets the U.S standard of ASTM A792/A792M, Australian standard of AS 1397 (G550) - AS 1365 (G300) and Japanese standard of JIS G3321.

Thanks to state-of-the-art technology, the products are glossy and reflective in silvery surface, which are highly anti-erosion, effectively heat-resistant and designed with 4 times higher durability than other common kinds of steel sheet.



### Pre - Painted Aluzinc steel sheet (Aluzinc Plus)

The application of the most advanced coating technology on aluzinc alloy surface makes products of exceptional durability.



### Galvanized steel sheet

Equipped with the hot dipping coating technology, strictly following production process and quality control, the galvanized steel sheets successfully passed Japanese standard requirements (JIS G3302).

Effective anti-erosion and the smooth coated surface have made Hoa Sen galvanized steel sheet the first choice in the market.



### Pre - painted galvanized steel sheet (Zinc Plus)

Hoa Sen pre - painted galvanized steel sheet will enhance the long-lasting beauty for buildings with modern paint system plating on the galvanized steel surface. The variety in color and specification of this product satisfy the demands of every customer.



### Steel pipes

The modern production line and strict quality control from input materials to output products create highly durable and resistant steel pipes.



### Purlin

Hoa Sen galvanized purlin is cold-rolled from hot dipped galvanized steel in compliance with JIS G3302 standard of Japan.



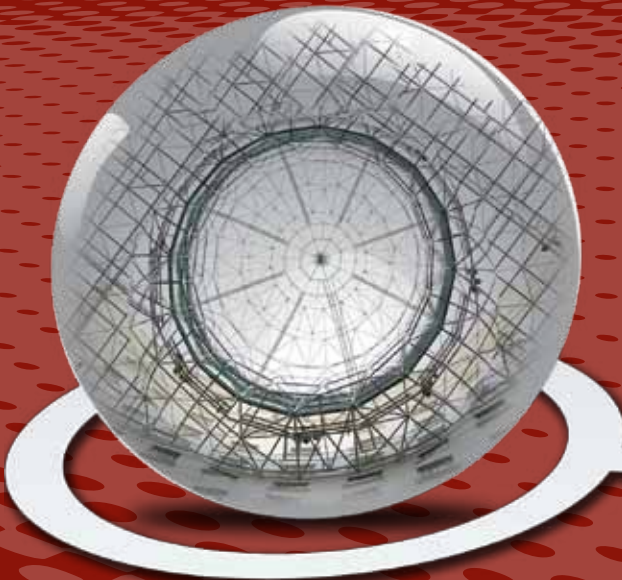
### Plastic pipes

Equipped with advanced technology, Hoa Sen Building Materials Company succeeded in producing high quality plastic pipes, in a variety of designs and specifications that satisfy civil and industrial demands.

Hoa Sen Group also installed two PVC bead production lines with a capacity of 10.000 tons/year and 32 machines to manufacture plafonds in order to meet market demand.

VERTICALLY INTEGRATED  
VALUE-CHAIN

82 HOA SEN OWNED  
RETAIL - DISTRIBUTION BRANCHES



STRONG AND COMMUNITY  
ORIENTED BRAND

5 Core **Competitive** Advantages

# Solid foundation for sustainable development



PIONEER IN INVESTING ON  
ADVANCED TECHNOLOGY



UNIQUE CORPORATE  
GOVERNANCE AND CULTURE





# 5 Core **Competitive** Advantages

VERTICALLY INTEGRATED VALUE-CHAIN

## Implementing cost-leadership strategy





## Vertically integrated value-chain

Hoa Sen Group's steel sheet - iron production process begins from cold rolling mill. Imported hot rolled coils put through this line will create cold rolled steel sheet in coils.

Cold rolled coils are the input materials for coating lines, which produce coated steel sheets.

At each stage of the production process, the semi-finished products of the Group meet the international quality standards of the U.S., Australia and Japan. Therefore, these products can meet the diverse needs of the market for cold rolled coil and galvanized steel sheet.

Through 82 Hoa Sen owned retail – distribution branches nationwide, high quality products of Hoa Sen Group are delivered to end-consumers.

With the vertically integrated value-chain, which covers almost the entire coated steel sheet manufacturing industry in Vietnam, Hoa Sen Group takes the initiative to carry out inspection at every stage of the production process.

This helps the Group minimize costs and achieve economies of scope. This is the foundation for Hoa Sen Group to implement the cost-leadership strategy.

# 5 Core **Competitive** Advantages

82 HOA SEN OWNED RETAIL - DISTRIBUTION BRANCHES

**Building trust, dominating the market**

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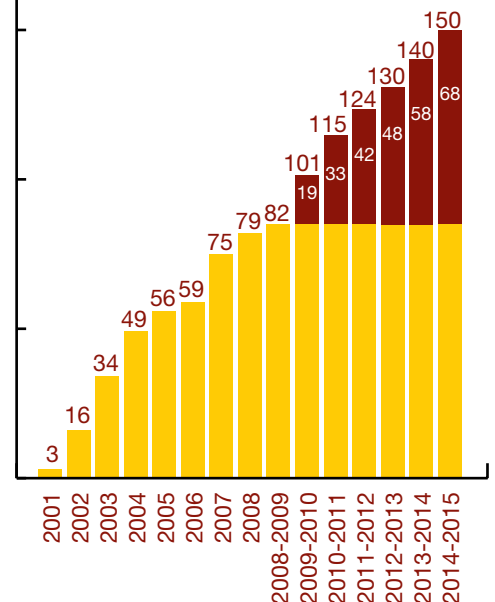
## 82 Hoa Sen owned retail - distribution branches

From the initial days of establishment, Hoa Sen Group implemented a development strategy based on an extensive distribution system. With centralized management, standardized policy and through the branch network, Hoa Sen Group implements stringent quality control until final delivery of the products to end-consumers. This has helped us establish consumers' trust in Hoa Sen Group's products.

Moreover, we have established, over the past 8 years, a major competitive advantage through our nationwide retail - distribution network, in connecting to consumers and implementing responsive sales policies that generate consistent cash-flow. This extensive network was a key success factor that generated liquidity during the recent economic crisis, critical to production continuity that enabled the Group to invest in expansion opportunities to pre-empt economic recovery.



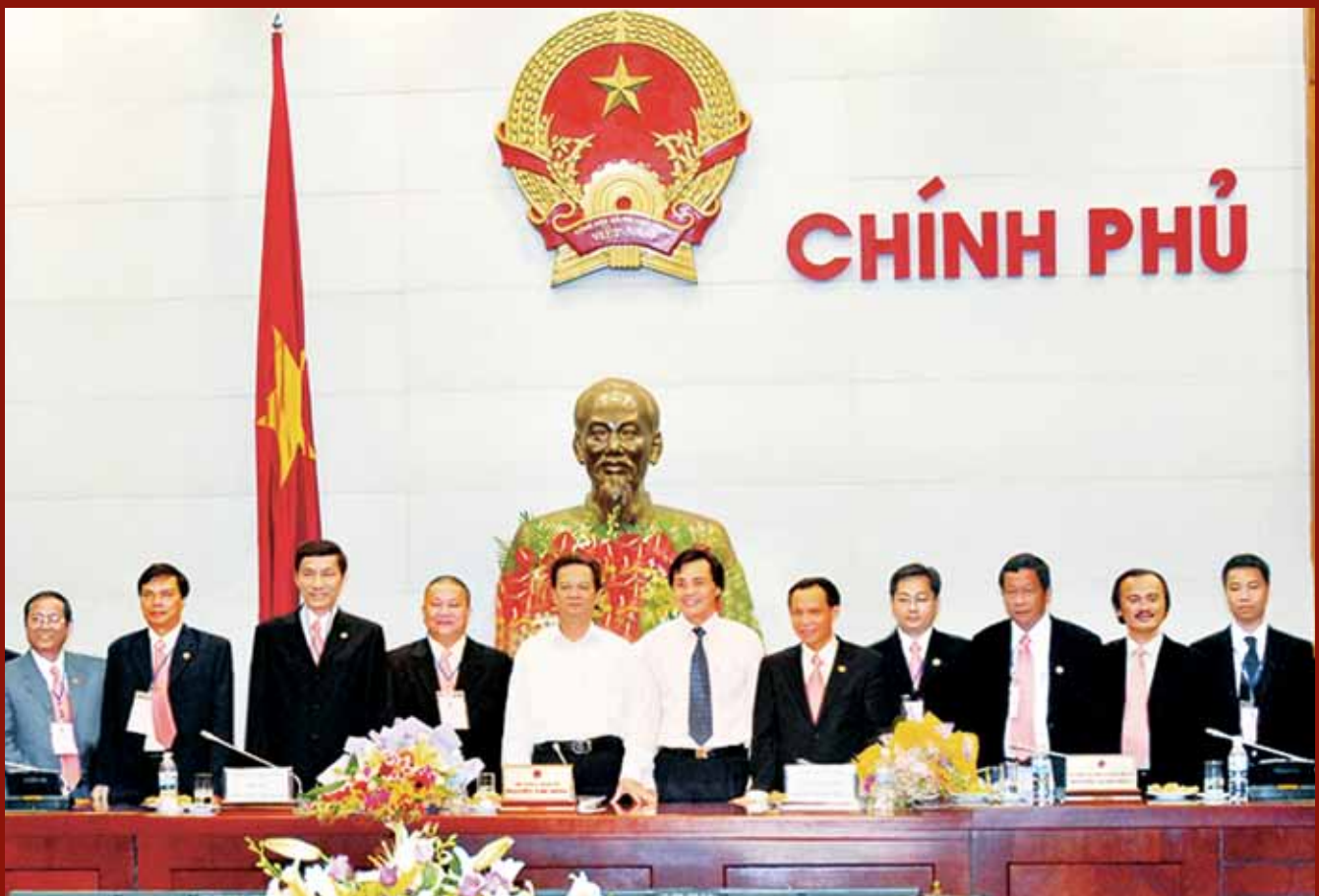
**Development plan of branch network to 2014 - 2015**



# 5 Core **Competitive Advantages**

**STRONG AND COMMUNITY ORIENTED BRAND**

**Excellent brand building strategy**  
**Outstanding advantages**



Mr. Le Phuoc Vu - Chairman / General Director was honoured to meet the Prime Minister Nguyen Tan Dung (Top 10 Vietnamese Golden Star 2009 - Vietnamese Entrepreneurs' Day on October 13, 2009)

### Excellence

Outstanding in quality and design and always satisfying the needs of customers.



### Ton Hoa Sen Brand

Ton Hoa Sen has penetrated deeply into the hearts of consumers as a friendly and community-oriented brand

### Strong and community-oriented brand

Ton Hoa Sen has led the Vietnam coated steel sheet market for many years, the widening of market share over competitors being testament to the superiority of Ton Hoa Sen products.

In addition to building customers' trust through quality products, Hoa Sen Group also pursues an exemplary community-oriented branding strategy to associate the Hoa Sen brand with community activities. Through charity programs and social activities that share our

success with the community, the Hoa Sen brand not only stays on consumers' top-of-mind but also penetrates deeply into their hearts.

A strong and community-oriented brand has brought recognition and accolades for the Group through the prestigious Vietnam Gold Star Award and 2009 Top 10 Brands of Vietnam Award for the Ton Hoa Sen brand.

# 5 Core **Competitive** Advantages

**UNIQUE CORPORATE GOVERNANCE  
AND CULTURE**

## **Development for the community**

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### Integrity

Honesty and transparency epitomized across all

### Community

Sharing the Group's achievements and contributing to the community



### Development

Commitment to bring Hoa Sen brand to the next level of success

### Business Management

We build our business management system upon the foundation of our corporate culture, inter alia, Integrity, Loyalty, Dedication, Talent and Friendliness – and actively promote these values. This has been a key success factor for our rapid and sustainable development.





# 5 Core **Competitive** Advantages

**PIONEER IN INVESTING IN  
ADVANCED TECHNOLOGY**

**In step with modern technology**

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### Continuous innovation

Hoa Sen Group promotes continuous development with the investment in the continuous hot dip galvanizing (HGI) line using NOF technology, the first of its kind in Southeast Asia.

### Investment in new technology

Hoa Sen Group is the first company in Vietnam to invest in a modern coating line using NOF technology



### Pioneer in investing on advanced technology

Whether a well-established Group with strong market position and brand loyalty can continue to deliver sustainable growth depends on its ability to keep pace with the ever-changing trends in consumer demands. With this in mind the leadership team of Hoa Sen Group sets top priority for proactive investments in new technologies to maintain its market leadership position.

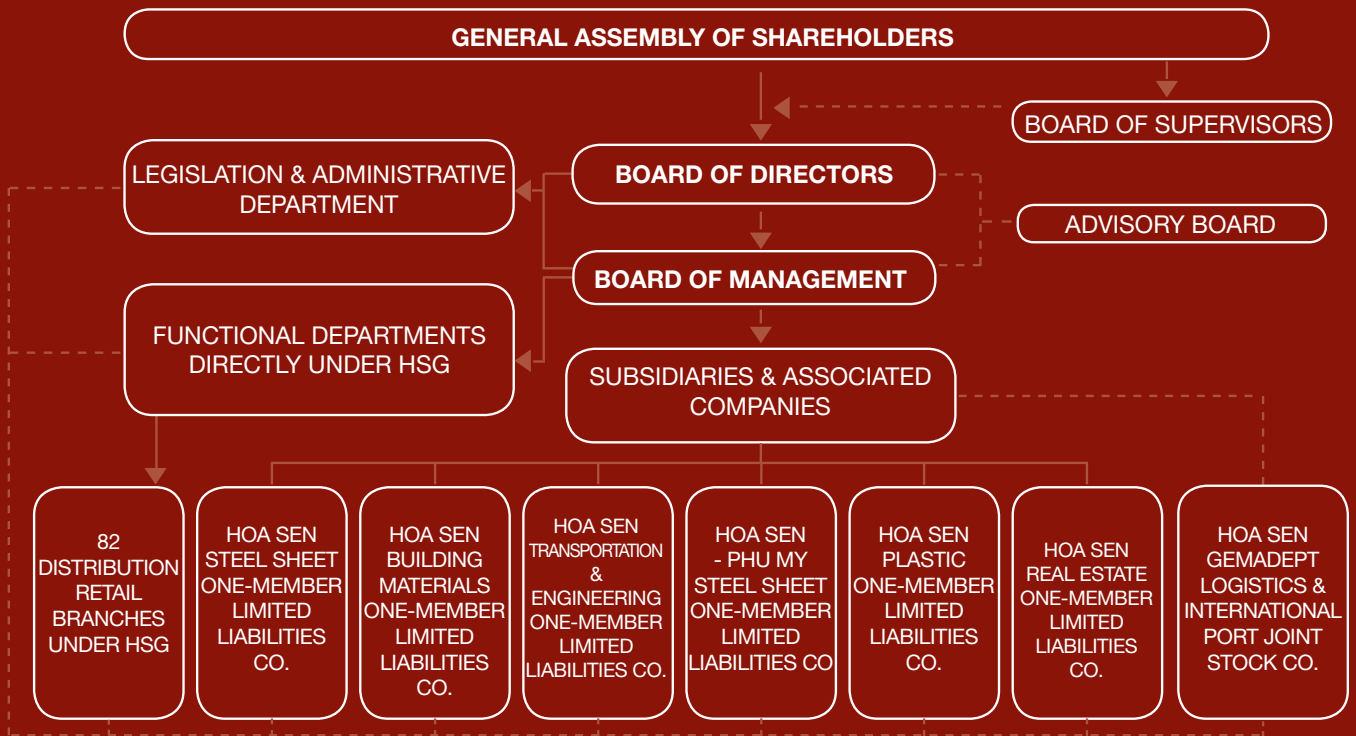
Hoa Sen Group is the first corporation to apply the NOF technology to produce coated steel sheet in Vietnam. This technology helps to create products with durability and outstanding quality at low cost.

In fiscal year 2008 – 2009, Hoa Sen Group also invested in a continuous hot dip galvanizing line using NOF technology, which is the first one in Southeast Asia. The line is located at the Hoa Sen - Phu My Steel Sheet Plant.

This creates added advantages for Hoa Sen Group in developing new and high - quality products to meet the diverse demand of customers and maintaining its leadership position in the Vietnam coated steel sheet market.

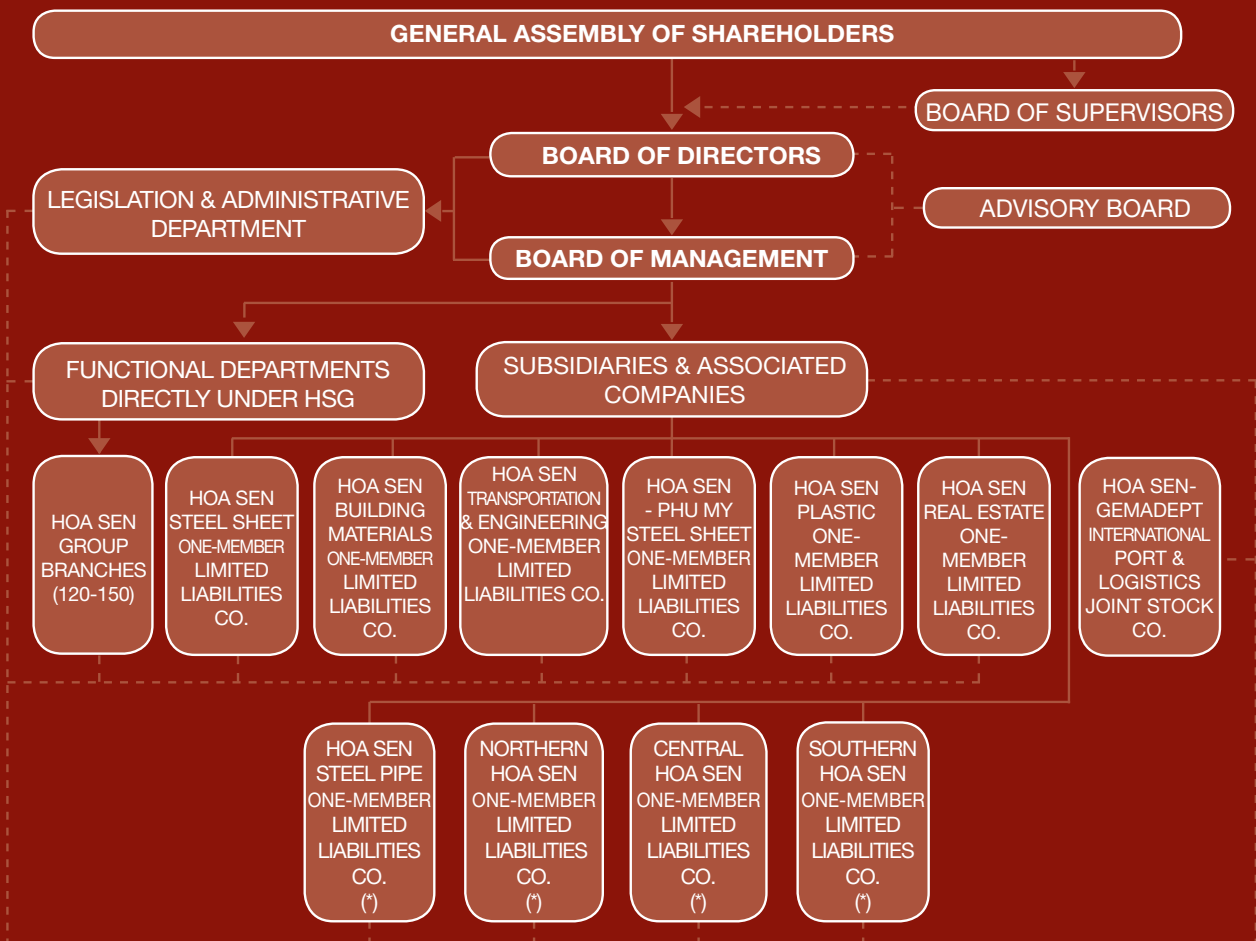
# Hoa Sen Group Organizational Structure

In accordance with Decision No. 135/QD/HDQT/09



## General Assembly of Shareholders

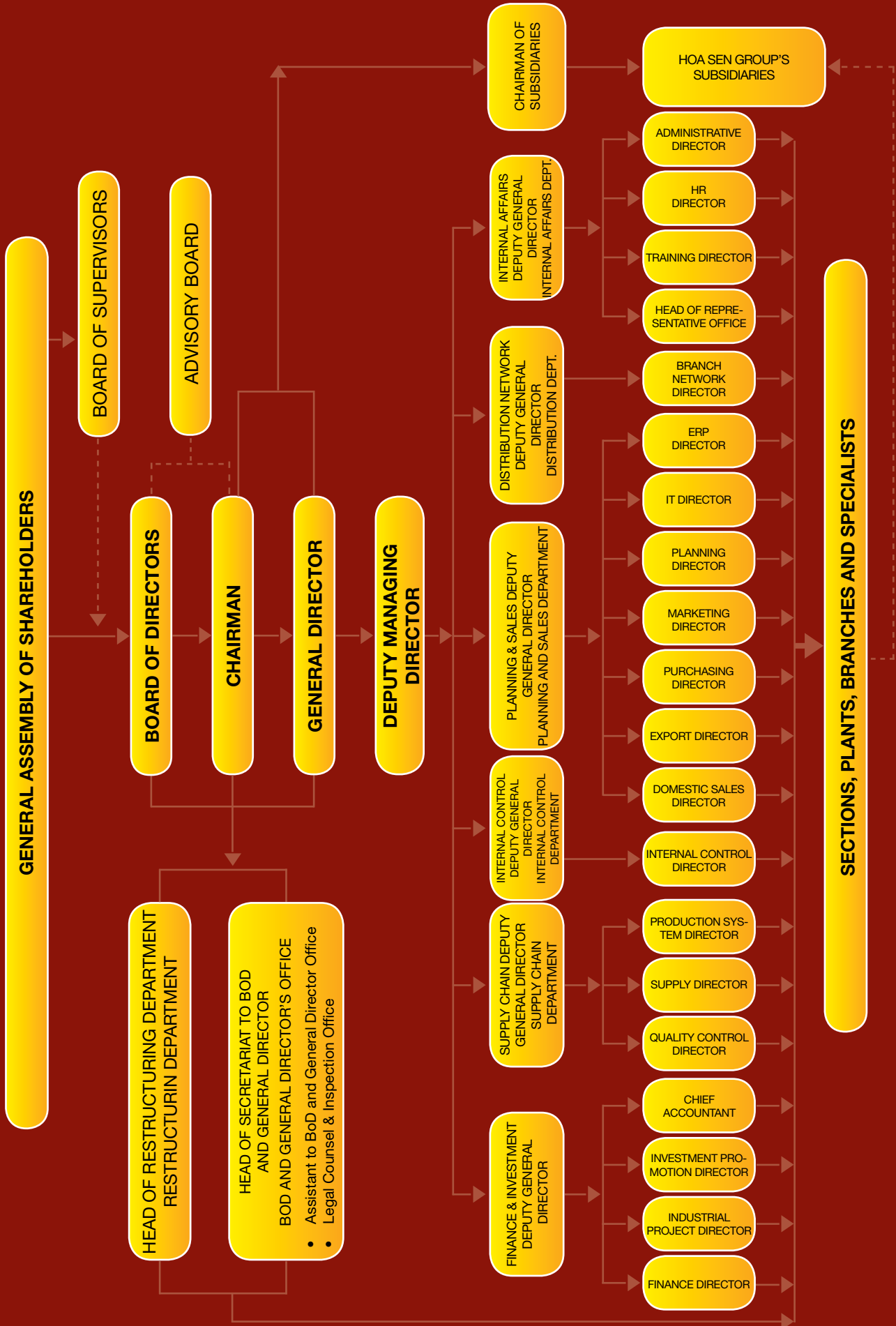
2011 - 2015 Orientation



Note: (\*) : For Future Establishment  
 — : Direct Control  
 - - - - : Supervision

# Organizational Structure Chart of the Parent Company

In accordance with Decision No. 135/QĐ/HĐQT/09



## Board of Directors



From left to right: Mr. Vu Bao Quoc, Mr. Le Phung Hao, Mr. Pham Van Trung, Mr. Le Phuoc Vu, Mr. Pham Gia Tuan, Mr. Tran Ngoc Chu, Mr. Nguyen Van Quy

### **Mr. Le Phuoc Vu** **Chairman**

Mr. Le Phuoc Vu started his business with a steel sheet retail outlet in 1994. In 2001, after 7 years of accumulating capital and business experience, he founded Hoa Sen Joint Stock Company with an initial charter capital of VND 30 billion. With the experience acquired in the steel sheet - iron business combined with sound leadership and flexible management, he developed the small company into Hoa Sen Group - a leading economic group in Vietnam, in the span of 8 years. For his dedication and considerable contribution in the development of the Group, the General Assembly of Shareholders entrusted, elected and accepted him as the Chairman of the Board and General Director for several consecutive terms.

### **Mr. Tran Ngoc Chu** **Vice Chairman**

Mr. Tran Ngoc Chu graduated from the HCMC University of Finance and Accounting and joined Hoa Sen Group since the early days of its establishment. With over 25 years of experience in the sectors of finance, accounting and taxation, he has made important contributions during the development period of Hoa Sen Group. He was entrusted and elected as Vice Chairman of the Board of Directors for several consecutive terms by the General Assembly of Shareholders

### **Mr. Pham Gia Tuan** **Member**

Mr. Pham Gia Tuan graduated from Sydney University of Technology (Australia), specializing in Accounting and was a member of the Australian Certified Practising Accountant (CPA) Association. He has over 10-year experience in financial management, taxation and control of business operations in Vietnam's leading companies such as VinaCapital, Dutch Lady Vietnam, PricewaterhouseCoopers Sydney (Australia) and PricewaterhouseCoopers Vietnam. At Hoa Sen Group, he is an independent member of the Board of Directors and responsible for investor relations as well as Finance and Accounting.

### **Mr. Vu Bao Quoc** **Member**

Received his Master's degree in International Business Management and completed Fulbright economics teaching program from Harvard University, Mr. Vu Bao Quoc has 20 years of experience in banking and finance sector in Vietnam. Before 1997, he served as Deputy Manager of International Relations Department - Vietcombank Ho Chi Minh City. Later, he became the Vice Chairman and Credit Director of Citibank Vietnam. From 2004 - 2006, he founded and managed Vietnam Partners LLC Investment Company - a joint venture partner of BIDV - Vietnam Partners Fund Management Company. He is an independent member of the Board of Directors in charge of restructuring.

### **Mr. Pham Van Trung** **Member**

Mr. Pham Van Trung graduated from Foreign Trade University and University of Foreign Languages. He completed a Master's program in Business Administration. He is a typical representative for the second generation of leaders in Hoa Sen Group. He is a young talent in business management, maturing from the daily business in Hoa Sen Group, and he has made important contributions to the corporation.

### **Mr. Le Phung Hao** **Member**

Mr. Le Phung Hao graduated from the University with double major, in economics and law. He used to hold the position of Deputy General Director of Binh Tien Consumer Goods Company (Biti's). As a leading expert in business administration with almost 20 years experience, he is currently holding the following positions: Deputy General Director of Kinh Do Corporation, Vice Chairman of Vietnam Marketing Association and Vice Chairman of Ho Chi Minh City Intellectual Property Office. He is an independent member of the Board of Directors with professional responsibilities for business and production as well as distribution system.

### **Mr. Nguyen Van Quy** **Member**

Mr. Nguyen Van Quy graduated from university with double major, in Business Administration and Electricity. He is the leading expert in production technique of steel sheet and iron in Vietnam. Prior to joining Hoa Sen Group, he accumulated experience from companies such as Ton Phuong Nam, Nippovina, etc. As a member of the Board of Directors responsible for development projects in steel sector, he plays an important role in selecting technologies and techniques for some projects such as cold rolling mill, NOF coating line, and Hoa Sen - Phu My Steel Sheet Plant.

# Report of the Board of Directors

## Achievements



Implementing the Resolution of the General Assembly of Shareholders in fiscal year 2008 – 2009, the Board of Directors brought on their own initiative the lucid and flexible business management solutions based on market movements and accomplished certain achievements.

We are confident that we have overcome the greatest challenges and regained growth. During the economic crisis, Hoa Sen Group managed to achieve positive business results such as: increasing production output and revenue, expanding distribution network, increasing market share, improving corporate governance and control, maintaining cash flow, liquidity, assuring payables and receivables collection, etc.

Moreover, Hoa Sen Group captured opportunities to carry out several investment projects, laying the foundation for development in fiscal year 2009 – 2010 and the coming years.

### Business Results

#### 1. Production - sales

- Sales output hit 166,545 tons, revenue reached over VND 2,831 billion.
- Profit after tax was VND 189 billion, exceeding the optimistic version of the business plan.

#### 2. Human resources – salary

- Recovered and returned all compensation of members of the Board of Directors and salaries of administrators and employees who voluntarily

waived their compensation and accepted a lower pay grade, respectively.

- Increased salary for direct workers and staff of distribution team (82 branches).
- Human resources: Hoa Sen Group downsized and reduced 523 jobs during the economic crisis and is currently recruiting additional staff for sales, management, pre-emptive resources and new project development. The Group's workforce as of 30 September 2009 was 1,921 employees.

#### 3. Project implementation

- Presented with sizeable but low-cost investment opportunities coupled with the attractive 4% annual interest rate subsidy of the Government's economic stimulus package, the Board of Directors sanctioned a series of investment projects to pre-empt the economic recovery as well as to lay the foundation for the Group's future development.
- Hoa Sen - Phu My Steel Sheet Plant project with total fixed asset investment of VND 2,321 billion.
- The ongoing project of expanding the branch network over the period from October 2008 to September 2015, targeting to increase the total number of branches to 150, specifically:
  - 71 newly-built branches with total investment capital of VND 627.8 billion.
  - 25 branches to replace the 25 current ones with total investment of VND 144.4 billion.

No.	Items	Unit	Plan for fiscal year 2008 - 2009 (1/10/2008 - 30/9/2009)			Result	Completed/ High Scenario
			Low Scenario	Medium Scenario	High Scenario		
1	Sales output	Ton	128,500	137,500	146,500	166,545	114%
2	Net revenue	VND Billion	2,345	2,515	2,685	2,831	105%
3	Profile after tax	VND Billion	13	42	72	189	263%



- Hoa Sen - Gemadep International Port & Logistics Project with estimated total investment capital of VND 579.78 billion (45% owned by Hoa Sen Group).
- Hoa Sen - Pho Dong 214-flat Apartment Building with total estimated investment capital of VND 174 billion (50% owned by Hoa Sen Group).
- Hoa Sen - Phuoc Long Premium Apartments in Phuoc Long B Ward, District 9.
- Hoa Sen Riverside Premium Apartments on Bung Ong Thoan Street, Phu Huu Ward, District 9.
- Hoa Sen Building Materials One Member Limited Liabilities Company (the second phase) with total estimated investment capital of VND 150 billion.

#### 4. Building the Enterprise Resource Planning (ERP) system

Hoa Sen Group continues to restructure the organization and builds the Enterprise Resource Planning (ERP) system in order to enhance management efficiency.

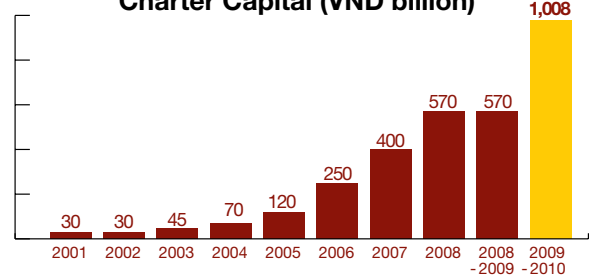
#### 5. Engaging in social activities

- Hoa Sen Group donated VND 1 billion to support the “Justice and the heart” social program in response to the appeal of Vietnam Association for Victims of Agent orange/Dioxin (VAVA).
- Hoa Sen Group also made a significant contribution to charity funds such as: “Fund for the poor” of Can Tho City, “Binh Duong Young talent Fund” and “Study encouragement Fund” of Faculty of Economics and Law, Vietnam National University - Ho Chi Minh City.
- Hoa Sen Group participated in social activities such as: the Charity Kitchen of Phu Yen Hospital, the Charity Foundation of Quang Nam Province, purchase of wheelchairs for the disabled and construction of Phuoc Lac pagoda.
- Hoa Sen Group funded VND 1.7 billion for Quang Nam Football Club during the Vietnam Premier League 2009.
- The Ton Hoa Sen Brand was awarded the Vietnam Gold Star Award and Top 10 Brands of Vietnam Award in 2009.

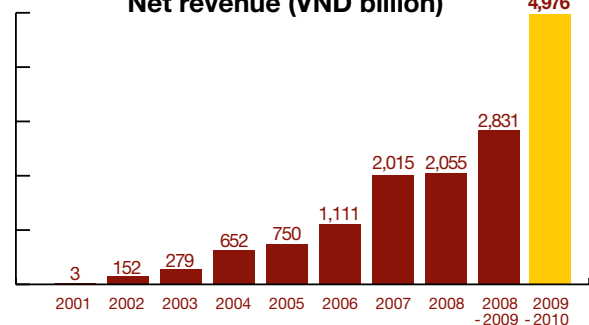
#### Business Plan 2009-2010

At the monthly Board of Directors’ Meeting held in October 2009, the Board of Directors approved targets and plans for fiscal year 2009 -2010 as follows:

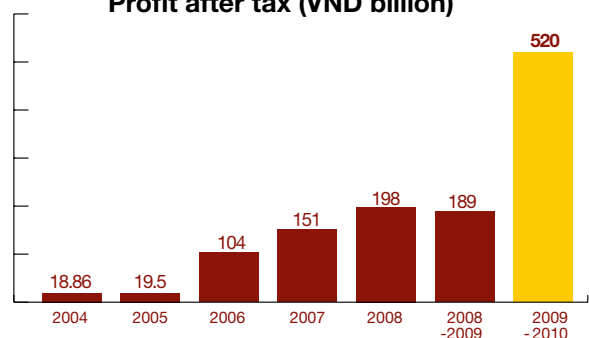
**Charter Capital (VND billion)**



**Net revenue (VND billion)**



**Profit after tax (VND billion)**





# Report of the Board of Directors

## 5-year Strategic Direction

### Strategic Development Plan 2010 - 2015

- Develop vertically:
  - Forward: invest and develop branch network
  - Back-end: expand vertically integrated value-chain in coated steel sheet, CRC, HRC, and refined steel
- Develop horizontally:
  - Diversify business fields: building materials, real estate, port and logistics
  - Upgrade branches to become building materials centers
- Develop strong and community-oriented brand.
- Partnership with banks to extend credit to customers at distribution branches.

### Operating Plan for Development Strategy 2010 - 2015

- Implement the investment project, Hoa Sen Phu My Refined Steel Plant, to diversify products, improve competitiveness and capture the opportunities brought by economic recovery.
- Invest in additional cold rolling steel production line, increasing the total to six lines to secure more raw materials and plating lines for steel pipe.
- Invest in new construction to bring the total number of branches across the country to 150; focus on domestic sales channels and export expansion.
- Real Estate Investment projects: Pho Dong - Hoa Sen Apartment Building project, Hoa Sen - Phuoc Long Premium Apartments project, Hoa Sen Riverside Premium Apartments project.
- Continue investing in Hoa Sen – Gemadep International Port and Logistics project in Phu My I Industrial Park, Ba Ria - Vung tau province.

- Reinvest retained earnings through issuance of stock dividend to raise charter capital, and progressively reduce debt burden of development projects, so as to ensure superior earnings per share.
- Strive to place the steel pipe and plastic pipe products in the top position in the domestic market.
- Implement flexible and dynamic business strategy corresponding to market conditions.
- Implement innovative, diverse and effective marketing programs to build a stronger and more community-oriented Hoa Sen brand and enhance consumers' trust for the brand in the field of steel sheet steel and building materials.
- Implement progressive organizational restructuring to transform into a Group model; establishing new wholly-owned subsidiaries, such as: Hoa Sen Phu My Steel Sheet One Member Limited Liabilities Company, Hoa Sen Steel Pipe One Member Limited Liabilities Company, Hoa Sen Plastic One Member Limited Liabilities Company, Hoa Sen Real Estates One Member Limited Liabilities Company.
- Build advanced and modern management system in accordance with Group model.
- Implement application systems for Enterprise Resource Planning - ERP.
- Improve ISO Quality Control system in the whole Group.
- Perfect the policies on recruitment, training and HR development strategy.

# Report of the Board of Directors

## Outcome of Restructuring

Restructuring Committee, led by Chairman of Board of Directors, deputized by one BOD member in the steering role, and jointly deputized by Head of BOD Secretariat and General Director Office in the implementation role.

The Restructuring Committee comprises members of the management team, with years of management experiences, knowledge of restructuring, and thorough understanding about the organization and specific cultures of the Group.

Effective 1 October 2009, the Restructuring Committee officially became an executive committee directly under the Board of Directors. It is authorized to assign manpower and assume advisory and implementation responsibilities on restructuring across the whole Group.

### Activities Completed and Under Implementation by the Restructuring Committee

1. Proposed and implemented the organization structure based on best practices, employee empowerment and relevant to practicalities within Hoa Sen Group to efficiently respond to downside risks of financial crisis, global economic recessions, or a domestic slowdown.
2. Reviewed functional roles and responsibilities of each unit, human resource policies and salary structure to set aside a fixed payroll budget to control manpower cost across the Group; Developed new organization structure and human resource policies for 7 functional boards, and recommended several key appointments.
3. Implemented the Management Trainee program for successor-planning and creating bench-strength; and completed the procedure of assessment, training, and appointment of Management Trainees.
4. Implemented effective compilation, analysis, evaluation and forecasting of expenses.
5. Set clear direction and enhanced capabilities of human resource and internal affairs works;

developed operating framework and resource planning for new subsidiaries and projects.

6. Implemented the plan across the fields of array: management, manufacturing, human resources, finance, raw materials.
7. Organized inspection and control across the Group, set up internal control system for subsidiaries, projects and branches, and at the same time served for the Board of Supervisors.
8. Applied e-office software.
9. Formalized core values and business culture.
10. Fine-tuned regulatory framework for administration, supported management functions across the whole Group.
11. Completed the regulatory framework for procedures of each functional department in order to lay the foundation for effective operation of each department, avoiding overlap of responsibilities and reducing autocratic management style.

### Fiscal year 2009 - 2010

1. Finalized the organization, the regulatory framework and system of procedures for the development strategy of the Group, and apply Information Technology and Enterprise Resource Planning - ERP.
2. Realigned human resources structure to inject new blood into management team, trained talented management trainees for succession planning and bench-strength, implemented the Group's strategic development plan.
3. Reorganized the corporate structure, establishing effective management mechanism, and creating a benchmark for other subsidiaries.
4. Decentralization of decision-making process to enable stronger management based on fast, rational and innovative thinking, avoid overlap of responsibilities and clearly define functions.

# Board of Management



## Professional and Loyal

All members of the Board of Management have years of experience in management and exceptional individual strengths.

Unified in business philosophy and development objectives, the Board of Management has developed appropriate and sound business strategies to help the Group overcome challenges with resolve.

The members comprise notable leaders with more than 20 years of experience and young, dynamic talents with a lot of potential.

This proves that Hoa Sen Group has been well prepared for the development in the future by investing in the best human resource to produce insightful and driven leaders.

## Board of Management



**Mr. Le Phuoc Vu**  
**General Director\***



**Mr. Pham Van Trung**  
**Managing Deputy General Director\***



**Mr. Tran Ngoc Chu**  
**Deputy General Director of  
Finance and Investment\***



**Mr. Vu Van Binh**  
**Deputy General Director of  
Supply Chain**

As a member of Hoa Sen Group from its inception, Mr. Vu Van Binh was the Deputy Head of the Board of Project Management in charge of the cold rolling mill project launched in 2006 and made great contributions to its success.



**Mr. Hoang Duc Huy**  
**Deputy General Director of  
Internal Control**

Mr. Hoang Duc Huy accumulated more than 20 years experience in organization control. He also has 13 years experience in finance and accounting, and implemented internal audit for large companies under the Department of Transportation of Tay Ninh province prior to joining Hoa Sen Group. In 2001, he was one of the founders of Hoa Sen Joint Stock Company – the precursor of Hoa Sen Group.

*(\*) Please refer to the note in the introduction to The Board of Directors*

# Report of the Board of Management

## Overview of Business Operations

Regardless of the deep-reaching impact caused by the global financial crisis, Hoa Sen Group has not only overcome all difficulties but also entered great stages of development. This fact manifests itself through the quarterly business report of the company for the year 2008-2009. Facing crisis in business operations for the first quarter, Hoa Sen Group's management team initiated timely moves to control the situation by the second quarter, recovered prior shortfall by the third quarter and returned to substantial growth in the final quarter.

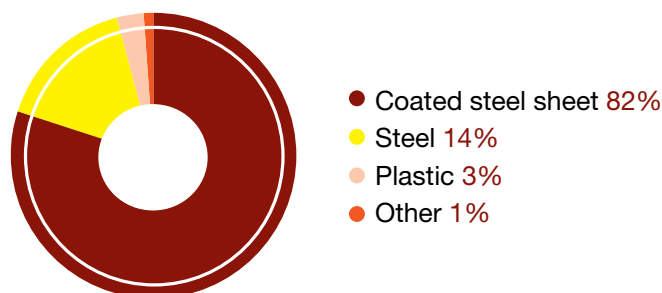
Positive business results were further ensured by the increasing market share of Hoa Sen steel sheet. In 2008, Hoa Sen Group ranked first with the market share of 21.3% which greatly surpassed the market share of the second-ranking business. Amid economic difficulties, market share of most companies either increased by a very small fraction or even decreased, but Hoa Sen Group's market share still maintained the growth rate of over 7% and reached 28.6% in the year 2009. This is the highest growth of market share among businesses specializing in the production of coated steel sheet.

Coated steel sheet is the key product that contributes the highest revenue for Hoa Sen Group. Among the coated steel sheet product line, zinc-aluminium alloy coated steel sheet has the largest contribution to gross profit (36%). This type of steel sheet is produced by the alloy coating line – NOF technology which is the most advanced technology in the world. This factor indicates the efficiency of Hoa Sen Group's new investments.

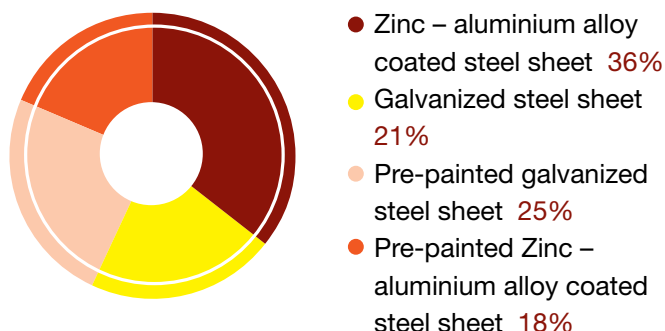
Hoa Sen Group continued to expand the branch and increased the number of its retail branches to 82 in fiscal year 2008-2009. Revenue from the retail channel has the highest contribution to total revenue among all distribution channels of Hoa Sen Group.

The mentioned business results were achieved due to timely and precise management solutions of Hoa Sen Group's Board of Directors.

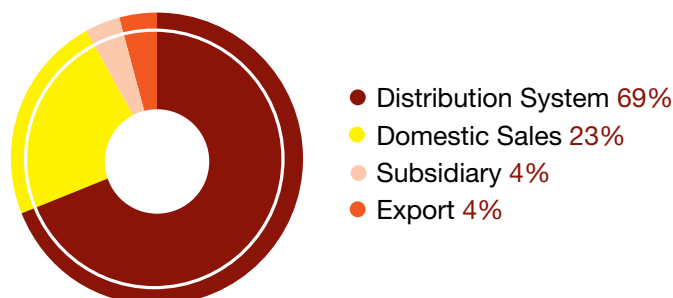
**Structure of sales output for Fiscal Year 2008 – 2009:**



**Gross profit's structure of coated steel sheet for Fiscal Year 2008 – 2009**



**Sales output based on distribution channels for Fiscal Year 2008-2009**



No.	Target	Unit	2008-2009 High scenario	Results	Results/ High scenario
1	Net Revenue	VND billion	2,685	2,831	105%
2	Gross Profit	VND billion	334	555	166%
3	Profit after tax	VND billion	72	189	263%

## Solutions of Production Control and Business Activities

The final months of the year 2008 marked the most difficult period for Hoa Sen Group due to the impact of the global financial crisis, global economic depression and the decrease in domestic economic growth. Foreseeing the negative performance of the market, the Board of Directors have decided to lower the selling price in the first quarter to decrease the amount of inventory, maintain market share, ensure liquidity and lay the foundation for maximizing import opportunities for a great amount of materials when their prices hit bottom.

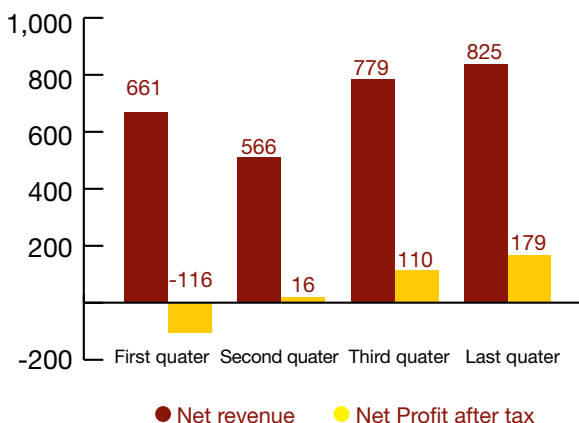
The Board of Management and Chairman of the board updated daily market information, adjusted the production output meeting the supply-demand level of the market, and optimized the edge brought about by the nationwide distribution system of 82 retailers to increase the consumption output, revenue and market share.

With the quick monthly recovery of sales revenue, Hoa Sen Group have instantaneously freed the amount of high priced inventory and effectively managed costs, production output, revenue, adjusted production output and selling price meeting market conditions to ensure cash flow, liquidity and a reasonable debt over asset ratio.

Signs of recovery have appeared on March of 2009 with the profit after tax totaling VND 13.4 billion.

Profit after tax increased monthly in the following months. The business result in the end of financial year 2008-2009 even surpassed the planned result.

**Changes in Net revenue and Profit after tax During the quarters of fiscal year 2008-2009**



## Methods of Cost Savings and Control

The Board of Directors and Board of Management have decided to ultimately reduce:

- Selling expenses and general and administrative expenses, simplified management system but still ensured governance and management capability, and organization control, implemented human resources policy with sanctioned payroll budget to enhance productivity, set up rational and appropriate procedures, implemented professional management software
- Financial expenses: substituted high-interest loans with low-interest loans, replaced short-term USD-dominated loan with VND-dominated loan, increased capital turnover, reduced inventories in order to reduce short – term liabilities.

The Chairman and Members of the Board voluntarily received no bonus and the Board of Management and Management Team voluntarily reduced their salary in sympathy with the Group and to contribute to lifting the corporation out of this difficult stage.

The reduction of cost was evident in: a reduction of 80% in marketing costs, 100% in stationery and office equipment costs, 30-50% in utilities costs; integration of the various transport teams of the Group into Hoa Sen Transportations and Engineering One-Member Limited Liabilities Company to enhance operational efficiency and restrict usage of cars for personal purpose.

## Opportunities seized:

- Thanks to the insightful judgment of the changes in steel prices, the Board of Directors has imported a large amount of materials when their prices reached the bottom level in the months of April, May and June of 2009. This provided the Group a crucial competitive advantage versus competitors in the same industry when prices of such materials soon rebounded sharply.
- Implemented the Hoa Sen Phu My Steel Sheet Plant project as approved by the General Assembly of Shareholders. The Board of Management decided to carry out this project during a stable period of business operations, which turned out to be another sound and timely management decision in scheduling the investment projects at a period when cost of machinery and construction are at their lowest levels. Moreover, the Group benefitted with further reduction in investment costs through the interest rate subsidy program of 4% p.a. from the economic stimulus package of the government.

# Report of the Board of Directors

## Investment Projects

During Extraordinary Board of Directors Meeting in April 2009, the Board of Directors decided to carry out the investment for Hoa Sen - Phu My Steel Sheet Plant on an area of 16.6 hectare, situated in Phu My I Industrial Park, Ba Ria - Vung Tau Province.

The Group later resumed the development for distribution network, real estate and port projects.

### The stages of investment project (as of 31/12/2009)

#### 1. Hoa Sen - Phu My Steel Sheet Plant Project

Location	Phu My I Industrial Park, Ba Ria - Vung Tau Province
Start of construction	May 2009
Start of operations	April 2010
Estimated total investment capital	VND 3,221 billion
Estimated investment in fixed assets	VND 2,321 billion
Total value of the signed contract	VND 1,386 billion. Amount of cash disbursed: VND 403 billion

#### 2. Project of branch network expansion from October 2008 to September 2015

##### 2.1 From October 2008 to June 2009:

Progress	Constructed a new branch at Ninh Binh. Replaced two branches at Sa Dec and Vinh Long
Estimated total investment capital	VND 24.4 billion
Amount of cash disbursed	VND 24.4 billion

##### 2.2 From July 2009 to September 2009:

Progress	Constructed two new branches at Cai Rang and Hoa Binh. Replaced two branches at Ha Noi and Tuy Hoa
Estimated total investment capital	VND 36.7 billion
Amount of cash disbursed	VND 21.4 billion

##### 2.3 From October 2009 to September 2015:

Plan	Build 68 new branches, replace 21 branches
Estimated total investment capital	VND 711.1 billion
Amount of cash disbursed	VND 30.5 billion

#### 3. Hoa Sen – Gemadept International Port & Logistics J.V. Project

Location	Phu My I Industrial Park, Ba Ria - Vung Tau Province
Estimated total investment capital	VND 579.78 billion
Proportion of capital contributed	Hoa Sen Group 45%, Gemadept 51%, Mr. Hoang Duc Huy 4%
Project launch date	2nd Quarter 2007
Amount of cash disbursed	VND 102.17 billion
Progress	<ul style="list-style-type: none"> <li>Finished geographical examination, design consultation, drawing of road to the port and backfilling of land leading to the port</li> <li>Continued with concept design. Recalculated project costs and investment efficiency</li> <li>Selected contractor for constructing the jetty bollards</li> </ul>

##### 3.1 Expected investment capital based on the transfer of shares: VND 114.5 billion

Amount of cash disbursed	VND 96.34 billion
Proportion of capital contributed	by Hoa Sen Group: VND 43.41 billion Gemadept: VND 49.73 billion Mr. Hoang Duc Huy: VND 3.2 billion

##### 3.2 Expected investment capital in the development of the project: VND 465.29 billion

Amount of cash disbursed	VND 5.83 billion
Proportion of capital contributed	Hoa Sen Group: VND 4.56 billion Gemadept: VND 1.27 billion

#### 4. Pho Dong – Hoa Sen Apartment Building

A joint venture between Hoa Sen Group and Pho Dong Corp: Each side contributed 50% the amount of capital

Location	Phuoc Long B Ward, District 9, HCM City
Area	3,600 m <sup>2</sup> - 18 storey building 23,919 m <sup>2</sup> of floor space - 214 flats
Estimated total investment capital	VND 174 billion (Hoa Sen Group owns 50%)
Amount of cash disbursed	VND 18.8 billion (by Hoa Sen)



Project Timeline	Ground breaking date: 12/12/2009. Selling date (Phase 1): 2nd quarter of 2010 (expected)
Completion	4th quarter 2011
Project status	Finished groundbreaking and now in first stage of construction, depositing construction rods.

## 5. Hoa Sen – Phuoc Long Premium Apartments

Hoa Sen Group owns 100%

Location	Phuoc Long B Ward, District 9, HCM City
Area	8,016 m <sup>2</sup> - 26 storey building 53,140 m <sup>2</sup> floor space, 420 flats
Estimated total investment capital	VND 500 billion
Amount of cash disbursed	VND 45.5 billion
Project Timeline (expected)	Groundbreaking date: 4th quarter 2010 Selling date (Phase 1): 1st quarter 2011
Completion	1st quarter 2013
Progress	<ul style="list-style-type: none"> <li>Finished the transfer of land use right of 7,856 m<sup>2</sup> area</li> <li>Investment plan has been passed by local government</li> <li>Being established project plan of 1/500</li> </ul>

## 6. Hoa Sen Riverside Premium Apartments

Contribution of Hoa Sen: 100% Capital.

Location	Bung Ong Thoan St, Phu Huu Ward, District 9, HCM City
Area	15,076.4 m <sup>2</sup>
Estimated total investment capital	VND 700 billion
Amount of cash disbursed	VND 47.5 billion
Project Timeline (expected)	Groundbreaking date: 1st quarter 2012 Selling date (Phase 1): 2nd quarter 2012
Completion (expected)	1st quarter 2015
Progress	<ul style="list-style-type: none"> <li>Finished the transfer of land use right</li> <li>HCM City's People Committee passed the investment plan</li> <li>Promoting the procedure of investment</li> </ul>

## 7. Hoa Sen Building Materials One Member Liabilities Limited Co., Stage II

Location	Phu My I Industrial Park, Ba Ria - Vung Tau Province
Area	15,600 m <sup>2</sup>
Estimated total investment capital	VND150 billion
Amount of cash disbursed	VND 2.42 billion (pile driving for foundation)
Deployment/ Accomplishment date	Deployed in 2008, expected completion on April 2010
Project Timeline	
Completion date	April 2010
Second stage of investment	Production of steel pipe, plastic pipe and stainless steel pipe
Project status	<ul style="list-style-type: none"> <li>Workshop is under construction</li> <li>The new workshop will be used as the new manufacturing plant for plastic pipe utilizing 8 machines.</li> <li>Currently negotiating an import contract for a system used for mixing and quantifying amount of materials and 4 plastic pipe production lines made in Germany and European Countries</li> </ul>



# Report of the Board of Management

## Business Plan for fiscal year 2009-2010



### Business Plan for year 2009-2010

In the Monthly Board of Directors Meeting in October 2009, Board of Directors has reached a unanimous production target for year 2009-2010.

Items	Unit	Target
Sales output	Ton	287,000
Revenue	VND billion	4,976
Gross profit	VND billion	911
Profit after tax	VND billion	520

### Consumption Plan

Product	Productivity (ton)	Revenue (Billion VND)	Gross Profit (Billion VND)
1 Zinc-aluminum alloy coated steel sheet	40,700	724	176
2 Galvanized steel sheet	33,300	534	85
3 Standard steel sheet	12,000	214	37
4 Pre-painted galvanized steel sheet	49,950	936	140
5 Pre-painted zinc-aluminum alloy coated steel sheet	61,050	1,199	265
6 Hot dip galvanized steel sheet	12,000	190	53
7 Purlin	8,000	93	7
8 Steel pipe	60,000	858	116
9 Plastic pipe	8,000	197	26
10 Plafond	2,000	31	6
<b>TOTAL</b>	<b>287,000</b>	<b>4,976</b>	<b>911</b>

## Explanation of Consumption Plan

No.	Items	Sales output of fiscal year 2008-2009 (ton/year)	Current marketability of products (with sufficient amount)	Investment in distribution channels, expanding market and new types of products	Consumption plan of fiscal year 2009-2010	Weight
1	Distribution network	115,500	150,150	27,027	177,177	62%
2	Domestic sales	44,700	58,110	13,113	71,223	25%
3	Export	6,300	27,000	11,600	38,600	13%
	<b>Total</b>	<b>166,500</b>	<b>235,260</b>	<b>51,740</b>	<b>287,000</b>	<b>100%</b>

- Sales output of the distribution system is 115,500 tons for fiscal year 2008 - 2009 and an increase in inventory can subsequently increase the amount of products sold to 30%, an equivalent of 150,150 tons. In fiscal year 2009-2010, Hoa Sen Group will build 19 new branches and plans to increase the sales output by 18%, an equivalent of 177,177 tons.
- The sales capacity of the domestic sales department in fiscal year 2008 - 2009 was 44,700 tons and if the inventory is sufficient, the department will increase the amount of products sold to 30%, an equivalent of 58,110 tons. In fiscal year 2009 - 2010, the domestic sales department is projected to sell up to 71,223 tons of products with the expansion of customer base and new products such as hot dip galvanized steel sheet, galvanized purlin...
- Due to limited production capabilities, Hoa Sen Group outputs have not fully met the increasing domestic demand yet. Thus, it has focused on the domestic market. As a result, the export outputs for fiscal year 2008 - 2009 only reached 6,300 tons. However, for fiscal year 2009 - 2010, as Hoa Sen - Phu My Sheet Plant goes into operation, the Group will boost export and plan to reach a target of 38,600 tons.

## Key Initiatives

- Revised salary structure for personnel in supply-chain, sales and branch network management teams.
- Set framework for flexible pricing policy: minimum price level and competitive pricing.
- Introduced commission scheme to push sales volume.
- Expanded sales channel and launched new products to grow market share.
- Developed distribution network.
- Increased segment-mix for sales to projects, manufacturers and export markets.
- Set monthly sales target for each territory and each market.

## Cost Control

- Continued to revise provisions for expenses, set expense budget across the whole Group
- Financial expenses: manage inventory level, manage short-term borrowings denominated in VND to reduce exchange rate risk when importing raw materials.
- Robust control of sales expenses, general and administrative expenses, production expenses and investment expenses.
- Charged cost of capital to sales branches.

## The Board of Supervisors



### **1. Mr Le Vu Nam** **Head of Board of Supervisors**

Mr. Le Vu Nam has a Doctorate in Law, graduated with a major in Economics Law and is currently Head of Department Majoring in Law on Finance, Banking, and Securities - Faculty of Economics and Law - Vietnam National University - Ho Chi Minh City. He was formerly Head of Market Research and Development Department – HoSE.

### **2. Mr Nguyen Nguyen Anh** **Member**

Mr. Nguyen Nguyen Anh graduated from the University of Finance and Accounting. He has 27 years of experience in the field of Finance and Accounting.

### **3. Mrs Nguyen Thi Khoa** **Member**

Ms. Nguyen Thi Khoa holds a Master's Degree in Business Administration and is currently Head of the Finance and Planning Department, Faculty of Economics and Law, Vietnam National University - Ho Chi Minh City.



# Report of the Board of Supervisors

## Report of Board of Supervisors on business operations and assessment of financial statements of Hoa Sen Group

### Oversight on Board of Directors and General Director

#### a. Supervision on Board of Directors

- Board of Directors comprises 7 members, with 4 members concurrently in charge of management, compliant with Enterprise Law and charter of Hoa Sen Group.
- All the meetings of Board of Directors are hosted by the Chairman with the participation of Board of Supervisors. Issues raised up at the meetings are discussed and passed by the Board of Directors, based on the Resolution of the General Assembly of Shareholders. The discussion and vote on issues are made public in line with the functions and the rights of Board of Directors as stipulated in the Group's charter.

#### b. Supervision on General Director

- General Director implements the Resolution of the General Assembly of Shareholders and of Board of Directors in a timely manner according to his functions, rights and duties as stipulated in the Group's charter.
- In order to improve and enhance organization structure, General Director submits proposals to Board of Directors to create appropriate regulations and internal control system to adhere to the law and the Group's charter.

### Assessment of financial statements for fiscal year 2008 - 2009

#### a. Finance and accounting

Hoa Sen Group financial statements and accounting procedures meet Vietnamese Accounting Standards, the Vietnamese Accounting System and accounting principles generally accepted in Vietnam.

#### b. Accounting records

Documents such as receipts, invoices and related documents are well- managed and stored by the Group. A storage system is implemented as per regulations for inspection.

#### c. Cash and bank deposits management

- Hoa Sen Group conducts periodic checks on deposits and treasury and properly document changes as per regulations

\* Cash spending and collecting, and depositing are carried out as per regulations

- Hoa Sen Group has prepared the books in accordance with regulations and kept a meticulous daily record of debit and credit items and credit advice from banks.

#### d. The financial status and business result for fiscal year 2008-2009

- Based on reports by the Sales Deputy General Director presented at the periodic Board of Directors' meeting, the audited data collected by an independent audited unit – KPMG Limited Vietnam, Board of Supervisors has declared the financial status of Hoa Sen Group to be in good health
- The basic figures of receivables and payables, loan, liquidity, ROA, allowances, and owners' equity all meet high standard
- The profit after tax for fiscal year 2008 - 2009 was recorded at VND 189 billion and has surpassed the target of VND 72 billion under the high scenario, which was approved in the 2009 Annual Shareholders Meeting.

### Recommendations

- Board of Directors and Board of Management should focus on establishing medium and long-term investment strategies for Hoa Sen Group and define the structure for future development in order to cope with the increasingly competitive market environment and react quickly during economic crisis
- Increasing the frequency of inspections and audit for financial statements, ensuring the accuracy of information and use them as a basis for appropriate policy
- Issuing policy on the development and stabilization of human resources in order to bring about greater efficiency in business activities.

### Plan for fiscal year 2009-2010

Continuing to supervise the management of Board of Directors and General Director

- Establishing plans and performing periodic inspections on the management operations of subsidiaries and the launch of important projects.
- Supervising the compliance of legal regulations regarding the auditing standards and financial reporting of Hoa Sen Group
- Supervising the announcement of Group activities to ensure the timely, accurate and fairly disclosure of information.

On Behalf of the Board of Supervisors

Le Vu Nam

Head of the Board of Supervisors

## Corporate Governance

# Activities of Board of Directors



### Activities of the Board of Directors

The fiscal year of 2008 - 2009 was challenging for domestic businesses in general and Hoa Sen Group in particular. With experiences in the field of steel sheet together with flexible decentralization management policy, the Board of Directors gradually overcame drawbacks from the impact of economic crisis. Hoa Sen Group then, as a result, grew significantly and captured the opportunity for development once the economy became stable.

Apart from monthly and quarterly meetings, the Board held four extraordinary meetings in October 2008, January, April and June 2009 respectively. Many important issues were raised and discussed during these meetings.

The achieved results proved that the policies and decisions of the BOD were done promptly and properly. This was a really valuable opportunity for the Group to experience steps of development that enable overcoming challenges in the future.

#### The changes in members of BOD in 2009

Date	Details
Annual Shareholders Meeting on 14 February 2009	Mr. Vu Van Binh resigned, Mr. Le Phung Hao was elected as the replacement
The second Extraordinary Shareholders Meeting on 3 October 2009	Mr. Vo Huu Tuan resigned, Mr. Nguyen Van Quy was elected as the replacement

#### Compensation for BOD

Title	Amount/Month
Chairman	VND 10 million
Vice Chairman	VND 7 million
Member	VND 5 million

### Major articles passed through are as follows

#### 1. Production and business activities

- Approved the entire contents of the production and business activity report in fiscal year 2008 and broad plan of production and business activities for the fiscal year 2008-2009.
- Approved the plans and business solutions for the 1st quarter of 2008 - 2009 proposed by sales department. Had the market situations continue to decline and bring steel prices down with it, the Board will approve lower selling price policy to clear inventories, retain customers as well as ensure cash flow and liquidity of the Group.
- Passed the proposal to implement cost-cutting measures, avoiding unnecessary costs to a considerable extent, to ensure cash flow for production and business needs.
- Ratified the policy to import large quantities of raw materials once prices were to bottom out.
- Passed the entire contents of the report on management solutions for business operations of the company during the economic crisis and strategic direction from 2010 to 2015.
- Approved the consolidated financial statements of fiscal year 2008 - 2009 audited by KPMG Vietnam Limited Company.

#### 2. Investment projects

Ratified the implementation and progress of Hoa Sen Group's projects as follows:

- Hoa Sen – Phu My Steel Sheet Plant project, which includes the following production lines:

No.	Production Line	Number of production line	Capacity (ton/year)
01	Hot dip galvanizing steel line in NOF technology	01	450,000

## Corporate Governance

# Activities of the Board of Directors

02	Thin galvanizing steel line in NOF technology	02	200,000
03	Color coating line	01	180,000
04	Annealing Furnace	02	142,000
05	Vertical cutting line	01	150,000
06	Horizontal cutting line	01	50,000
07	Cold rolling line	05	1,000,000
08	Pickling line	01	700,000
09	Acid recycling line	01	5,000 liter/hour
10	Rolling line	01	400,000

Hoa Sen Group passed the policy on the establishment of subsidiaries in One-Member Limited Liabilities Companies that are 100% owned by the Group. They are as follows:

- Hoa Sen-Phu My Steel Sheet One-Member Limited Liabilities Company
- Hoa Sen Steel Pipe One-Member Limited Liabilities Company
- Hoa Sen Plastic One-Member Limited Liabilities Company
- Hoa Sen Real Estates One-Member Limited Liabilities Company

The Group also approved the following investment projects:

- Hoa Sen Phu My hot rolled coil plant project with capacity of 1.5 million ton/year to 2 million tons per year;
- Hoa Sen Phu My steel refined factory;
- Branch network development project;
- Real estate projects: Pho Dong - Hoa Sen Apartment Building, Hoa Sen – Phuoc Long Premium Apartments, Hoa Sen Riverside Premium Apartments;
- Hoa Sen - Gemadept international port and logistics J.V project;
- Hoa Sen Building Materials One-Member Limited Liabilities Company – second stage

### 3. Share Policy

- Ratified the decision to list Hoa Sen Group's shares on HoSE on December 05, 2008
- Passed the annual dividend payment for 2008 with a payout ratio of 30% (20% in cash and 10% in stock)
- Approved the plan to issue 11,961,500 shares for strategic investors and 1,000,000 shares at preferential price for employees. Expected issuance time would be the last quarter of 2009 or the first quarter of 2010
- Approved the plan to issue bonus shares from the capital surplus of fiscal year 2007. Expected issuance time is the last quarter of 2009 and the first quarter of 2010

- Approved the plan to issue shares for stock dividend for fiscal year 2008 - 2009. The plan was financed by profit after-tax from audited consolidated financial statements of fiscal year 2008 - 2009.

### 4. Strategies for restructuring the Group

- Approved the proposal for downsizing and reorganization of human resources across departments.
- Agreed to implement Enterprise Resource Planning Project - ERP.

### Activities of the Board of Supervisors

The Board of Supervisors accomplished their tasks of inspecting and controlling the Group's activities to protect the interests of shareholders, was responsible to the General Assembly of Shareholders and the Laws for their work.

The Board of Supervisors performed to expectations in overseeing the implementation of key actions and projects, and made a positive contribution to the Group's development during both stable and challenging times.

### Changes in members of the Board of Supervisors in Fiscal Year 2009

Time	Content
Annual Shareholders Meeting on 14 February 2009	Ms. Nguyen Thi Kieu Loan resigned Mr. Nguyen Nguyen Anh was elected as replacement
The 02nd Extraordinary Shareholders Meeting on 3 October 2009	Mr. Vo Thanh Trung resigned Mr. Le Vu Nam was elected as replacement and appointed as Head of the Board of Supervisors.

### Compensation of Board of Supervisors

Title	Amount/month
Head of Board of Supervisors.	VND 5 million
Member	VND 3 million

### Main Activities in Fiscal Year 2009

In fiscal year 2008 – 2009, the Board of Supervisors held a number of meetings with the full participation of all members, noteworthy their participation in the periodic meetings with the Board of Directors

The Board of Supervisors completed the following tasks:

- Reviewed the financial statements of the company, receivables and payables, inventories, receipt and payment documents, goods delivering and receiving, etc...
- Supervised the progress of investment projects
- Evaluated the activities of the Board of Directors, Board of Management and other functional departments of the Group
- Recommendations to the Board of Directors.

# Corporate Governance

## Risk Management

### Risk Management

#### 1. Economic risks

- Vietnam consistently achieved strong GDP growth in recent years, turning in an 8.17% growth in 2006, 8.4% in 2007 and 6.23% in 2008. Despite adverse impact from the financial crisis and global economic recession, Vietnam still managed a GDP growth rate of 5.3% in 2009, one of the highest growth rate in the world. Experts forecasted that Vietnam's GDP growth could be maintained at 6-7% p.a. levels in the coming years. Economic growth has a significant impact on the development of the building materials industry. Therefore, economic fluctuation risks could have direct influences on business results of the Group.
- To mitigate this risk, the Board of Directors developed appropriate strategies, seized the opportunities during an upturn, and rationalized output during a downturn. At the same time, the branch network was strengthened to deliver products with the best quality and at competitive prices to the end – consumers.

#### 2. Legal risks

- Government policies on credit and export-import for steel products have a strong influence on business activities of the Group. In addition, the Group's activities are also affected by legal documents on joint stock company and stock exchange. The changes in terms of policy could be made at any time and would, more or less, affect the management, business and stock price of the Group.
- This risk will be mitigated when the Group gets updated regularly on new legal documents, policies on tax incentives and interest rate, among others, to improve efficiency of production and business activities.

#### 3. Inflation risks

- Despite impressive growth in recent years, the Vietnam economy has long been facing the risk of rising inflation.
- Inflation rate has a strong impact on the operations of businesses. Inflation leads to rising material prices, which in turn leads to higher product prices, causing difficulties in to sales activities. However, the Group is able to mitigate inflation risks thanks to the advantages of branch network vertically integrated value chain, strong brand and reliable product quality, etc. Moreover, the Group took the

initiative in seeking both domestic and overseas markets with the aim of stabilizing production and business activities, and established a provision for reserve fund, these factors contributing significantly to the Group's success in risk mitigation.

#### 4. Material risk

- Most of materials used in the Group's production process are imported. Therefore, the fluctuation in global raw material prices could considerably affect the Group's profit, given that the sales price generally does not increase proportionally.
- However, with the advantages of the nationwide distribution system and vertically integrated value chain help to minimize costs, and creates a strong and community-oriented brand, the Group is able to control costs effectively and generate demand for our products to mitigate this risk.

#### 5. Exchange rate risk

- Materials used are mainly imported. As for contracts with foreign partners, the payment is made in foreign currency, thus, exchange rate also have a direct impact on cost and performance of the Group.
- In recent years, due to fixed exchange rate policy of the State, the exchange rate of VND against USD is relatively stable and short term forecasting is not too difficult. On the other hand, products of the Group are largely for domestic consumption so that impacts of exchange rate movements on the Group's revenue are negligible.

#### 6. Financial risks

- Hoa Sen Group implemented a credit policy of deferred payment on sale with an average term of payment of 15-20 days for key customers and partners. Sales credit carries risks of default to enterprises.
- Granting of trade credit is based on established records of the customer's financial ability, purchasing record, and partners' prestige in order to set the appropriate credit line and minimize losses from bad debts.

#### 7. Other risks

Other risks such as natural disasters, war, and fire are force majeure. Those incidents, if they do occur, would do much damage to property, human and general operations of the Group.

# Corporate Governance

## Investor Relations - Community Activities

### Investor Relations

#### General Shareholders' Meeting

In fiscal year 2008 - 2009, Hoa Sen Group held a General Shareholders' Meeting on 14 February 2009 and two extraordinary shareholders' meetings on 20 June 2009 and 03 October 2009. The meetings discussed and voted on many important issues related to production and business plans, investment projects, personnel changes of Board of Directors and Board of Supervisors.

#### Announcement

Hoa Sen Group always pay special attention to information disclosure to ensure the accuracy, timeliness and transparency of the activities of production and business of the Group for investors. The information is made publicly available monthly, quarterly and annually. On the fifth of every month, the Group will publish the estimated performance results of the previous month and on the 15th will publish the official report.

#### Participation in Seminars with Investors

With its achievements, Hoa Sen Group took pride in introducing the Group brand and plans to the public through mass media. Through talk shows and seminars, the Group has helped investors to obtain accurate information to help them evaluate their investment in securities, especially with the HSG stock code.

Hoa Sen Group participated in panel discussions with investors at Bao Viet Securities Joint Stock Company, Ho Chi Minh City Securities Joint Stock Company, meeting and exchanging views on investment opportunities in Vietnam for foreign investors organized by Dragon Capital and CISA (Credit Lyonnais Securities Asia).

In addition, in order to enhance the work of public information, the Group selected TV channels and journalists, reporters such as VTV1, VTV9, INFO TV, Stock news, Securities Investment newspapers, Youth newspapers to bring the Group's brand and information about Hoa Sen Group to the community of investors.

### Social Activities



Main sponsors for the Vietnam League Premier Announcement Ceremony (2010-2012)



Mr. Le Phuoc Vu in the program "Justice and Heart"



Official sponsor for Quang Nam football team Announcement Ceremony



Provided support for communities damaged by storms and floods in the Central provinces



## Subsidiaries



### Hoa Sen Steel Sheet One-Member Limited Liabilities Company

<b>Headquarter</b>	09 Thong Nhat Boulevard, Song Than II Industrial Park, Di An District, Binh Duong Province
<b>Tel</b>	(84-650) 3 737 555
<b>Fax</b>	(84-650) 3 737 904
<b>Chater capital</b>	VND 280 billion
<b>Representative:</b>	Mr. Vu Van Binh – Chairman of the Board of Members

Hoa Sen Steel Sheet JSC was founded on 9 November 2006. This is the first subsidiary of Hoa Sen Group. Hoa Sen Steel Sheet JSC operates in manufacturing and trading of cold rolled coil products.

6 April 2007: Hoa Sen Steel Sheet JSC inaugurated and officially started operating a cold rolling mill with capacity of 180,000 tons/year. As one of two existing cold rolling lines in Vietnam at that time, this was one

of the key advantages of Hoa Sen Group over other competitors in the sector.

During fiscal year of 2008 - 2009, despite difficulties resulting from the fluctuation of raw material prices, the company's performance was still a roaring success thanks to the great effort contributed by the entire staff.

No.	Items	2008	2008-2009	2009-2010 (planning)
1	Net revenue (VND million)	1,319,514	1,544,068	2,335,000
2	Gross profit (VND million)	98,428	77,508	97,000
3	Profit after tax (VND million)	84,355	62,728	85,000



### Hoa Sen Building Materials One-Member Limited Liabilities Company

<b>Headquarter</b>	Phu My I Industrial Park, Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province
<b>Tel</b>	(84-64) 3 923 232
<b>Fax</b>	(84-64) 3 923 238
<b>Chater capital</b>	VND 150 billion
<b>Representative</b>	Mr. Pham Van Trung – Chairman of the Board of Members

No.	Items	2008	2008-2009	2009-2010 (planning)
1	Net revenue (VND million)	102,209	302,561	1,055,906
2	Gross profit (VND million)	6,162	16,605	65,580
3	Profit after tax (VND million)	(6,289)	1,999	At least 26,700



### Hoa Sen Transportation and Engineering One-Member Limited Liability Company

<b>Headquarter</b>	09 Thong Nhat Blv. Boulevard, Song Than II Industrial Park, Di An District, Binh Duong Province
<b>Tel</b>	(84-650) 3 737 999
<b>Fax</b>	(84-650) 3 737 999
<b>Chater capital</b>	VND 16,276 billion
<b>Representative</b>	Mr. Vu Van Thanh – Chairman of the Board of Members

No.	Items	2008	2008-2009	2009-2010 (planning)
1	Net revenue (VND million)	22,831	13,153	17,460
2	Gross profit (VND million)	2,446	1,679	4,010
3	Profit after tax (VND million)	1,151	409	2,438

Projects

## Hoa Sen – Phu My Steel Sheet Plant Project



# Upgrade

### Main products:

- Hot dip galvanized steel sheet (1.2mm – 3.2mm)
- Galvanized steel sheet (0.2mm – 1.1mm)
- Pre-painted coated steel sheet
- Annealed steel
- Cold rolled coil

## > Scale

### Projects

This is a large, regional level project, which has the first Continuous Hot Dip Galvanizing Line in Southeast Asia using NOF-technology with a capacity of 450,000 tons/year, the color coating line with a capacity of 180,000 tons/year, the largest in the region, and five cold rolling lines with total capacity of 1,000,000 tons/year. The project underwent planning, approval and execution in a short period of time, enabling the Group to take advantage of the decrease of nearly 50% in equipment cost and 30% in construction expense.

Hoa Sen – Phu My Steel Sheet Plant is currently operating on schedule.

In December 2009, the annealing line came into operation. The hot dip galvanizing steel line and color coating line are expected to churn out its first products in April 2010.

### Project details:

**Location:** Phu My I Industrial Park,  
Tan Thanh District, Ba Ria – Vung Tau  
Province

**Area:** 16.6 hectares

**Total Investment Capital:** VND 2,321 billion  
(fixed assets)



## Projects

### Hoa Sen Building Material Co. Ltd. Project, Stage 2



**Broaden**

### Hoa Sen Building Materials One-Member Limited Liabilities Company Project, Stage 2

<b>Location</b>	Location Phu My I Industrial Park, Tan Thanh District, Ba Ria – Vung Tau Province	<b>Details</b>	Manufacturing steel pipe, plastic pipe and stainless steel pipe
<b>Area</b>	15,600 m <sup>2</sup>	<b>Status</b>	<ul style="list-style-type: none"><li>• Workshop is under construction</li><li>• The new workshop will be used as the new manufacturing plant for plastic pipe utilizing 8 machines</li><li>• Currently negotiating an import contract for a system used for mixing and estimating amount of materials and 4 plastic pipe production lines made in Germany and European Countries</li></ul>
<b>Total Estimated Investment Capital</b>	VND 150 billion		
<b>Disbursement Fund</b>	VND 2.42 billion (for building the mill's foundation)		
<b>Launch/ Completion</b>	Started in 2008, expected to complete in April 2010		



Develop

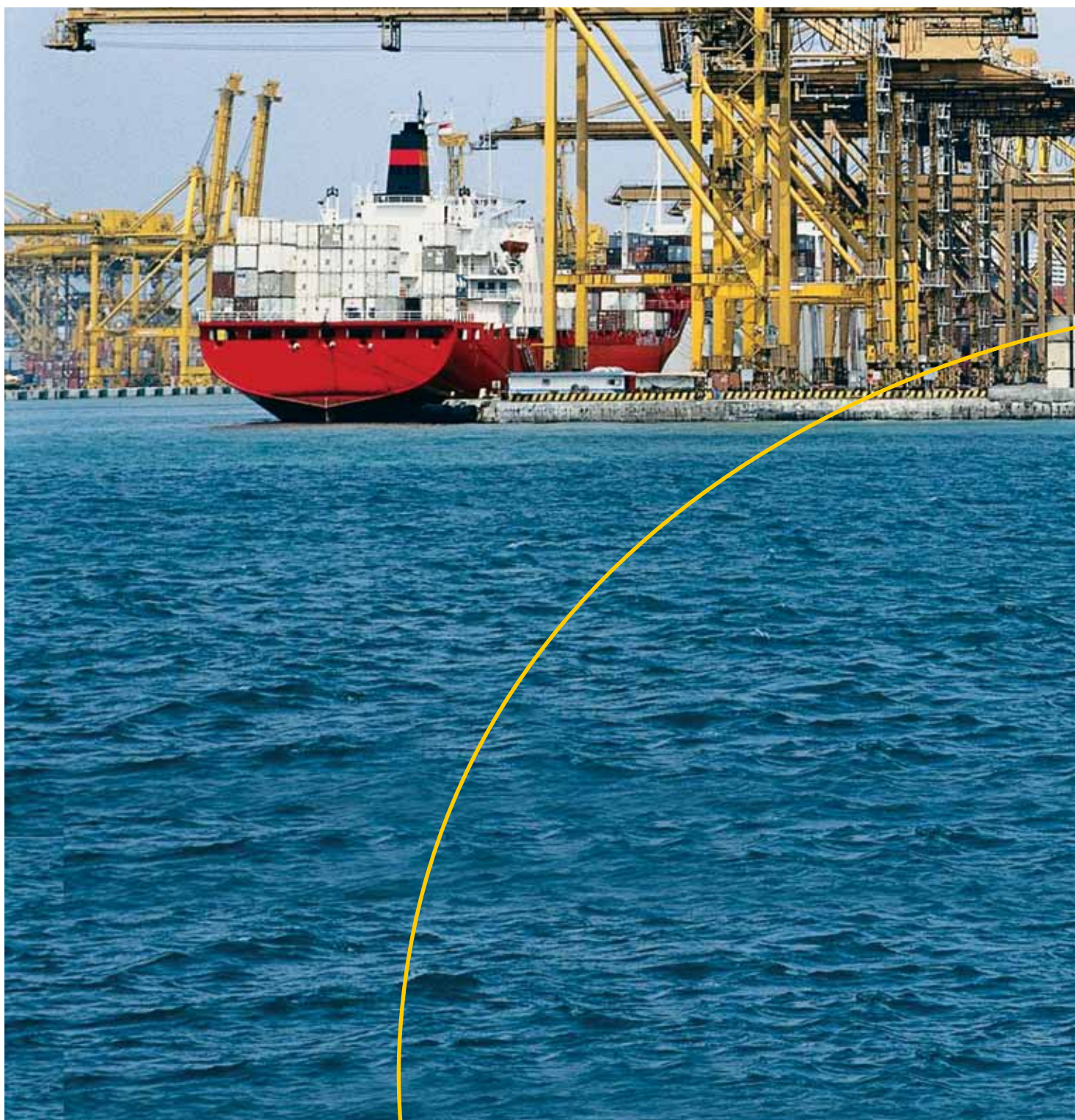
## Real Estate Projects

Pho Dong – Hoa Sen Premium Apartments Building Project		Hoa Sen – Phuoc Long Premium Apartments Project	
<b>Total Investment Capital</b>	VND 174 billion	<b>Total Investment Capital</b>	VND 500 billion
<b>Estimated profit</b>	VND 62 billion	<b>Estimated profit</b>	VND 225 billion
<b>Land Area</b>	3,600 m <sup>2</sup>	<b>Land area</b>	8,016 m <sup>2</sup>
<b>Gross floor area</b>	23,919 m <sup>2</sup>	<b>Gross floor area</b>	53,140 m <sup>2</sup>
<b>Scale</b>	18 levels including 3 for commercial and retail, and 15 for residence with a total of 214 apartments	<b>Scale</b>	26 levels with a total of 420 apartments
<b>Launch date (Phase 1)</b>	2nd Quarter of 2010	<b>Groundbreaking (expected)</b>	4th Quarter of 2010
<b>Completion (expected)</b>	4th Quarter of 2011	<b>Launch date (Phase 1)</b>	1st Quarter of 2011
		Hoa Sen Riverside Premium Apartments Project	
		This is a large-scale real estate project of Hoa Sen Group. The Group signed the contract for transferring the land-use right in Phu Huu Ward (15,076 m <sup>2</sup> ).	

Projects

**Hoa Sen - Gemadept**

**International Port & Logistics Project**



**Implement**



# ➤ Opportunities

- **Name of joint venture:** Hoa Sen – Gemadept International Port & Logistics Joint Stock Company
- **Area:** 70,124.2 m<sup>2</sup> (the zone was licensed for use until the year 2052)
- **Charter capital:** VND 39 billion (Hoa Sen Group owns 45%)
- **Quay Length:** 286m, Width: 40m, 2 bridges (length: 60m, width: 20m)
- **Loading capacity:** 350,000TEUs/year (for container) and 250,000 tons/year (bulk goods)
- **Schedule:**
  - **Stage I:** 2008 – 2011
  - **Stage II:** 2012 – 2020

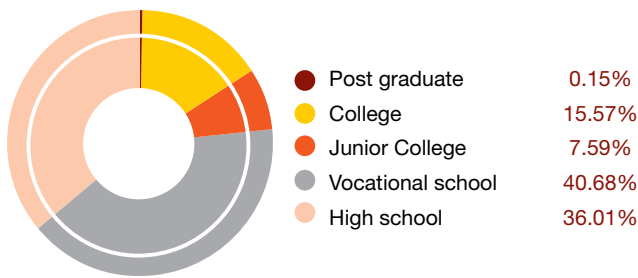




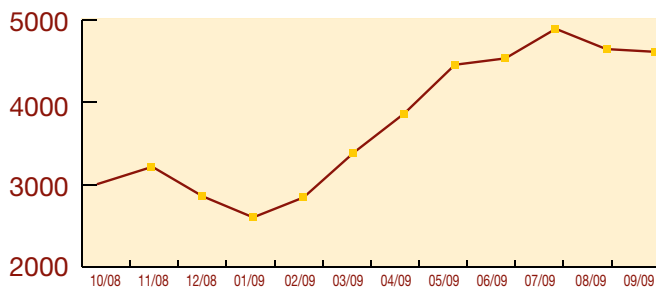
# Human Resources

## Report of the fiscal year 2009 – 2010

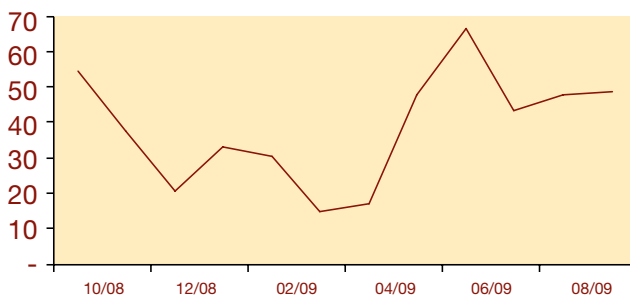
### Structure of Employees' Educational Level



### Changes in employees' average income in 2008 – 2009 (VND thousand)



### Changes in Board of Management's average income in 2008 – 2009 (VND million)



In June 2009, Hoa Sen Group repaid salary for members of the Board of Management who voluntarily accepted a lower pay grade at the height of the global economic crisis. Therefore, average income for that month increased sharply compared with the previous month.

### Bonus and commissions policy

- Commission are based on performance
- 13<sup>th</sup> month salary as bonus
- Bonuses on national holidays and Hoa Sen Group's anniversary

### Salary and benefits policy

- \* Salaries are based on performance
- \* Implementing all regulations and terms stated in labor law: Social insurance, Health insurance, healthcare, etc...
- \* Implementing additional benefits: 24/7 Accident Insurance; wedding support, first-born child support; salary for employees on maternity leave; gifts on occasions such as International Women's Day, International Children Day, Mid-autumn holiday; Annual company tours, etc...

### HR training and development

- Organized a series of "Career and Recruitment Day" road-shows in HCM City University of Technology, University of Can tho, University of Da Nang, Nong Lam University, Faculty of Economics and Law - Vietnam National University of HCMC, etc...
- Recruited and trained over 500 employees for projects in Phu My Industrial Park (Hoa Sen Building Material One-Member Limited Liabilities Co., Hoa Sen Plastic One-Member Limited Liabilities Co., Hoa Sen - Phu My Steel Sheet One-Member Limited Liabilities Co.)
- Recruited and trained over 150 workers to meet the manpower demand for the nationwide distribution network expansion
- Started the management trainee, management successor program – a unique feature of Hoa Sen Group
- Lowered the average age of management staff

### Labor Union

- Awarded the title "Powerful Labor Union"
- Supported Union members who suffer from labor accidents, poverty, illness, etc...
- Referred 2 Union members who were accepted into the local communist party unit
- Joined activities featuring arts, culture, sports with other companies in the same industrial park
- Gave presents to female employees on International Women's Day and to children on Children's Day, Mid-Autumn Festival, etc...
- New year meeting for all employees and the Board of Management

## Activities during 2008 – 2009



*Hoa Sen Group Anniversary*



*Buddhism Youth Camp 2009*



*Career Day at Department of Economics and Law (Vietnam National University of HCMC)*



*New year meeting for all employees and the Board of Management (06/03/2009)*

## Plan of fiscal year 2009 – 2010

- Maintaining effective implementation of proposed salary and commission policy, improving employee welfare programs to attract workers (preferred stock policy, housing, etc...)
- Officially applying the management successor model – a special feature of Hoa Sen Group
- Lowering the average age of management staff
- Maintaining strategic partnership with HCMC University of Technology, and Department of Economics and Law - Vietnam National University of HCMC; Signing the commitment of strategic cooperation with Vietnam National University of HCMC
- Continuing to organize career and recruitment day series in Universities and Colleges
- Recruiting and training human resources for the branch network expansion and implementation of new projects

# Shareholding Statistics

## Information on Share

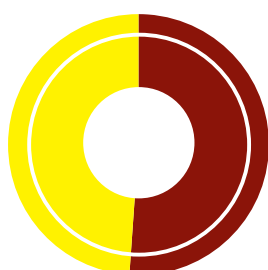
Charter Capital: VND 570,385,000,000  
 Stock Code: HSG  
 Listing Exchange: HOSE  
 Listing date: 5 December 2008  
 Outstanding stocks: 57,038,500 stocks

On the first trading date (5 Dec 2008), HSG stock price at closing period stood at VND 32,000. On 30 September 2009, its price rose to VND 62,000, an increase of 94% compared to the initial trading date.

## Information on Dividend

In recent years, Hoa Sen Group succeeded in achieving high yield and stable dividend payment. In fiscal year 2008 – 2009, Hoa Sen Group expects to pay 20% dividend in stock:

Fiscal year	Dividend/Face Value
2006	30%
2007	36.99%
2008	30%
2008 – 2009	20% (expected)



Statistics of registered and non-registered shares (\*)

- Listed 51.09%
- Unlisted 48.91%

## Shareholders who own over 5% share capital of HSG: (\*)

Shareholder's name	Address	Volume	Proportion of shares owned
Le Phuoc Vu	19 Giang Van Minh St., District 2, HCMC	26,867,120	47.10%

(\*) According to the list of shareholders dated 18 September 2009

## Changes in Price – Volume of HSG stocks in 6 months (1 July 2009 to 31 December 2009)



## Changes in HSG Price in comparison with VN-Index in 6 months (1 July 2009 to 31 December 2009)



In 6 months (1 July 2009 to 31 December 2009), VN-Index had an increase of nearly 20% while HSG achieved a rise of over 80% which was a spectacular achievement in comparison with the average increase of the market.

## Structure of HSG shareholders

Shareholder	Number of shareholders	Volume of shares	Ratio
<b>Total</b>	<b>3,959</b>	<b>57,038,500</b>	<b>100%</b>
<i>In which:</i>			
<b>BOD</b>	<b>7</b>	<b>27,223,120</b>	<b>47.73%</b>
<b>Employee</b>	<b>181</b>	<b>12,467,900</b>	<b>21.86%</b>
Related shareholders	7	11,954,065	20.96%
Employees	174	513,835	0.90%
<b>Outside shareholders</b>	<b>3770</b>	<b>17,327,480</b>	<b>30.38%</b>
Domestic individuals	3710	13,586,880	23.82%
Domestic institutions	25	1,176,440	2.06%
Overseas individuals	21	98,350	0.17%
Overseas Institutions	14	2,465,810	4.32%
<b>Treasury shares</b>	<b>1</b>	<b>20,000</b>	<b>0.03%</b>

## Shareholding Statistics

### Founding shareholders

Shareholder's name	Address	Volume of share
Le Phuoc Vu	19 Giang Van Minh St., An Phu Ward, District 2, HCMC	26,867,120
Ho Van Hoang	Dinh Trung Ward, Binh Dai District, Ben Tre Province	2,734,195
Hoang Duc Huy	37/260L, Quang Trung St., Ward 12, Go Vap District, HCMC	40,000
Le Chi Nghia	Hung Nhon hamlet, Hung Loc Ward, Thong Nhat District, Dong Nai Province	0
<b>Total</b>		<b>29,641,315</b>

### Shares owned by Board of Director (\*)

No.	Title	Name	Address	Volume of share	Proportion
1	Chairman	Le Phuoc Vu	19 Giang Van Minh St., An Phu Ward, District 2, HCMC	26,867,120	47.103%
2	Vice Chairman	Tran Ngoc Chu	285/7/10A Cach Mang Thang Tam St., District 10, HCMC	40,000	0.070%
3	Member	Pham Van Trung	7/122/1L Lien khu 5-6 St., Binh Tan District, HCMC	30,000	0.053%
4	Member	Le Phung Hao	120/17 Tran Dinh Xu St., District 1, HCMC	40,000	0.070%
5	Member	Vu Bao Quoc	A2-44 Nam Quang, Phu My Hung, District 7, HCMC	100,000	0.175%
6	Member	Pham Gia Tuan	Unit 2, 19/F Centec Tower 72-74 Nguyen Thi Minh Khai St., District 3, HCMC	40,000	0.070%
7	Member	Nguyen Van Quy	92 No. 3 St., Truong Tho Ward, Thu Duc District, HCMC	106,000	0.186%

### Shares owned by Board of Management (\*)

No.	Title	Name	Address	Volume of share	Proportion
1	General Director	Le Phuoc Vu	19 Giang Van Minh St., An Phu Ward, District 2, HCMC	26,867,120	47.103%
2	Deputy General Director	Tran Ngoc Chu	285/7/10A Cach Mang Thang Tam St., District 10, HCMC	40,000	0.070%
3	Deputy General Director	Pham Van Trung	7/122/1L Lien khu 5-6 St., Binh Tan District, HCMC	30,000	0.053%
4	Deputy General Director	Hoang Duc Huy	37/260L Quang Trung St., Go Vap District, HCMC	40,000	0.070%
5	Deputy General Director	Vu Van Binh	38/212 Quang Trung St., Go Vap District, HCMC	30,260	0.053%

### Shares owned by Board of Supervisors (\*)

No.	Title	Name	Address	Volume of share	Proportion
1	Head of Board of Supervisors	Le Vu Nam	9/1 Phan Ton St., Da Kao Ward, District 1, HCMC	1,250	0.002%
2	Member	Nguyen Thi Khoa	44/9 Bui Thi Xuan St., Tan Binh District, HCMC	12,340	0.022%
3	Member	Nguyen Nguyen Anh	41 Nguyen Van Nghi, Go Vap District, HCMC	-	0.000%

(\*) According to the list of shareholders dated 18 September 2009

# > Consolidated Financial Statements 2008 – 2009





# Corporate Information

## Business Registration Certificate No

4603000028

8 August 2001

The Business Registration Certificate and updates were issued by the Department of Planning and Investment of Binh Duong Province.

## Board of Management

Mr Le Phuoc Vu	Chairman
Mr Tran Ngoc Chu	Vice chairman
Mr Pham Van Trung	Member
Mr Vu Van Binh	Member (until 14 February 2009)
Mr Le Phung Hao	Member (from 15 February 2009)
Mr Pham Gia Tuan	Member
Mr Vo Huu Tuan	Member (until 3 October 2009)
Mr Nguyen Van Quy	Member (from 4 October 2009)
Mr Vu Bao Quoc	Member

## Board of Directors

Mr Le Phuoc Vu	General Director
Mr Tran Ngoc Chu	Deputy General Director
Mr Pham Van Trung	Deputy General Director
Mr Hoang Duc Huy	Deputy General Director
Mr Vu Van Binh	Deputy General Director (from 15 April 2009)

## Registered Office

9 Thong Nhat Boulevard  
Song Than II Industrial Park  
Di An District  
Binh Duong Province  
Vietnam

## Auditors

KPMG Limited  
Vietnam



**KPMG Limited**  
10<sup>th</sup> Floor, Sun Wah Tower  
115 Nguyen Hue Street  
District 1, Ho Chi Minh City  
The Socialist Republic of Vietnam

Telephone +84 (8) 3821 9266  
Fax +84 (8) 3821 9267  
Internet www.kpmg.com

## REPORT OF THE INDEPENDENT AUDITORS

**To the Shareholders  
Hoa Sen Group Corporation and its subsidiaries**

### Scope

We have audited the accompanying consolidated balance sheet of Hoa Sen Group Corporation (“the Company”) and its subsidiaries (together referred to as “the Group”) as of 30 September 2009 and the related consolidated statements of income, changes in equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Group’s management. 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 plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

### Audit opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Hoa Sen Group Corporation and its subsidiaries as of 30 September 2009 and the results of their operations and their cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and accounting principles generally accepted in Vietnam.

**KPMG Limited**  
Vietnam  
Investment Certificate No: 011043000345  
Audit Report No: 09-01-115

Chong Kwang Puy  
CPA No. N0864/KTV  
Deputy General Director

Nguyen Thanh Nghi  
CPA No. 0304/KTV

Ho Chi Minh City, 10 December 2009



# Consolidated balance sheet

AT 30 SEPTEMBER 2009

“The accompanying notes form an integral part of these consolidated financial statements”

	Code	Note	30/9/2009 VND	30/9/2008 VND
<b>ASSETS</b>				
<b>Current assets</b>	<b>100</b>		<b>1,208,474,740,581</b>	<b>1,120,029,974,959</b>
<b>Cash</b>	<b>110</b>	<b>3</b>	<b>47,653,614,415</b>	<b>16,095,354,155</b>
<b>Accounts receivable</b>	<b>130</b>		<b>298,978,339,425</b>	<b>174,219,737,489</b>
Accounts receivable - trade	131	4	166,640,183,049	94,025,544,106
Prepayments to suppliers	132	5	133,695,332,531	83,084,471,924
Other receivables	135		231,899,264	218,662,545
Allowance for doubtful debts	139	6	(1,589,075,419)	(3,108,941,086)
<b>Inventories</b>	<b>140</b>	<b>7</b>	<b>747,124,150,310</b>	<b>883,587,071,270</b>
Inventories	141		748,874,572,944	934,409,717,439
Allowance for inventories	149		(1,750,422,634)	(50,822,646,169)
<b>Other current assets</b>	<b>150</b>		<b>114,718,636,431</b>	<b>46,127,812,045</b>
Short-term prepayments	151		5,991,033,516	11,499,836,777
Deductible value added tax	152		24,953,819,659	18,500,820,676
Taxes receivable from State Treasury	154		24,435,448	23,953,448
Other current assets	158	8	83,749,347,808	16,103,201,144
<b>Long-term assets</b>	<b>200</b>		<b>1,230,298,431,480</b>	<b>1,040,030,223,196</b>
<b>Fixed assets</b>	<b>220</b>		<b>1,158,228,495,053</b>	<b>981,876,332,709</b>
Tangible fixed assets	221	9	755,358,089,492	791,639,156,306
Cost	222		980,152,984,494	919,280,441,122
Accumulated depreciation	223		(224,794,895,002)	(127,641,284,816)
Finance lease tangible fixed asset	224	10	12,741,504,032	–
Cost	225		13,695,000,000	–
Accumulated depreciation	226		(953,495,968)	–
Intangible fixed assets	227	11	185,962,339,810	160,962,435,514
Cost	228		191,845,095,283	164,823,046,993
Accumulated amortisation	229		(5,882,755,473)	(3,860,611,479)
Construction in progress	230	12	204,166,561,719	29,274,740,889
<b>Long-term investments</b>	<b>250</b>	<b>13</b>	<b>58,414,544,958</b>	<b>42,704,360,958</b>
Investments in associates	252		43,414,544,958	27,704,360,958
Other long-term investments	258		15,000,000,000	15,000,000,000
<b>Other long-term assets</b>	<b>260</b>		<b>13,655,391,469</b>	<b>15,449,529,529</b>
Long-term prepayments	261	14	10,779,291,756	9,386,416,392
Deferred tax assets	262	30	2,476,099,713	6,063,113,137
Long-term deposits	268		400,000,000	–
<b>TOTAL ASSETS RESOURCES</b>	<b>270</b>		<b>2,438,773,172,061</b>	<b>2,160,060,198,155</b>


# Consolidated balance sheet

AT 30 SEPTEMBER 2009 (continued)

“The accompanying notes form an integral part of these consolidated financial statements”


	Code	Note	30/9/2009 VND	30/9/2008 VND
<b>LIABILITIES</b>	<b>300</b>		<b>1,492,292,526,089</b>	<b>1,343,670,649,120</b>
<b>Current liabilities</b>	<b>310</b>		<b>1,155,085,741,286</b>	<b>1,037,256,782,028</b>
Short-term borrowings	311	15	759,969,415,865	805,297,322,000
Accounts payable – trade	312		274,357,767,275	142,845,940,822
Advances from customers	313		12,811,898,657	6,939,258,378
Taxes payable to State Treasury	314	16	20,117,823,780	7,901,646,549
Payables to employees	315		12,079,314,134	8,370,062,946
Accrued expenses	316	17	14,387,443,150	4,622,982,651
Other payables	319	18	61,362,078,425	61,279,568,682
<b>Long-term liabilities</b>	<b>330</b>		<b>337,206,784,803</b>	<b>306,413,867,092</b>
Long-term borrowings and liabilities	334	19	335,443,237,703	305,082,155,792
Provision for severance allowance	336	20	1,763,547,100	1,331,711,300
<b>EQUITY</b>	<b>400</b>		<b>946,480,645,972</b>	<b>816,389,549,035</b>
<b>Equity</b>	<b>410</b>		<b>946,480,645,972</b>	<b>816,389,549,035</b>
Share capital	411	21	570,385,000,000	570,385,000,000
Capital surplus	412		88,222,712,000	88,222,712,000
Treasury shares	414	21	(572,000,000)	(572,000,000)
Differences upon asset revaluation	415	22	21,447,090,156	21,447,090,156
Retained profits	420		259,845,916,955	133,239,647,898
Bonus and welfare fund	431	23	7,151,926,861	3,667,098,981
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>2,438,773,172,061</b>	<b>2,160,060,198,155</b>

Prepared by:

  
 Nguyen Thi Ngoc Lan  
 Chief Accountant



Approved by:

  
 Le Phuoc Vu  
 General Director

10 December 2009

# Consolidated statement of income

FOR THE YEAR ENDED 30 SEPTEMBER 2009

“The accompanying notes form an integral part of these consolidated financial statements”

	Code	Note	Year ended 30/9/2009 VND	Period from 1/1/2008 to 30/9/2008 VND
<b>Total revenue</b>	<b>01</b>	<b>24</b>	<b>2,836,386,675,588</b>	<b>2,059,339,484,828</b>
<b>Less sales deductions</b>	<b>02</b>	<b>24</b>	<b>(4,967,409,587)</b>	<b>(4,294,165,040)</b>
<b>Net sales</b>	<b>10</b>		<b>2,831,419,266,001</b>	<b>2,055,045,319,788</b>
<b>Cost of sales</b>	<b>11</b>	<b>25</b>	<b>(2,276,099,635,609)</b>	<b>(1,553,515,439,407)</b>
<b>Gross profit</b>	<b>20</b>		<b>555,319,630,392</b>	<b>501,529,880,381</b>
Financial income	21	26	14,227,334,928	6,316,251,344
Financial expenses	22	27	(166,403,032,123)	(115,573,280,485)
Selling expenses	24		(116,342,381,073)	(92,576,417,108)
General and administration expenses	25		(98,116,034,240)	(83,990,906,390)
<b>Net operating profit</b>	<b>30</b>		<b>188,685,517,884</b>	<b>215,705,527,742</b>
<b>Results of other activities</b>	<b>40</b>			
Other income	31	28	14,087,152,639	12,116,326,542
Other expenses	32	29	(2,383,051,288)	(15,392,907,571)
<b>Profit before tax</b>	<b>50</b>		<b>200,389,619,235</b>	<b>212,428,946,713</b>
<b>Income tax expense – current</b>	<b>51</b>	<b>30</b>	<b>(7,351,204,479)</b>	<b>(17,816,097,391)</b>
<b>Income tax (expense)/benefit – deferred</b>	<b>52</b>	<b>30</b>	<b>(3,587,013,424)</b>	<b>3,758,570,283</b>
<b>Net profit</b>	<b>60</b>		<b>189,451,401,332</b>	<b>198,371,419,605</b>
<b>Earning per share</b>				
<b>Basic earning per share</b>	<b>70</b>	<b>31</b>	<b>3,323</b>	<b>3,478</b>

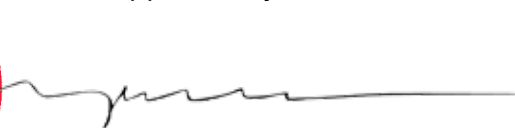
Prepared by:



Nguyen Thi Ngoc Lan  
Chief Accountant



Approved by:



Le Phuoc Vu  
General Director

10 December 2009

## Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 SEPTEMBER 2009

“The accompanying notes form an integral part of these consolidated financial statements”

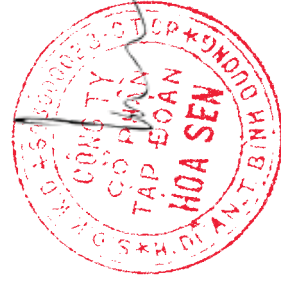
	Share capital VND	Capital surplus VND	Treasury shares VND	Differences upon asset revaluation VND	Retained profits VND	Bonus and welfare fund VND	Total VND
<b>Balance at 1 January 2008</b>	570,385,000,000	88,222,712,000	-	21,447,090,156	43,299,943,943	-	723,354,746,099
Net profit for the period	-	-	-	-	198,371,419,605	-	198,371,419,605
Dividends	-	-	-	-	(104,635,166,669)	-	(104,635,166,669)
Shares bought back	-	-	(572,000,000)	-	-	-	(572,000,000)
Transfer to bonus and welfare fund	-	-	-	-	(3,796,548,981)	3,796,548,981	-
Utilisation of bonus and welfare fund	-	-	-	-	-	(129,450,000)	(129,450,000)
<b>Balance at 30 September 2008</b>	570,385,000,000	88,222,712,000	(572,000,000)	21,447,090,156	133,239,647,898	3,667,098,981	816,389,549,035
Net profit for the year	-	-	-	-	189,451,401,332	-	189,451,401,332
Dividends (Note 32)	-	-	-	-	(57,018,500,000)	-	(57,018,500,000)
Transfer to bonus and welfare fund	-	-	-	-	(5,841,632,275)	5,841,632,275	-
Utilisation of bonus and welfare fund	-	-	-	-	-	(2,356,804,395)	(2,356,804,395)
Other receipts	-	-	-	-	15,000,000	-	15,000,000
<b>Balance at 30 September 2009</b>	570,385,000,000	88,222,712,000	(572,000,000)	21,447,090,156	259,845,916,955	7,151,926,861	946,480,645,972

Prepared by:



Nguyen Thi Ngoc Lan  
Chief Accountant

Approved by:



Le Phuoc Vu  
General Director

10 December 2009

# Consolidated statement of cash flows

FOR THE YEAR ENDED 30 SEPTEMBER 2009

“The accompanying notes form an integral part of these consolidated financial statements”

	Code	Note	Year ended 30/9/2009 VND	Period from 1/1/2008 to 30/9/2008 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before tax</b>	<b>01</b>		<b>200,389,619,235</b>	<b>212,428,946,713</b>
<b>Adjustments for</b>				
Depreciation and amortisation	02		111,151,725,882	66,300,660,234
Allowances and provisions	03		(48,910,086,573)	55,280,487,055
Losses/(profits) from investing activities	04		473,342,868	(3,060,894,056)
Interest income	05		(987,618,445)	(340,063,481)
Interest expense	06		80,339,426,368	79,692,457,142
<b>Operating profit before changes in working capital</b>	<b>08</b>		<b>342,456,409,335</b>	<b>410,301,593,607</b>
Change in receivables and other current assets	09		(156,037,373,618)	69,620,060,228
Change in inventories	10		185,535,144,495	(416,323,561,067)
Change in payables and other liabilities	11		143,283,682,881	31,338,030,062
Change in prepayments	12		(2,632,644,762)	(3,620,406,197)
			<b>512,605,218,331</b>	<b>91,315,716,633</b>
Interest paid	13		(80,339,426,368)	(79,692,457,142)
Corporate income tax paid	14		(1,680,184,516)	(28,319,616,538)
Other receipts from operating activities	15		15,000,000	–
Other payments for operating activities	16		(2,356,804,395)	(129,450,000)
<b>Net cash generated from/(used in) operating activities</b>	<b>20</b>		<b>428,243,803,052</b>	<b>(16,825,807,047)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets and other long-term assets	21		(316,296,569,376)	(225,906,378,637)
Proceeds from disposals of fixed assets and other long-term assets	22		16,877,394,363	11,109,756,802
Payments for investments in other entities	25		(15,710,184,000)	(16,762,534,000)
Receipts of interests	27		987,618,445	340,063,481
<b>Net cash used in investing activities</b>	<b>30</b>		<b>(314,141,740,568)</b>	<b>(231,219,092,354)</b>

# Consolidated statement of cash flows

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

“The accompanying notes form an integral part of these consolidated financial statements”

	Code	Note	Year ended 30/9/2009 VND	Period from 1/1/2008 to 30/9/2008 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payments for shares returns and repurchases	32		–	(572,000,000)
Proceeds from short-term and long-term borrowings	33		2,478,207,101,913	1,656,922,644,973
Payments to settle debts	34		(2,502,830,068,993)	(1,354,346,266,096)
Payments to settle finance lease liabilities	35		(1,609,357,144)	–
Payments of dividends	36		(56,311,478,000)	(61,387,586,692)
<b>Net cash (used in)/generated from financing activities</b>	<b>40</b>		<b>(82,543,802,224)</b>	<b>240,616,792,185</b>
<b>Net cash flows during the year/period</b>	<b>50</b>		<b>31,558,260,260</b>	<b>(7,428,107,216)</b>
<b>Cash at the beginning of the year/period</b>	<b>60</b>		<b>16,095,354,155</b>	<b>23,523,461,371</b>
<b>Cash at the end of the year/period</b>	<b>70</b>	<b>3</b>	<b>47,653,614,415</b>	<b>16,095,354,155</b>

Prepared by:

Approved by:



Nguyen Thi Ngoc Lan  
Chief Accountant




Le Phuoc Vu  
General Director

10 December 2009

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009

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

## 1. Reporting Entity

Hoa Sen Group Corporation (“the Company”) is a joint stock company incorporated in Vietnam. The consolidated financial statements of the Company for the year ended 30 September 2009 comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in associate. The principal activities of the Group are to manufacture and trade galvanised steel products, plastic building materials and to provide engineering and civil, industrial construction projects, transportation service; produce and process rolling mill, cutter and industrial machine and equipment.

The charter capital of the Company as stipulated in the Business Registration Certificate is VND 570,385,000,000.

As at 30 September 2009 the Group had 1,921 employees (2008: 2,026 employees).

## 2. Summary of significant accounting policies

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

### (a) Basis of financial statement preparation

#### (i) General basis of accounting

The consolidated financial statements, expressed in Vietnam Dong (“VND”), have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and accounting principles generally accepted in Vietnam.

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

#### (ii) Basis of consolidation

##### **Subsidiaries**

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

##### **Associates (equity accounted investees)**

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

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

## ***Transactions eliminated on consolidation***

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

## **(b) Fiscal year**

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

## **(c) Foreign currency transactions**

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the year have been translated into VND at rates approximating those ruling at the transaction dates. All realised and unrealised foreign exchange differences are recorded in the statement of income.

## **(d) Cash and cash equivalents**

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

## **(e) Investments**

Investments in entities over which the Group does not have control or significant influence are stated at cost. Allowance is made for reductions in investment values which in the opinion of the management are not temporary. The allowance is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

## **(f) Accounts receivable**

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

## **(g) Inventories**

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

The Group applies the perpetual method of accounting for inventory.

## **(h) Tangible fixed assets**

### **(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs



# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

and maintenance and overhaul costs, is normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

## **(ii) Depreciation**

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

• buildings	5 – 40 years
• machinery and equipment	3 – 10 years
• motor vehicles	4 – 10 years
• office equipment	3 – 5 years
• other tangible fixed assets	3 – 20 years

## **(i) Intangible fixed assets**

### **(i) Land use rights**

Land use rights are stated at cost/valuation less accumulated amortisation. The initial cost of a land use rights, except for land use rights used as capital contribution, comprises the value of the right as its purchase price and any directly attributable costs incurred in conjunction with securing the land use right. Land use rights used as a capital contribution is stated at the valuation at the time of capital contribution. Amortisation is computed on a straight-line basis ranging from 7 to 50 years.

### **(ii) Software**

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

## **(j) Construction in progress**

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

## **(k) Long-term prepayments**

### **(i) Pre-operating expenses**

Pre-operating expenses are recorded in the statement of income, except for establishment costs and expenditures on training, advertising and promotional activities incurred from the incorporation date to the commercial operation date, being the date of commencement of trial production. These expenses are recognised as long-term prepayments, initially stated at cost, and are amortised on a straight line basis over three years starting from the date of commercial operation.

### **(ii) Advertising expenses**

Advertising expenses are initially stated at cost and amortised on a straight line basis over the term of contracts.

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

## **(iii) Tools and supplies**

Tools and supplies are initially stated at cost and amortised on a straight line basis over their useful lives ranging from 2 to 5 years.

## **(l) Trade and other payables**

Trade and other payables are stated at their cost.

## **(m) Provisions**

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

## **(n) Taxation**

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

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

## **(o) Share capital**

### **(i) Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

### **(ii) Treasury shares**

When share capital recognised as equity is purchased, the amount of the consideration paid, which includes directly attributable cost, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

## **(p) Revenue**

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

## (q) Operating lease payments

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

## (r) Borrowing costs

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

## (s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares, which comprise convertible bonds and share options.

## (t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Management is of the opinion that the Group operates in one single business segment, which is the manufacture and sale of steel and plastic construction materials and one single geographical segment, which is Vietnam.

## (u) Off balance sheet items

Amounts which are defined as off balance sheet items under the Vietnamese Accounting System are disclosed in the relevant notes to these consolidated financial statements.

## 3. Cash

	30/9/2009 VND	30/9/2008 VND
Cash on hand	5,660,942,485	6,079,991,518
Cash in bank	41,990,271,930	9,913,956,637
Cash in transit	2,400,000	101,406,000
	<u>47,653,614,415</u>	<u>16,095,354,155</u>

Cash at 30 September 2009 included amounts denominated in currencies other than VND amounting to VND 1,145,461,297 (2008: VND 7,611,943,344).

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

## 4. Accounts receivable – trade

At 30 September 2009 accounts receivable with a carrying value of VND 157,192,891,111 (2008: VND 36,280,346,648) were pledged with banks as security for loans granted to the Group.

## 5. Prepayments to suppliers

Prepayments to suppliers at of 30 September 2009 included amounts prepaid for acquisition of construction services of VND 91,996,477,272 (2008: VND 56,033,209,928).

## 6. Allowance for doubtful debts

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

	<b>Year ended 30/9/2009 VND</b>	<b>Period from 1/1/2008 to 30/9/2008 VND</b>
Opening balance	3,108,941,086	743,922,894
Increase in allowance during the year/period	–	3,108,941,086
Write off	(1,115,758,029)	–
Written back	(404,107,638)	(743,922,894)
Closing balance	<b>1,589,075,419</b>	<b>3,108,941,086</b>

## 7. Inventories

	<b>30/9/2009 VND</b>	<b>30/9/2008 VND</b>
Goods in transit	216,883,822,941	85,496,988,072
Raw materials	224,722,769,891	153,126,767,560
Tools and supplies	80,640,027,924	59,534,065,978
Work in progress	1,778,229,350	24,262,477,054
Finished goods	181,335,400,190	562,088,392,229
Merchandise inventory	43,514,322,648	12,123,082,343
Goods on consignment	–	37,777,944,203
	<b>748,874,572,944</b>	<b>934,409,717,439</b>
Allowance for inventories	(1,750,422,634)	(50,822,646,169)
	<b>747,124,150,310</b>	<b>883,587,071,270</b>

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

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

	<b>Year ended 30/9/2009 VND</b>	<b>Period from 1/1/2008 to 30/9/2008 VND</b>
Opening balance	50,822,646,169	–
Increase during the year/period	–	50,822,646,169
Written back	(49,072,223,535)	–
Closing balance	<u>1,750,422,634</u>	<u>50,822,646,169</u>

At 30 September 2009 inventories with a carrying value of VND 615,999,281,150 (2008: VND 760,864,465,874) were pledged with banks as security for loans granted to the Group.

Included in raw materials and finished goods at 30 September 2009 was VND 23,383,615,645 (2008: VND 314,769,857,239) of inventories carried at net realisable value.

## 8. Other current assets

	<b>30/9/2009 VND</b>	<b>30/9/2008 VND</b>
Short-term deposits	81,496,879,827	14,654,809,524
Advances	1,751,559,061	1,319,218,645
Others	500,908,920	129,172,975
	<u>83,749,347,808</u>	<u>16,103,201,144</u>

## Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

### 9. Tangible fixed assets

	<b>Buildings</b> VND	<b>Machinery and equipment</b> VND	<b>Motor vehicles</b> VND	<b>Office equipment</b> VND	<b>Other tangible fixed assets</b> VND	<b>Total</b> VND
<b>Cost</b>						
Opening balance	225,291,714,100	649,626,653,756	41,034,377,616	2,533,392,726	794,302,924	919,280,441,122
Additions	3,174,605,529	34,794,894,711	1,356,609,623	98,231,569	181,000,000	39,605,341,432
Transfers from construction in progress	14,613,537,712	26,591,311,912	-	-	-	41,204,849,624
Disposals	(35,200,000)	(16,001,451,172)	(3,900,996,512)	-	-	(19,937,647,684)
Closing balance	243,044,657,341	695,011,409,207	38,489,990,727	2,631,624,295	975,302,924	980,152,984,494
<b>Accumulated depreciation</b>						
Opening balance	15,984,565,054	101,335,161,306	9,205,057,403	816,139,132	300,361,921	127,641,284,816
Charge for the year	15,845,980,232	78,672,963,544	4,660,738,130	456,805,842	148,732,891	99,785,220,639
Disposals	(12,091,855)	(184,834,815)	(2,434,683,783)	-	-	(2,631,610,453)
Closing balance	31,818,453,431	179,823,290,035	11,431,111,750	1,272,944,974	449,094,812	224,794,895,002
<b>Net book value</b>						
Closing balance	211,226,203,910	515,188,119,172	27,058,878,977	1,358,679,321	526,208,112	755,358,089,492
Opening balance	209,307,149,046	548,291,492,450	31,829,320,213	1,717,253,594	493,941,003	791,639,156,306

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

Included in the cost of tangible fixed assets were assets costing VND 815,969,320 which were fully depreciated as of 30 September 2009 (2008: VND 404,152,638), but which are still in active use.

At 30 September 2009 tangible fixed assets with a carrying value of VND 465,772,985,048 (2008: VND 465,511,507,130) were pledged with banks as security for loans granted to the Group.

At 30 September 2009, the carrying amount of temporarily idle equipment in tangible fixed assets amounted to VND 1,270,038,672 (2008: nil).

## 10. Finance lease tangible fixed asset

	<b>Machinery and equipment VND</b>
<b>Cost</b>	
Additions and closing balance	13,695,000,000
<b>Accumulated depreciation</b>	
Charge for the year and closing balance	953,495,968
<b>Net book value</b>	
Closing balance	12,741,504,032

At the end of the lease of the Group has the option to purchase the equipment at a beneficial price. The leased equipment secures the lease obligations.

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

## 11. Intangible fixed assets

	Land use rights VND	Software VND	Total VND
<b>Cost</b>			
Opening balance	164,227,908,803	595,138,190	164,823,046,993
Additions	25,924,135,676	1,142,612,614	27,066,748,290
Written off	(44,700,000)	–	(44,700,000)
Closing balance	190,107,344,479	1,737,750,804	191,845,095,283
<b>Accumulated amortisation</b>			
Opening balance	3,601,344,425	259,267,054	3,860,611,479
Charge for the year	1,919,601,974	102,542,020	2,022,143,994
Closing balance	5,520,946,399	361,809,074	5,882,755,473
<b>Net book value</b>			
Closing balance	184,586,398,080	1,375,941,730	185,962,339,810
Opening balance	160,626,564,378	335,871,136	160,962,435,514

At 30 September 2009 land use rights with a carrying value of VND 75,123,910,504 (2008: VND 79,350,035,076) were pledged with banks as security for loans granted to the Group.

## 12. Construction in progress

	Year ended 30/9/2009 VND	Period from 1/1/2008 to 30/9/2008 VND
Opening balance	29,274,740,889	179,869,253,761
Additions during the year/period	217,738,963,076	132,759,740,590
Transfers to tangible fixed assets	(41,204,849,624)	(283,354,253,462)
Transfer to long term prepayment	(1,642,292,622)	–
Closing balance	204,166,561,719	29,274,740,889



## Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

### 13. Long-term investments

Details of the investments in associate and other long term investments are as follows:

Name	Principal activity	Business Registration Certificate	% of ownership	Amount	
				30/9/2009 VND	30/9/2008 VND
<b>Associate</b>					
Hoa Sen – Gemadept Logistics and International Port Corporation	Provide sea cargo agency services	Business Registration Certificate No. 4903000262 issued by the Department of Planning and Investment of Ba Ria – Vung Tau on 20 June 2006 and amended on 5 April 2008	45%	43,414,544,958	27,704,360,958
<b>Other long term investments</b>					
Viet Capital Healthcare Fund	Invest in listed and unlisted healthcare Vietnamese companies and projects in Vietnam	08/TB-UBCK issued by State Securities Commission of Vietnam on 15 January 2008	3%	15,000,000,000	15,000,000,000

Movements in investments in associate represented the additional capital contribution during the period.

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

## 14. Long-term prepayments

	<b>Pre-operating expenses</b>	<b>Advertising expense</b>	<b>Tools and supplies</b>	<b>Total</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Opening balance	2,178,632,569	842,605,943	6,365,177,880	9,386,416,392
Additions	–	–	8,141,448,023	8,141,448,023
Transfer from construction in progress	–	–	1,642,292,622	1,642,292,622
Amortisation for the year	(1,111,771,188)	(386,522,256)	(6,892,571,837)	(8,390,865,281)
Closing balance	<u>1,066,861,381</u>	<u>456,083,687</u>	<u>9,256,346,688</u>	<u>10,779,291,756</u>

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

## 15. Short-term borrowings

	30/9/2009 VND	30/9/2008 VND
Short-term borrowings		
Loan 1 from Vietnam Bank for Agriculture and Rural Development	–	295,123,393,078
Loan 2 from Vietnam Bank for Agriculture and Rural Development (a)	10,000,000,000	–
Loan 3 from Vietnam Bank for Agriculture and Rural Development (b)	169,331,769,100	–
Loan 4 from Vietnam Bank for Agriculture and Rural Development (c)	133,119,838,000	–
Loan 5 from The Bank for Foreign Trade of Vietnam (d)	192,365,305,600	64,020,833,469
Loan 6 from The Bank for Foreign Trade of Vietnam (e)	33,323,750,000	125,958,000,000
Loan 7 from The Bank for Foreign Trade of Vietnam (f)	9,000,000,000	47,000,000,000
Loan 8 from Vietnam Bank for Industry and Trade	–	20,480,000,000
Loan 9 from Vietnam Bank for Industry and Trade (g)	26,483,871,700	–
Loan 10 from Vietnam Bank for Industry and Trade (h)	3,576,686,786	–
Loan 11 from The Hongkong and Shanghai Banking Corporation	–	36,280,346,648
Loan 12 from Far East National Bank (i)	57,940,948,782	83,761,918,835
Loan 13 from Far East National Bank (j)	4,494,047,225	–
Loan 14 from The Vietnam Development Bank	–	19,400,000,000
Loan 15 from Indovina Bank (k)	47,060,000,000	–
Loan 16 from Sacombank (l)	6,245,000,000	–
Mr. Hoang Duc Dung	–	1,500,000,000
Ms. Tran Hoang Trang	–	5,000,000,000
Ms. Vo Thi Hong Yen	–	15,000,000,000
Ms. Lai Thi Lan	–	35,000,000,000
	<b>692,941,217,193</b>	<b>748,524,492,030</b>
Current portion of long-term borrowings	67,028,198,672	56,772,829,970
	<b>759,969,415,865</b>	<b>805,297,322,000</b>

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

- a. This loan is secured by the Group's inventories with carrying value of VND 41,428,473,728 and tangible fixed assets with carrying value of VND 5,319,983,572. The loan bore interest at rates ranging from 6% to 10% per annum during the year.
- b. This loan, denominated in USD, is secured by the Group's land use rights, tangible fixed assets and inventories with carrying value of VND 492,823,459,939 and shareholders' assets with value of VND 244,616,200,000. The loan bore interest at rates ranging from 3% to 4% per annum during the year.
- c. This loan is secured by the Group's land use rights, tangible fixed assets and inventories with carrying value of VND 635,424,954,001 and shareholders' assets with value of VND 244,616,200,000. The loan bore interest at rate ranging from 6% to 6.5% per annum during the year.
- d. This loan, denominated in USD, is secured by the Group's land use rights, inventories with carrying value of VND 252,555,308,000 (2008: VND 252,555,308,000) and tangible fixed assets with carrying value of VND 88,899,310,099 (2008: VND 32,879,802,845). The loan bore interest at rates ranging from 3.3% to 5.5% (2008: 9% to 10%) per annum during the year.
- e. This loan is secured by the Group's land use rights and inventories with carrying value of VND 252,555,308,000 (2008: VND 252,555,308,000) and tangible fixed assets with carrying value of VND 88,899,310,099 (2008: VND 32,879,802,845). The loan bore interest at rates ranging from 6% to 6.5% (2008: from 15.6% to 17.76%) per annum during the year.
- f. This loan is secured by the Group's inventories with carrying value of VND 62,500,000,000 (2008: VND 120,143,610,000). The loan bore interest at rates ranging from 6.5% to 10.5% (2008 : from 10.32% to 21%) per annum during the year.
- g. This loan, denominated in USD, is secured by the Group's land use rights and inventories with carrying value of VND 52,534,494,614. The loan bore interest at 3% per annum during the year.
- h. This loan is secured by the Group's land use rights and inventories with carrying value of VND 52,534,494,614. The loan bore interest at rates ranging from 5.2% to 6.5% per annum during the year.
- i. This loan, denominated in USD, is secured by the Group's accounts receivable and inventories with carrying value of VND 670,730,908,552 (2008: VND 759,044,902,513). The loan bore interest at 5% (2008: 7.9% to 8.5%) per annum during the year.
- j. This loan is secured by the Group's accounts receivable and inventories with carrying value of VND 860,395,121,680. The loan bore interest ranging from 6.5% to 10.5% per annum during the year.
- k. This loan is secured by the Group's land use rights and inventories with carrying value of VND 71,247,275,000. The loan bore interest at 6.5% per annum during the year.
- l. This loan is secured by the Group's land use rights and inventories with carrying value of VND 11,073,906,308. The loan bore interest at 6.5 % per annum during the year.

The same assets were used as security for more than one loan from the same bank.

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

## 16. Taxes payable to State Treasury

	<b>30/9/2009 VND</b>	<b>30/9/2008 VND</b>
Value added tax	12,752,096,909	6,436,965,597
Corporate income tax	6,893,404,114	1,222,384,151
Import tax	225,995,754	28,864,736
Personal income tax	246,327,003	213,432,065
	<b>20,117,823,780</b>	<b>7,901,646,549</b>

## 17. Accrued expenses

	<b>30/9/2009 VND</b>	<b>30/9/2008 VND</b>
13 <sup>th</sup> month salary	2,712,961,000	1,886,566,398
Construction in progress	8,546,829,336	1,639,578,570
Audit fee	604,560,000	594,612,000
Electricity expense	673,988,932	285,823,471
Board of Directors, Advisory and Supervisory fees	–	59,000,000
Others	1,849,103,882	157,402,212
	<b>14,387,443,150</b>	<b>4,622,982,651</b>

## 18. Other payables

	<b>30/9/2009 VND</b>	<b>30/9/2008 VND</b>
Union fees	67,154,000	49,562,400
Social insurance	243,192,600	235,740,500
Health insurance	899,000	10,500
Short-term deposits	1,752,240,000	2,180,700,000
Dividends payable	58,875,100,000	58,168,078,000
Others	423,492,825	645,477,282
	<b>61,362,078,425</b>	<b>61,279,568,682</b>

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

## 19. Long-term borrowings and liabilities

	<b>30/9/2009 VND</b>	<b>30/9/2008 VND</b>
Long-term borrowings		
Loan 1 from Vietnam Bank for Agriculture and Rural Development (a)	23,360,000,000	33,680,000,000
Loan 2 from Vietnam Bank for Agriculture and Rural Development (b)	47,574,800,000	63,590,450,000
Loan 3 from Vietnam Bank for Agriculture and Rural Development (c)	9,275,000,000	12,755,000,000
Loan 4 from Vietnam Bank for Agriculture and Rural Development (d)	9,312,000,000	12,432,000,000
Loan 5 from Vietnam Bank for Agriculture and Rural Development (e)	2,944,000,000	–
Loan 6 from Vietnam Bank for Agriculture and Rural Development (f)	54,494,000,000	–
Loan 7 from Vietnam Bank for Agriculture and Rural Development (g)	579,930,000	–
Loan 8 from Vietnam Bank for Agriculture and Rural Development (h)	38,841,516,000	–
Loan 9 from The Bank for Foreign Trade of Vietnam (i)	5,105,183,824	4,855,998,000
Loan 10 from The Bank for Foreign Trade of Vietnam (j)	2,990,000,000	–
Loan 11 from The Bank for Foreign Trade of Vietnam	–	4,160,000,000
Loan 12 from The Vietnam Development Bank	–	7,763,514,491
Loan 13 from The Vietnam Development Bank (k)	120,178,863,695	130,238,023,271
Loan 14 from The Vietnam Development Bank (l)	63,760,000,000	74,380,000,000
Loan 15 from The Vietnam Development Bank (m)	14,400,000,000	18,000,000,000
	<b>392,815,293,519</b>	<b>361,854,985,762</b>
Finance lease liabilities (n)	9,656,142,856	–
	<b>402,471,436,375</b>	<b>361,854,985,762</b>
Repayable within twelve months	(67,028,198,672)	(56,772,829,970)
	<b>335,443,237,703</b>	<b>305,082,155,792</b>
Repayable after twelve months		

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

- a. This loan is secured by the Group's land use rights and buildings with carrying value of VND 21,796,256,524 (2008: VND 22,555,336,204) and shareholders' assets with value of VND 13,049,045,236 (2008: VND 13,049,045,236). The loan bore interest at rates ranging from 10.5% to 15% (2008: 12% to 21%) per annum during the year. The remaining balance at 30 September 2009 is repayable in 26 equal monthly instalments amounting to VND 860,000,000 each and a final instalment of VND 1,000,000,000.
- b. This loan, denominated in USD, is secured by the Group's tangible fixed assets with carrying value of VND 111,469,227,314 (2008: VND 128,625,434,414). The loan bore interest at rates ranging from 5.7% to 6.8% (2008: from 7.35% to 9.6%) per annum during the year and the remaining balance at 30 September 2009 is repayable in 32 equal monthly instalments amounting to VND 1,486,712,500 each.
- c. This loan is secured by the Group's land use rights and buildings with carrying value of VND 26,637,744,322 (2008: VND 27,545,883,253). The loan bore interest at rates ranging from 10.5% to 15% (2008: from 12% to 21%) per annum during the year. The remaining balance at 30 September 2009 is repayable in 31 equal monthly instalments amounting to VND 290,000,000 each and a final instalment of VND 285,000,000.
- d. This loan is secured by the Group's land use rights and tangible fixed assets with carrying value of VND 172,480,560,743 (2008: VND 198,479,889,528) and shareholders' assets with value of VND 244,616,200,000 (2008: VND 257,010,600,000). The loan bore interest at rates ranging from 6.5% to 12.6% (2008: from 12% to 21%) per annum during the year. The remaining balance at 30 September 2009 is repayable in 35 equal monthly instalments amounting to VND 260,000,000 each and a final instalment of VND 212,000,000.
- e. This loan is secured by shareholders' assets with value of VND 244,616,200,000. The loan bore interest at rates ranging from 6.5% to 10.5% per annum during the year. At 30 September 2009 the payment schedule was not determined.
- f. This loan is secured by the Group's land use rights, tangible fixed assets and inventories with carrying value of VND 642,890,832,569 and shareholders' assets with value of VND 244,616,200,000. The loan bore interest at rates ranging from 6.5% to 10.5% per annum during the year. At 30 September 2009 the payment schedule was not determined.
- g. This loan, denominated in USD, is secured by the Group's land user right, tangible fixed assets and inventories with carrying value of VND 186,153,742,359 and shareholders' assets with value of VND 243,026,200,000. The loan bore interest at rates ranging from 5.5% per annum during the year. At 30 September 2009 the payment schedule was not determined.
- h. This loan is secured by the Group's land use rights, tangible fixed assets and inventories with carrying value of VND 642,890,832,569. The loan bore interest at rates ranging from 6.5% to 10.5% per annum during the year. At 30 September 2009 the payment schedule was not determined.
- i. This loan, denominated in USD, is secured by the Group's tangible fixed assets with carrying value of VND 20,411,965,559 (2008: VND 22,799,500,000). The loan bore interest at 5.5% (2008: 9.2%) per annum during the year. The remaining balance at 30 September 2009 is repayable in 16 equal quarterly instalments amounting to VND 319,073,989 each.
- j. This loan is secured by the Group's tangible fixed assets with carrying value of VND 20,411,965,559. The loan bore interest at 10.5% per annum during the year. The remaining balance at 30 September 2009 is repayable in 16 equal quarterly instalments amounting to VND 186,875,000 each.

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

- k. This loan, denominated in USD, is secured by the Group's tangible fixed assets and land use rights with carrying value of VND 299,969,634,464 (2008: VND 332,749,433,512). The loan bore interest at 1.7% (2008: 1.7%) per annum during the year. The remaining balance at 30 September 2009 is repayable in 34 equal quarterly instalments amounting to VND 3,449,173,000 each and a final instalment of VND 2,906,981,695.
- l. This loan is secured by the Group's tangible fixed assets with carrying value of VND 18,396,454,160 (2008: VND 21,234,895,040). The loan bore interest at 7.8% (2008: 7.8%) per annum during the year. The remaining balance at 30 September 2009 is repayable in 71 equal monthly instalments amounting to VND 885,000,000 each and a final instalment of VND 925,000,000.
- m. This loan is secured by the Group's tangible fixed assets and land use rights with carrying value of VND 299,969,634,464 (2008: VND 332,749,533,512). The loan bore interest at 8.4% (2008: 8.4%) per annum during the year. The remaining balance at 30 September 2009 is repayable in 48 equal monthly instalments amounting to VND 300,000,000 each.
- n. The future minimum lease payments under non-cancellable finance leases were:

		<b>30/9/2009 VND</b>	
	<b>Payments</b>	<b>Interest</b>	<b>Principal</b>
Within one year	3,311,755,247	897,719,531	2,414,035,716
Within two to five years	8,414,423,232	1,172,316,092	7,242,107,140
	<hr/>	<hr/>	<hr/>
	11,726,178,479	2,070,035,623	9,656,142,856

## 20. Provision for severance allowance

Movements of provision for severance allowance during the year as follows:

	<b>VND</b>
Opening balance	1,331,711,300
Provision made during the year	566,244,600
Provision used during the year	(134,408,800)
	<hr/>
Closing balance	1,763,547,100

Under the Vietnamese Labour Code, when employees who have worked for 12 months or more ("eligible employees") voluntarily terminates his/her labour contract, the employer is required to pay the eligible employees severance allowance calculated based on years of service and employees' compensation at termination. Provision for severance allowance has been provided based on employees' years of service and their current salary level.



# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

Pursuant to Law on Social Insurance, effective from 1 January 2009, the Group and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees' basic salary and 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of the unemployment insurance scheme, the Group is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to existing eligible employees as of 31 December 2008 will be determined based on the eligible employees' years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

## 21. Share capital

The Company's authorised and issued share capital are:

	30/9/2009		30/9/2008	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital	57,038,500	570,385,000,000	57,038,500	570,385,000,000
Treasury shares	(20,000)	(572,000,000)	(20,000)	(572,000,000)
	<b>57,018,500</b>	<b>569,813,000,000</b>	<b>57,018,500</b>	<b>569,813,000,000</b>

All ordinary shares have a par value of VND 10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Movements in share capital during the year/period were as follows:

	Year ended 30/9/2009		Period from 1/1/2008 to 30/9/2008	
	Number of shares	VND	Number of shares	VND
Balance at the beginning of the year/period	57,018,500	569,813,000,000	57,038,500	570,385,000,000
Treasury shares purchased during the year/period	–	–	(20,000)	(572,000,000)
Balance at the beginning of the year/period	<b>57,018,500</b>	<b>569,813,000,000</b>	<b>57,018,500</b>	<b>569,813,000,000</b>

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

## 22. Differences upon asset revaluation

This balance represented the revaluation of land use rights before the land use rights were used as a capital contribution to Hoa Sen Steel One Member Group Limited, a subsidiary.

## 23. Bonus and welfare fund

The fund is established by appropriating from retained profits at the discretion of shareholders at shareholder's meetings. The fund is used to pay bonus and welfare to the Group's employees in accordance with the Group's bonus and welfare policies.

## 24. Total revenue

Total revenue represents the gross invoiced value of goods sold exclusive of value added tax.

Net sales comprise:

	<b>Year ended 30/9/2009 VND</b>	<b>Period from 1/1/2008 to 30/9/2008 VND</b>
Total revenue		
▪ Finished goods sold	2,575,550,229,312	1,814,587,513,562
▪ Merchandise goods sold	260,106,765,803	244,751,971,266
▪ Services	729,680,473	–
	2,836,386,675,588	2,059,339,484,828
Less sales deductions		
▪ Sales allowances	(95,793,360)	(76,447,197)
▪ Sales returns	(4,392,659,879)	(4,136,884,488)
▪ Sales discount	(478,956,348)	(80,833,355)
	(4,967,409,587)	(4,294,165,040)
Net sales	2,831,419,266,001	2,055,045,319,788

## 25. Cost of sales

	<b>Year ended 30/9/2009 VND</b>	<b>Period from 1/1/2008 to 30/9/2008 VND</b>
Finished goods sold	2,130,064,029,466	1,334,289,211,605
Merchandise goods sold	195,107,829,678	168,403,581,633
Allowance for inventories	(49,072,223,535)	50,822,646,169
	2,276,099,635,609	1,553,515,439,407

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

## 26. Financial income

	<b>Year ended 30/9/2009 VND</b>	<b>Period from 1/1/2008 to 30/9/2008 VND</b>
Interest income from banks	987,618,445	340,063,481
Foreign exchange gains	13,239,716,483	5,765,296,917
Others	–	210,890,946
	<b>14,227,334,928</b>	<b>6,316,251,344</b>

## 27. Financial expenses

	<b>Year ended 30/9/2009 VND</b>	<b>Period from 1/1/2008 to 30/9/2008 VND</b>
Interest expenses payable to banks	80,339,426,368	79,692,457,142
Foreign exchange losses	86,063,605,755	35,880,823,343
	<b>166,403,032,123</b>	<b>115,573,280,485</b>

## 28. Other income

	<b>Year ended 30/9/2009 VND</b>	<b>Period from 1/1/2008 to 30/9/2008 VND</b>
Sales of scraps	7,367,363,876	3,319,489,849
Gains on disposals of tangible and intangible fixed assets	579,130,131	4,374,364,713
Gains from physical stock count	2,304,793,492	2,522,658,366
Others	3,835,865,140	1,899,813,614
	<b>14,087,152,639</b>	<b>12,116,326,542</b>

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

## 29. Other expenses

	Year ended 30/9/2009 VND	Period from 1/1/2008 to 30/9/2008 VND
Loss on disposals of tangible and intangible fixed assets	1,052,472,999	1,313,470,657
Sponsorship and charity	–	3,631,552,246
Interest expenses	–	126,000,000
Electricity expense	–	1,262,984,500
Bonus	–	1,733,908,000
Welfare expenses	–	385,690,108
Board of Directors, Advisory and Supervisory fees	–	234,000,000
Others	1,330,578,289	6,705,302,060
	<b>2,383,051,288</b>	<b>15,392,907,571</b>

## 30. Income tax

### (a) Recognised in the statement of income

	Year ended 30/9/2009 VND	Period from 1/1/2008 to 30/9/2008 VND
<b>Current tax expense</b>		
Current year	7,351,204,479	16,887,313,122
Under provision in prior year	–	928,784,269
	<b>7,351,204,479</b>	<b>17,816,097,391</b>
<b>Deferred tax expense/(benefit)</b>		
Origination and reversal of temporary differences	3,587,013,424	(3,758,570,283)
Income tax	<b>10,938,217,903</b>	<b>14,057,527,108</b>

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

## (b) Reconciliation of effective tax rate

	Year ended 30/9/2009 VND	Period from 1/1/2008 to 30/9/2008 VND
Profit before tax	200,389,619,235	212,428,946,713
Tax at the Company's tax rate	30,058,442,884	31,864,342,007
Non-deductible expenses	638,761,501	2,160,019,431
Tax losses utilised	–	(3,179,817,215)
Deferred tax assets not recognised in subsidiary	222,945,008	983,686,693
Effect of previously unrecognised temporary differences, for which deferred tax effects are now recognised	–	(111,588,434)
Effect of tax rate reduction (incentive)	(10,373,791,358)	(21,410,941,107)
Effect of higher tax rate in subsidiary	215,904,135	1,537,728,971
Correction of tax rate in computation of deferred tax	–	1,285,312,493
Effect of tax holiday in subsidiaries	(9,824,044,268)	–
Under provision in prior year	–	928,784,269
	10,938,217,903	14,057,527,108

Deferred tax assets have not been recognised in subsidiary because it is not probable that future taxable profit in subsidiary will be available against which the subsidiary can utilise the benefits therefrom.

## (c) Deferred tax assets

Deferred tax assets are attributable to the following:

	30/9/2009 VND	30/9/2008 VND
Unrealised profits on internal sales	1,220,148,747	2,183,928,064
Allowances and provisions	274,761,898	3,395,435,576
Unrealised foreign exchange differences	815,800,061	456,355,886
Unearned revenue	165,389,007	–
Others	–	27,393,611
	2,476,099,713	6,063,113,137

## (d) Applicable tax rates

### **Hoa Sen Group Corporation**

Under the terms of its Investment Incentive Certificate No. 108/CN-UB issued by the People's Committee of Binh Duong Province on 29 October 2001, Hoa Sen Group Corporation has an obligation to pay the government income tax at the rate of 15% of taxable profits and 25% for the succeeding years from the year 2014. The provisions of the Hoa Sen Group Corporation's Investment Incentive Certificate allow Hoa Sen Group Corporation to be exempt from income tax for 3 years starting from the first year it generates a taxable profit (2004), and entitled to a 50% reduction in income tax for the 7 succeeding years.

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

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

## ***Hoa Sen Building Materials Company Limited***

Under the terms of its Investment Licence Hoa Sen Building Materials Company Limited has an obligation to pay the government income tax at the rate of 15% of taxable profits for the first 12 years starting from the first year of operation and 28% for the succeeding years. The provisions of Hoa Sen Building Materials Company Limited's Investment Licence allow Hoa Sen Building Materials Company Limited to be exempt from income tax for three years from the year it generates taxable profit (2007), and receive a 50% reduction in income tax for the seven succeeding years.

## ***Hoa Sen Steel One Member Company Limited***

Under the terms of its Investment Licence Hoa Sen Steel One Member Company Limited has an obligation to pay the government income tax at the rate of 15% of taxable profits for the first 12 years starting from the first year of operation and 25% for the succeeding years. However, the provisions of Hoa Sen Steel One Member Company Limited's Investment Licence allow Hoa Sen Steel One Member Company Limited to be exempt from income tax for 3 years starting from the first year it generates a taxable profit (2007), and entitled to a 50% reduction in income tax for the 7 succeeding years.

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

## ***Hoa Sen Transportation and Mechanical Engineering One Member Company Limited***

Under the terms of its Business Licence Hoa Sen Transportation and Mechanical Engineering One Member Company Limited has an obligation to pay the government income tax at the rate of 25% of taxable profits.

## **31. Earning per share**

The calculation of basic earnings per share at 30 September 2009 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

### **(i) Net profit attributable to ordinary shareholders**

	<b>Year ended 30/9/2009 VND</b>	<b>Period from 1/1/2008 to 30/9/2008 VND</b>
Net profit attributable to ordinary shareholders	189,451,401,332	198,371,419,605

### **(ii) Weighted average number of ordinary shares**

	<b>Year ended 30/9/2009 VND</b>	<b>Period from 1/1/2008 to 30/9/2008 VND</b>
Issued ordinary shares at the beginning of the period/year	57,018,500	57,038,500
Effect of treasury shares during the period	–	(6,011)
Weighted average number of ordinary shares as at 30 September 2009	57,018,500	57,032,489

As of 30 September 2009, the Group does not have potentially dilutive ordinary shares.

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

## 32. Dividends

The 2008 Annual General Meeting of Shareholders of the Company on 14 February 2009 resolved to distribute dividends amounting to VND 57,018 million (10% of par value of shares in circulation at 20 October 2008, which is the ex-dividend date).

## 33. Significant transactions with related parties

Identity of related parties

The Group has related parties' relationship with its shareholders, directors and executive officers.

<b>Subsidiaries Name</b>	<b>Principal activity</b>	<b>Investment licence</b>	<b>% of ownership</b>
Hoa Sen Steel One Member Company Limited	Manufacture and trade in cold rolled steel products	Business Registration Certificate No. 4603000282 and No. 4604000225 issued by Department of Planning and Investment of Binh Duong on 9 November 2006 and 24 December 2007, respectively.	100%
Hoa Sen Building Materials Company Limited	Manufacture and trade in plastic building materials and steel pipe products	Business Registration Certificate No. 4903000343 and No 4904000228 issued by	100%
Hoa Sen Transportation and Mechanical Engineering One Member Company Limite (former known as Hoa Sen Engineering and Construction One Member Company Limited)	Provide engineering, civil and industrial construction projects; transportation service; produce and process rolling mill, cutter and industrial machine, equipment	Business Registration Certificate No. 4603000325, No. 4604000224 and No. 3700785528 issued by the Department of Planning and Investment of Binh Duong Province on 26 March 2007, 24 December 2007 and 18 March 2009, respectively	100%

# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

Significant transactions with key management personnel and shareholders:

Related Party	Relationship	Nature of transaction	Year ended 30/9/2009 VND	Period from 1/1/2008 to 30/9/2008 VND
Le Phuoc Vu	Chairman and General Director	Prepayment for purchase of land use rights	–	9,000,000,000
Hoang Duc Huy	Deputy General Director	Prepayment for purchase of land use rights	21,353,612,000	39,367,390,000
Lai Thi Lan	Shareholder	Loan to the Group	–	35,000,000,000
Tran Hoang Trang	Shareholder	Loan to the Group	–	5,000,000,000
Vo Thi Hong Yen	Shareholder	Loan to the Group	–	15,000,000,000
Hoang Duc Dung	Shareholder	Loan to the Group	–	1,500,000,000
Board of Management, Advisory and Supervisory		Board of Management, Advisory and Supervisory fee	708,000,000	353,000,000
Board of Directors		Remunerations to Board of Directors	1,921,600,000	2,533,367,000

## 34. Commitments

### (a) Capital expenditure

As at 30 September 2009 the Group had the following outstanding capital commitments approved but not provided for in the balance sheet:

	30/9/2009 VND	30/9/2008 VND
Approved but not contracted	322,049,155,252	2,351,652,649,609
Approved and contracted	3,288,239,333,712	4,337,006,824
	<b>3,610,288,488,964</b>	<b>2,355,989,656,433</b>

### (b) Leases

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

	30/9/2009 VND	30/9/2008 VND
Within one year	8,982,904,746	5,391,452,909
Within two to five years	34,094,791,329	38,628,800,944
More than five years	215,712,935,153	211,883,716,943
	<b>258,790,631,228</b>	<b>255,903,970,796</b>



# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 (continued)

## 35. Production and business costs by element

	Year ended 30/9/2009 VND	Period from 1/1/2008 to 30/9/2008 VND
Raw material costs included in production costs	3,348,028,087,500	2,896,219,437,275
Labour costs and staff costs	98,742,282,815	80,434,522,152
Depreciation and amortisation	111,151,725,882	66,300,660,234
Outside services	150,300,723,830	99,874,779,874
Other expenses	36,563,905,153	93,291,221,034

## 36. Corresponding figures

The prior period corresponding balances are for the period from 1 January 2008 to 30 September 2008, the corresponding balances of the statements of income, cash flows and certain notes are not entirely comparable.

Prepared by:



Nguyen Thi Ngoc Lan  
Chief Accountant



Approved by:



Le Phuoc Vu  
General Director

10 December 2009

## Key financial ratios

No.	Figures	Unit	2008 (*)	2008-2009
<b>1</b>	<b>Assets Structure</b>	%		
	- Long-term assets / Total assets		48.15	50.45
	- Current assets / Total assets		51.85	49.55
<b>2</b>	<b>Capital Structure</b>	%		
	- Liabilities / Total Equity		62.21	61.19
	- Owners' equity / Total assets		37.79	38.81
<b>3</b>	<b>Liquidity</b>	time		
	- Current ratio		1.08	1.05
	- Quick ratio		0.23	0.40
<b>4</b>	<b>Profitability</b>	%		
	- Return on assets		9.18	7.77
	- Net profit margin		9.65	6.69
	- Return on equity		24.30	20.02

(\*) The fiscal year 2008 has only 9 months, from 1/1/2008 to 30/09/2008

## Branch network

No.	Name	Address	Telephone
1	Nam Can	Cai Nai hamlet, Nam Can town, Nam Can district, Ca Mau	0780.3876703
2	Ca Mau	39 Ly Thuong Kiet, cluster 7, ward 6, Ca Mau city, Ca Mau	0780.3826699
3	Bac Lieu	D01/10 highway 1A, Tra Kha, ward 8, Bac Lieu county, Bac Lieu	0781.3829843
4	Soc Trang	Highway 1A, ward 2, Soc Trang city, Soc Trang	079.3611212
5	Phung Hiep	Area 3, Hiep Thanh ward, Nga Bay county, Hau Giang	0711.3867887
6	Vi Thanh	Tran Hung Dao, area 3, ward 5, Vi Thanh county, Hau Giang	0711.3870137
7	Vinh Thuan	Group 39, Vinh Dong 2 hamlet, Vinh Thuan town, Vinh Thuan district, Kien Giang	077.3561336
8	An Bien	Group 17, Dong Thanh hamlet, Dong Thai commune, An Bien district, Kien Giang	077.3524259
9	Kien Luong	Kenh Tam Thuoc hamlet, Kien Luong town, Kien Luong district, Kien Giang	077.3765055
10	Rach Gia	67 CMT8, Vinh Loi ward, Rach Gia city, Kien Giang	077.3912450
11	Lo Te	454, Group 16, Thoi Hoa area, Thoi Thuan ward, Thot Not district, Can Tho	076.3831844
12	Lo Te warehouse	Group 16, Thoi Hoa hamlet, Thoi Thuan commune, Thot Not district, Can Tho	076.3930180
13	Can Tho	143 area 5, CMT8, An Thoi ward, Binh Thuy district, Can Tho	0710.3887581
14	Vinh Thanh	1255, Lan Quoi 1 hamlet, Thanh My commune, Vinh Thanh district, Can Tho	0710.3641828
15	Cai Rang	Highway 1A, area 2, Ba Lang ward, Cai Rang district, Can Tho	0710.3910001
16	Tri Ton	Cluster 1, Tri Ton town, Tri Ton district, An Giang	076.3772949
17	Chau Doc	Highway 91, Hoa Binh area, Vinh My ward, Chau Doc county, An Giang	076.3560510
18	Phu Tan	Long Hung hamlet, Long Son commune, Phu Tan district, An Giang	076.3533435
19	Long Xuyen	Group 12, Binh Duc 5 cluster, Binh Duc ward, Long Xuyen city, An Giang	076.3650738
20	Cho Moi	My Hoa hamlet, My Luong town, Cho Moi district, An Giang	076.3626376

No.	Name	Address	Telephone
21	Hong Ngu	Highway 30, An Loc ward, Hong Ngu county, Dong Thap	067.3836771
22	Tam Nong	Tram Chim town, Tam Nong district, Dong Thap	067.3829658
23	Cao Lanh	Highway 30, My Phu ward, Cao Lanh city, Dong Thap	067.3857316
24	Chau Thanh -Dong Thap	An Hoa hamlet, Tan Binh commune, Chau Thanh district, Dong Thap	067.3868156
25	Binh Minh	622A, Thuan Tien B hamlet, Thuan An commune, Binh Minh district, Vinh Long	070.3750711
26	Vung Liem	Trung Quan hamlet, Trung Thanh commune, Vung Liem district, Vinh Long	0703.976282
27	Tra Vinh	Highway 60, cluster 76, ward 8, Tra Vinh county, Tra Vinh	074.3842546
28	Vinh Long	Tan Vinh Thuan hamlet, Tan Ngai commune, Vinh Long city, Vinh Long	070.3816434
29	Cai Be	Highway 1A, An Thai hamlet, An Cu commune, Cai Be district, Tien Giang	073.3923409
30	Trung Luong warehouse	Long My hamlet, Phuoc Thanh commune, My Tho city, Tien Giang	073.268191
31	Chau Thanh - Ben Tre	Hamlet 5, An Khanh commune, Chau Thanh district, Ben Tre	075.3612698
32	Ben Tre	109D Nguyen Dinh Chieu, quarter 3, ward 8, Ben Tre	075.3811794
33	Thu Thua	Binh Cang 1 hamlet, Binh Thanh commune, Thu Thua district, Long An	072.3820522
34	Tan Thanh	Quarter 3, Tan Thanh town, Tan Thanh district, Long An	072.3941013
35	Trang Bang	Group 6, An Binh hamlet, An Tinh commune, Trang Bang district, Tay Ninh	066.3896733
36	Go Dau	Phuoc Duc B hamlet, Phuoc Dong commune, Go Dau district, Tay Ninh	066.3533838
37	Thong Nhat	65 highway 1A, Hung Nghia hamlet, Hung Loc commune, Thong Nhat district, Dong Nai	0613.768503
38	Long Khanh	Area 9, Cam Tan hamlet, Xuan Tan commune, Long Khanh county, Dong Nai	0613.721266
39	Dinh Quan	Lot SKK 97A, Dinh Quan IP, La Nga commune, Dinh Quan district, Dong Nai	0613.633855-8
40	Ngai Giao	Highway 56, Tan Phu hamlet, Bau Chinh commune, Chau Duc district, Ba Ria - Vung Tau	0643.962358

# Branch network

No.	Name	Address	Telephone
41	Tan Thanh	Ben Dinh hamlet, My Xuan commune, Tan Thanh district, Ba Ria – Vung Tau	0643.931828
42	Xuyen Moc	Highway 55, Phuoc Thuan commune, Xuyen Moc district, Ba Ria – Vung Tau	0643.782888 0643.782999
43	Tan Phu	142, Tho Lam 3 hamlet, highway 20, Phu Thanh commune, Tan Phu district, Dong Nai	0613.696629
44	Duc Linh	Hamlet 4, Duc Chinh commune, Duc Linh district, Binh Thuan	0623.887898
45	Duc Trong	413 highway 20, Lien Nghia town, Duc Trong district, Lam Dong	0633.646229
46	Ham Tan	Da Mai hamlet, Tan Xuan commune, Ham Tan district, Binh Thuan	0623.872888
47	Phan Thiet	Lot 4/1, Phan Thiet IP, Phan Thiet city, Binh Thuan	0623.829124
48	Phan Ri	Binh Liem hamlet, Phan Ri Thanh commune, Bac Binh district, Binh Thuan	0623.862151
49	Phan Rang	Unit 6, Phu Ha ward, Phan Rang – Thap Cham city, Ninh Thuan	0683.833845 0683.833846
50	Cam Ranh	Highway 1A, Xuan Ninh 2 cluster, Cam Phuc Nam ward, Cam Ranh county, Khanh Hoa	0583.860402
51	District 9	628 highway 52, quarter 1, Phuoc Long B ward, district 9, HCMC	08.37281512
52	An Suong	194D/4, quarter 3, Trung My Tay ward, district 12, HCMC	08.37189402
53	Binh Duong	612 Binh Duong boulevard, Hiep Thanh ward, Thu Dau Mot county, Binh Duong	0650.3824495
54	Ben Cat	Highway 13, hamlet 3B, Thoi Hoa commune, Ben Cat district, Binh Duong	0650.3577112 0650.3577113
55	Chon Thanh	31, group 1, hamlet 1, Thanh Tam commune, Chon Thanh district, Binh Phuoc	0651.3668494
56	Dong Xoai	Phu Rieng Do street, Tan Tra quarter, Tan Xuan ward, Dong Xoai county, Binh Phuoc	0651.3883196
57	Gia Nghia	Hung Vuong street, group 6, Nghia Thanh ward, Gia Nghia county, Dak Nong	0501.3545016
58	Dak Mil	Hamlet 1, Duc Manh commune, Dak Mil district, Dak Nong	0501.3750878 0501.3870888
59	Dak Lak	38 Nguyen Chi Thanh, Tan An ward, Buon Ma Thuot city, Dak Lak	0500.3954056
60	Eakar	An Cu hamlet, Cu Hue commune, Ea Kar district, Dak Lak	0500.3627064-65

No.	Name	Address	Telephone
61	Krong Pak	Phuoc An town, Krong Pak district, Dak Lak	0500.3519743 0500.3519744
62	Buon Ho	517 Hung Vuong, Buon Ho county, Dak Lak	0500.3870010
63	Gia Lai	174 Truong Chinh, group 4, Tra Ba ward, Pleiku city, Gia Lai	059.3747170
64	Kon Tum	564 Phan Dinh Phung, Kon Tum county, Kon Tum	060.3856372
65	Nha Trang	Phu Khanh hamlet, Dien Thanh commune, Dien Khanh district, Khanh Hoa	058.3750526 058.3750527
66	Tuy Hoa	227 highway 1A, ward 8, Tuy Hoa city, Phu Yen	057.3820586 057.3820361
67	Tuy An	Chi Duc hamlet, Chi Thanh town, Tuy An district, Phu Yen	057.3767477 057.3767478
68	Tuy Phuoc	My Dien hamlet, Tuy Phuoc town, Tuy Phuoc district, Binh Dinh	056.3833008-9
69	An Khe	Ngo May ward, An Khe county, Gia Lai	059.3533511-2
70	Phu Cat	Hoa Dong hamlet, Cat Tan commune, Phu Cat district, Binh Dinh	056.3538178
71	Phu My	Diem Tieu hamlet, Phu My town, Phu My district, Binh Dinh	056.3244442 056.3755089
72	Bong Son	Thiet Dinh hamlet, Bong Son town, Hoai Nhon district, Binh Dinh	056.3761841
73	Son Tinh	Truong Tho Dong hamlet, Son Tinh town, Son Tinh district, Quang Ngai	055.3670097 055.3670098
74	Tam Ky	Lot A49 Phan Boi Chau, Hoa Thuan ward, Tam Ky city, Quang Nam	0510.3810842-3
75	Da Nang	281A Truong Chinh, An Khe ward, Thanh Khe district, Da Nang	0511.3721101-2
76	Hue	Highway 1A, Huong Van commune, Huong Tra district, Thua Thien Hue	054.3777156 054.3777157
77	Ha Tinh	Tan Phu hamlet, Thach Trung commune, Ha Tinh city, Ha Tinh	039.3690617 039.3690618
78	Nghe An	Hamlet 14, Nghi Kim commune, Vinh city, Nghe An	038.3516469
79	Ha Noi	Lot A6-2, Ha Noi-Dai Tu IP, 386 Nguyen Van Linh, Long Bien district, Ha Noi	04.36559905 04.36559906
80	Son La	Chieng Sinh IP, Chieng Sinh ward, Son La city, Son La	022.3774280
81	Thanh Hoa	Highway 1A, Quyet Thang hamlet, Quang Thinh commune, Quang Xuong district, Thanh Hoa	037.8755667-8
82	Ninh Binh	Highway 1A, Thien Ton town, Hoa Lu district, Ninh Binh	0303.626668-9

## **HOA SEN GROUP**

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