



**Masan Group Corporation
and its subsidiaries**

Consolidated Financial Statements for
the year ended 31 December 2020



**Masan Group Corporation
Corporate Information**

**Enterprise Registration
Certificate No.**

0303576603

18 November 2004

The Enterprise Registration Certificate has been amended several times, the most recent of which is dated 7 September 2020. The Enterprise Registration Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City.

Board of Directors

Dr Nguyen Dang Quang	Chairman
Ms Nguyen Hoang Yen	Member
Mr Nguyen Thieu Nam	Member
Mr Woncheol Park	Member
Mr Nguyen Doan Hung	Member
Mr David Tan Wei Ming	Member

Board of Management

Dr Nguyen Dang Quang	Chief Executive Officer (until 18 June 2020)
Mr Danny Le	Chief Executive Officer (from 19 June 2020)
Mr Nguyen Thieu Nam	Deputy Chief Executive Officer
Mr Michael Hung Nguyen	Deputy Chief Executive Officer
Mr Nguyen Anh Nguyen	Deputy Chief Executive Officer (until 29 April 2020)

Legal representative

Dr Nguyen Dang Quang	Chairman
Mr Danny Le	Chief Executive Officer (from 19 June 2020)

Registered Office

Suite 802, 8th Floor, Central Plaza
17 Le Duan Street
Ben Nghe Ward, District 1
Ho Chi Minh City
Vietnam

Auditor

KPMG Limited
Vietnam

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STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Management of Masan Group Corporation (“the Company”) presents this statement and the accompanying consolidated financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) for the year ended 31 December 2020.

The Board of Management is responsible for the preparation and fair presentation of the consolidated financial statements as at and for the year ended 31 December 2020 in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In preparing those consolidated financial statements, the Board of Management is required to:

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

The Board of Management is also responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Group and to ensure that the accounting records comply with the requirements of Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management confirms that they have complied with the above requirements in preparing these consolidated financial statements.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We do hereby approve the accompanying consolidated financial statements of the Group as at and for the year ended 31 December 2020, which were prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

On behalf of the Board of Management



Danny Le
Chief Executive Officer

Ho Chi Minh City, Vietnam
5 March 2021



KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders Masan Group Corporation

We have audited the accompanying consolidated financial statements of Masan Group Corporation ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at 31 December 2020, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 5 March 2021, as set out on pages 5 to 92.

Management's Responsibility

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

Auditor's Responsibility

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

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

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



Auditor's Opinion

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

KPMG Limited's Branch in Ho Chi Minh City Vietnam

Audit Report No.: 20-01-00213-21-2



Nelson Rodriguez Casihan
Practicing Auditor Registration
Certificate No. 2225-2018-007-1
Deputy General Director

Nguyen Thuy Ninh
Practicing Auditor Registration
Certificate No. 4623-2018-007-1

Ho Chi Minh City, 5 March 2021



Masan Group Corporation and its subsidiaries
Consolidated balance sheet as at 31 December 2020

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

	Code	Note	31/12/2020 VND million	1/1/2020 VND million
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		29,760,685	24,261,892
Cash and cash equivalents	110	6	7,721,442	6,800,528
Cash	111		1,930,142	1,928,070
Cash equivalents	112		5,791,300	4,872,458
Short-term financial investments	120	7	447,250	784,454
Trading securities	121		-	472,134
Held-to-maturity investments	123		447,250	312,320
Accounts receivable – short-term	130	8	7,051,442	5,417,776
Accounts receivable from customers	131		2,061,915	1,240,531
Prepayments to suppliers	132		606,656	1,528,648
Receivable on short-term lending loans	135		1,140,000	-
Other short-term receivables	136		3,350,727	2,754,341
Allowance for doubtful debts	137		(107,856)	(105,744)
Inventories	140	9	12,497,917	9,621,821
Inventories	141		12,730,397	9,690,631
Allowance for inventories	149		(232,480)	(68,810)
Other current assets	150		2,042,634	1,637,313
Short-term prepaid expenses	151		303,201	261,425
Deductible value added tax	152		1,663,346	1,352,367
Taxes receivable from State Treasury	153	17(a)	76,087	23,521

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

Masan Group Corporation and its subsidiaries
Consolidated balance sheet as at 31 December 2020 (continued)

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

	Code	Note	31/12/2020 VND million	1/1/2020 VND million
Long-term assets (200 = 210 + 220 + 230 + 240 + 250 + 260)	200		85,975,877	73,035,359
Accounts receivable – long-term	210	8	1,592,008	1,599,646
Other long-term receivables	216		1,592,008	1,599,646
Fixed assets	220		49,582,187	40,791,699
Tangible fixed assets	221	10	34,321,764	29,170,881
Cost	222		50,777,648	39,248,028
Accumulated depreciation	223		(16,455,884)	(10,077,147)
Finance lease tangible fixed assets	224		22,278	-
Cost	225		90,061	67,300
Accumulated depreciation	226		(67,783)	(67,300)
Intangible fixed assets	227	11	15,238,145	11,620,818
Cost	228		19,594,216	14,777,843
Accumulated amortisation	229		(4,356,071)	(3,157,025)
Investment property	230	12	14,518	-
Cost	231		18,628	-
Accumulated depreciation	232		(4,110)	-
Long-term work in progress	240		2,274,759	3,278,972
Construction in progress	242	13	2,274,759	3,278,972
Long-term financial investments	250	7	20,353,099	17,505,857
Investments in associates	252		20,320,738	17,492,653
Equity investments in other entities	253		30,589	21,646
Allowance for diminution in the value of long-term financial investments	254		(5,628)	(8,442)
Held-to-maturity investments	255		7,400	-
Other long-term assets	260		12,159,306	9,859,185
Long-term prepaid expenses	261	14	6,533,670	5,633,114
Deferred tax assets	262	15	1,794,136	240,643
Goodwill	269	16	3,831,500	3,985,428
TOTAL ASSETS (270 = 100 + 200)	270		115,736,562	97,297,251

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



Masan Group Corporation and its subsidiaries
Consolidated balance sheet as at 31 December 2020 (continued)

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

	Code	Note	31/12/2020 VND million	1/1/2020 VND million
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		90,706,283	45,408,844
Current liabilities	310		38,874,663	30,492,191
Accounts payable to suppliers – short-term	311		6,832,649	5,635,395
Advances from customers	312		1,074,932	1,178,905
Taxes payable to State Treasury	313	17(b)	941,302	770,004
Payables to employees	314		239,074	291,683
Accrued expenses	315	18	4,705,417	4,110,502
Unearned revenue – short-term	318		20,706	12,050
Other short-term payables	319	19	2,472,126	122,557
Short-term borrowings, bonds and finance lease liabilities	320	20(a)	22,545,046	18,340,185
Provisions – short-term	321		6,517	-
Bonus and welfare funds	322		36,894	30,910
Long-term liabilities	330		51,831,620	14,916,653
Accounts payable to suppliers – long-term	331		27,668	31,013
Other long-term payables	337	19	180,397	180,939
Long-term borrowings, bonds and finance lease liabilities	338	20(b)	39,466,043	11,675,842
Deferred tax liabilities	341	15	4,651,174	2,455,415
Provisions – long-term	342	21	7,506,338	573,444

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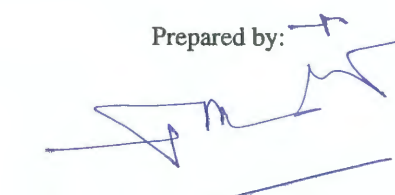
Masan Group Corporation and its subsidiaries
Consolidated balance sheet as at 31 December 2020 (continued)

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

	Code	Note	31/12/2020 VND million	1/1/2020 VND million
EQUITY (400 = 410)	400		25,030,279	51,888,407
Owners' equity	410	22	25,030,279	51,888,407
Share capital	411	23	11,746,832	11,689,464
Capital surplus	412	23	11,084,297	11,084,357
Other capital	414		(8,563,690)	(8,563,690)
Foreign exchange differences	417		(226,972)	11,033
Other equity funds	420		(284,952)	-
Undistributed profits after tax	421		2,182,124	28,558,952
- Undistributed profits after tax brought forward	421a		27,383,610	15,330,120
- (Loss for the current year)/				
Undistributed profit after tax for the prior year	421b		(25,201,486)	13,228,832
Non-controlling interests	429		9,092,640	9,108,291
TOTAL RESOURCES (440 = 300 + 400)	440		115,736,562	97,297,251

5 March 2021

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:





Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer

Danny Le
Chief Executive Officer

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

Masan Group Corporation and its subsidiaries
Consolidated statement of income for the year ended 31 December 2020

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

	Code	Note	2020 VND million	2019 VND million
Revenue from sale of goods and provision of services	01	26	78,868,319	38,818,747
Revenue deductions	02	26	1,650,511	1,464,660
Net revenue (10 = 01 - 02)	10	26	77,217,808	37,354,087
Cost of sales	11	27	59,329,111	26,412,939
Gross profit (20 = 10 - 11)	20		17,888,697	10,941,148
Financial income	21	28	1,430,663	1,188,183
Financial expenses	22	29	4,556,671	2,200,562
<i>In which: Interest expense</i>	23		3,770,283	1,866,015
Share of profit in associates	24	7	2,640,068	2,182,410
Selling expenses	25	30	13,166,087	3,994,895
General and administration expenses	26	31	3,040,896	2,103,408
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		1,195,774	6,012,876
Other income	31	32	1,613,262	1,325,350
Other expenses	32		484,197	233,136
Results of other activities (40 = 31 - 32)	40		1,129,065	1,092,214
Accounting profit before tax (50 = 30 + 40)	50		2,324,839	7,105,090
Income tax expense – current	51	33	1,086,193	790,583
Income tax benefit – deferred	52	33	(156,367)	(50,108)
Net profit after tax (60 = 50 - 51 - 52) (carried forward)	60		1,395,013	6,364,615

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

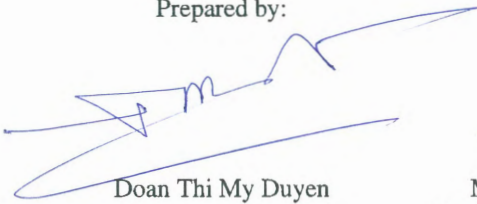




Masan Group Corporation and its subsidiaries
Consolidated statement of income for the year ended 31 December 2020 (continued)


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

	Code Note	2020 VND million	2019 VND million
Net profit after tax (60 = 50 - 51 - 52) (brought forward)	60	1,395,013	6,364,615
Attributable to:			
Equity holders of the Company	61	1,233,982	5,557,571
Non-controlling interests	62	161,031	807,044
Earnings per share			
Basic earnings per share (VND)	70 35	1,054	4,766

5 March 2021

Prepared by: 
Doan Thi My Duyen
Chief Accountant

Approved by:  
Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer


CÔNG TY
CỔ PHẦN
TẬP ĐOÀN
MASAN
QUẬN 1 - T. P. HỒ CHÍ MINH

Danny Le
Chief Executive Officer

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

Masan Group Corporation and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2020
(Indirect method)

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

	Code Note	2020 VND million	2019 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	2,324,839	7,105,090
Adjustments for			
Depreciation and amortisation	02	4,583,989	2,748,584
Negative goodwill on acquisition of a subsidiary	02	(1,341,663)	-
Allowances and provisions	03	252,266	109,550
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04	10,910	(6,566)
Profits from investing activities	05	(3,235,762)	(2,404,958)
Interest expense and other financial expenses	06	4,008,435	2,010,975
Operating profit before changes in working capital	08	6,603,014	9,562,675
Change in receivables and other assets	09	175,576	(74,463)
Change in inventories	10	(1,116,607)	(1,629,376)
Change in payables and other liabilities	11	12,219	195,972
Change in prepaid expenses	12	449,482	15,002
Change in trading securities	13	472,134	(472,134)
		6,595,818	7,597,676
Interest paid	14	(4,213,385)	(1,887,876)
Corporate income tax paid	15	(1,029,120)	(600,760)
Other payments for operating activities	17	(2,014)	(4,915)
Net cash flows from operating activities	20	1,351,299	5,104,125
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(3,678,162)	(4,162,595)
Proceeds from arbitration settlement	21	-	984,162
Proceeds from disposals of fixed assets and other long-term assets	22	56,309	38,533
Payments for granting loans and term deposits	23	(13,414,750)	(1,164,820)
Receipts from collecting loans and term deposits	24	11,438,600	1,234,248
Payments for investments	25	(27,213,440)	(4,109,212)
Business combination, net of cash acquired	25	(1,607,289)	644,123
Proceeds from disposals of investments	26	-	212,130
Receipts of interest, dividends and others	27	661,442	311,989
Net cash flows from investing activities	30	(33,757,290)	(6,011,442)

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

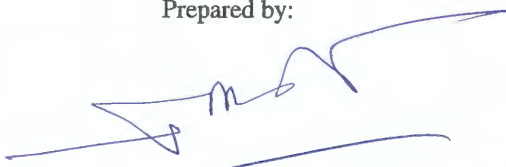
Masan Group Corporation and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2020
(Indirect method – continued)

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

	Code Note	2020 VND million	2019 VND million
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of new shares and equity issued to non-controlling interests	31	2,386,092	271,362
Proceeds from borrowings and bonds	33	87,379,259	30,211,372
Payments to settle borrowings and bonds	34	(55,031,426)	(26,975,387)
Payments to settle finance lease liabilities	35	(894)	-
Payments of dividends to the Company's shareholders and to non-controlling interests of subsidiaries	36	(1,402,069)	(390,445)
Net cash flows from financing activities	40	33,330,962	3,116,902
Net cash flows during the year (50 = 20 + 30 + 40)	50	924,971	2,209,585
Cash and cash equivalents at beginning of the year	60	6,800,528	4,585,889
Effect of exchange rate fluctuations	61	(4,057)	5,054
Cash and cash equivalents at end of the year (70 = 50 + 60 + 61)	70 6	7,721,442	6,800,528

5 March 2021

Prepared by:


Doan Thi My Duyen
Chief Accountant

Approved by:


Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer


Danny Le
Chief Executive Officer


M.S.G.C. 0303576603 - C.T.C.P
CÔNG TY
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The accompanying notes are an integral part of these consolidated financial statements

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Masan Group Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2020

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

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

1. Reporting entity

(a) Ownership structure

Masan Group Corporation (“the Company”) is a joint stock company incorporated in Vietnam.

The consolidated financial statements comprise the Company and its subsidiaries (collectively referred to as “the Group”) and the Group’s interest in associates.

(b) Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and associates are as follows:

Masan Group Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

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

Number	Name	Note	Principal activity	Address	Percentage of economic interests at 31/12/2020	1/1/2020
<i>Direct subsidiaries</i>						
1	Masan Horizon Company Limited (“MH”)		Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	99.9%	99.9%
2	Masan MEATLife Corporation (“MML”)		Investment holding, animal protein trading	10 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	87.9%	87.3%
3	The SHERPA Company Limited (“SHERPA”)	(a)	Investment holding	10 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	99.9%	-
4	MasanConsumerHoldings Company Limited (“MCH”)	(b)	Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	-	60.0%
5	VCM Services and Trading Development Joint Stock Company (“VCM”)	(b)	Investment holding	7 Bang Lang 1 Street, Vinhomes Riverside Urban Zone, Viet Hung Ward, Long Bien District, Ha Noi City, Vietnam	-	58.6%

(a) The SHERPA Company Limited (“SHERPA”) was established under the Enterprise Registration Certificate No. 0316328421 dated 12 June 2020 issued by the Department of Planning and Investment of Ho Chi Minh City.

(b) On 25 June 2020, the Company transferred all of its equity interests in MCH to The CrownX Corporation (“CrownX”), an indirect subsidiary and its equity interests in VCM to SHERPA. Thereafter, SHERPA transferred all of its equity interest in VCM to its subsidiary, CrownX.



Masan Group Corporation and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

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

Number	Name	Note	Principal activity	Address	Percentage of economic interests at 31/12/2020	1/1/2020
<i>Indirect subsidiaries</i>						
1	The CrownX Corporation (“CrownX”)	(c)	Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	84.8%	-
2	Masan Consumer Holdings Company Limited (“MCH”)	(b)	Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	72.7%	-
3	Masan Brewery Company Limited (“MB”)	(i)	Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	48.5%	40.0%
4	Masan Master Brewer Company Limited (“MMBr”)	(i)	Beer and beverage trading	10 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	48.5%	40.0%
5	Masan Brewery PY One Member Company Limited (“MBPY”)	(i)	Beer and beverage manufacturing	Hoa Hiep Industrial Park, Hoa Hiep Bac Ward, Dong Hoa District, Phu Yen Province, Vietnam	48.5%	40.0%
6	Masan Brewery HG One Member Company Limited (“MBHG”)	(i)	Beer and beverage manufacturing	Song Hau Industrial Park, Dong Phu Ward, Chau Thanh District, Hau Giang Province, Vietnam	48.5%	40.0%
7	Masan Brewery Distribution One Member Company Limited (“MBD”)	(i)	Beer and beverage trading	10 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	48.5%	40.0%
8	Masan Brewery MB Company Limited (“MBMB”)	(i)	Beer and beverage manufacturing	Area B, Nam Cam Industrial Park – Dong Nam Nghe An Economic Zone, Nghi Long Commune, Nghi Loc District, Nghe An Province, Vietnam	48.5%	40.0%

(c) The CrownX Corporation (“CrownX”) was established under the Enterprise Registration Certificate No. 0316333118 dated 16 June 2020 issued by the Department of Planning and Investment of Ho Chi Minh City. After the completion of the option exercised by the sellers of VCM, the Company owned 70.0% economic interests in CrownX.



Masan Group Corporation and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

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

Number	Name	Note	Principal activity	Address	Percentage of economic interests at 31/12/2020	1/1/2020
<i>Indirect subsidiaries</i>						
9	Masan Consumer Corporation (“MSC”)	(i)	Trading and distribution	12 th Floor, MPlaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	68.9%	56.8%
10	Masan Consumer (Thailand) Limited (“MTH”)	(i)	Trading and distribution	No. 83, 4 th Floor, Amnuay Songkhram Road, Tanon Nakornchaisri Sub-District, Dusit District, Bangkok, Thailand	68.9%	56.8%
11	Masan Food Company Limited (“MSF”)	(i)	Trading and distribution	12 th Floor, MPlaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	68.9%	56.8%
12	Masan Industrial One Member Company Limited (“MST”)	(i)	Seasonings, convenience food manufacturing and packaging	Lot 6, Tan Dong Hiep A Industrial Park, Tan Dong Hiep Ward, Di An City, Binh Duong Province, Vietnam	68.9%	56.8%
13	Viet Tien Food Technology One Member Company Limited (“VTF”)	(i)	Seasonings manufacturing	Lot III-10-Industrial Group III, Tan Binh Industrial Park, Tan Phu District, Ho Chi Minh City, Vietnam	68.9%	56.8%
14	Masan HD One Member Company Limited (“MHD”)	(i)	Convenience food manufacturing	Lot 22, Dai An Industrial Park, Tu Minh Ward, Hai Duong City, Vietnam	68.9%	56.8%
15	Masan PQ Corporation (“MPQ”)	(i)	Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam	68.9%	56.8%
16	Nam Ngu Phu Quoc One Member Company Limited (“NPQ”)	(i)	Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam	68.9%	56.8%

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Number	Name	Note	Principal activity	Address	Percentage of economic interests at 31/12/2020	1/1/2020
<i>Indirect subsidiaries</i>						
17	Masan HN Company Limited (“HNF”)	(i)/(d)	Convenience food manufacturing	Lot CN-08 and CN-14, Dong Van IV Industrial Zone, Dai Cuong Commue, Kim Bang District, Ha Nam Province, Vietnam.	68.9%	-
18	Masan Long An Company Limited (“MLA”)	(i)	Seasonings, convenience food manufacturing and packaging	Hamlet 2, Thanh Hoa Commune, Ben Luc District, Long An Province, Vietnam	68.9%	56.8%
19	VinaCafé Bien Hoa Joint Stock Company (“VCF”)	(i)	Beverage manufacturing and trading	Bien Hoa I Industrial Zone, Bien Hoa City, Dong Nai Province, Vietnam	68.0%	55.9%
20	Café De Nam Joint Stock Company (“CDN”)	(i)	Beverage trading and manufacturing	Lot C.I.III-3+5+7, Long Thanh Industrial Park, Tam An Commune, Long Thanh District, Dong Nai Province, Vietnam	57.8%	47.5%
21	Vinh Hao Mineral Water Corporation (“VHC”)	(i)	Beverage manufacturing and packaging	Vinh Son Hamlet, Vinh Hao Commune, Tuy Phong District, Binh Thuan Province, Vietnam	62.1%	50.3%
22	Kronfa., JSC (“KRP”)	(i)	Beverage manufacturing	Km 37, National Road 27, Tan Son Town, Ninh Son District, Ninh Thuan Province, Vietnam	62.1%	50.3%
23	Masan Beverage Company Limited (“MSB”)	(i)	Beverage trading and distribution	12 th Floor, MPlaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	68.9%	56.8%

(d) Masan HN Company Limited (“HNF”) was established under the Enterprise Registration Certificate No. 0700841110 dated 5 August 2020 issued by the Department of Planning and Investment of Ha Nam Province.

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Number	Name	Note	Principal activity	Address	Percentage of economic interests at 31/12/2020	1/1/2020
<i>Indirect subsidiaries</i>						
24	Masan MB One Member Company Limited (“MMB”)	(i)	Seasonings, convenience food manufacturing and packaging	Area B, Nam Cam Industrial Park, Dong Nam Nghe An Economic Zone, Nghi Long Commune, Nghi Loc District, Nghe An Province, Vietnam	68.9%	56.8%
25	Masan HG One Member Company Limited (“MHG”)	(i)	Convenience food manufacturing and packaging	Song Hau Industrial Park, Dong Phu Ward, Chau Thanh District, Hau Giang Province, Vietnam	68.9%	56.8%
26	Masan Jinju Joint Stock Company (“MSJ”)	(i)	Convenience food manufacturing and trading	Factory F5, Lot 6, Tan Dong Hiep A Industrial Park, Tan Dong Hiep Ward, Di An City, Binh Duong Province, Vietnam	51.6%	42.6%
27	Quang Ninh Mineral Water Corporation (“QNW”)	(i)	Beverage manufacturing and trading	Group 3A, Area 4, Suoi Mo, Bai Chay Ward, Ha Long City, Quang Ninh Province, Vietnam	45.3%	37.4%
28	Masan HPC Company Limited (“HPC”)	(i)	Trading and distribution	12 th Floor, MP Plaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	68.9%	56.8%
29	Net Detergent Joint Stock Company (“NET”)	(i)/ Note 5(a)	Homecare products manufacturing and trading	D4 Street, Loc An-Binh Son Industrial Park, Binh Son Ward, Long Thanh District, Dong Nai Province, Vietnam	36.0%	-

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Number	Name	Note	Principal activity	Address	Percentage of economic interests at 31/12/2020	1/1/2020
<i>Indirect subsidiaries</i>						
30	Masan Innovation Company Limited (“INV”)	(i)/(e)	Trading and distribution	12 th Floor, MPlaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	68.9%	-
31	Hi-Fresh Company Limited (“HIF”)	(i)/(e)	Trading and distribution	8 th Floor, MPlaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	68.9%	-
32	VCM Services and Trading Development Joint Stock Company (“VCM”)	(b)	Investment holding	7 Bang Lang 1 Street, Vinhomes Riverside Urban Zone, Viet Hung Ward, Long Bien District, Ha Noi City, Vietnam	80.1%	58.6%
33	Vincommerce General Commercial Services Joint Stock Company (“VinCommerce”)	(ii)	Consumer retail	5 th Floor, MPlaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	80.1%	58.6%
34	Vineco Agricultural Investment Development and Production Limited Liability Company (“VinEco”)	(ii)	Agriculture	7 Bang Lang 1 Street, Vinhomes Riverside Urban Zone, Viet Hung Ward, Long Bien District, Ha Noi City, Vietnam	80.1%	58.6%
35	VinEco – Tam Dao Agricultural Investment Development and Production Limited Liability Company (“VinEco Tam Dao”)	(ii)	Agriculture	Co Quan Hamlet, Gia Khanh Commune, Binh Xuyen District, Vinh Phuc Province, Vietnam	71.3%	52.2%
36	Dong Nai – VinEco Agricultural Company Limited (“VinEco Dong Nai”)	(ii)	Agriculture	Km 13, National Road 51, Long Khanh Hamlet, Tam Phuoc Commune, Bien Hoa City, Dong Nai Province, Vietnam	62.1%	45.4%

(e) Masan Innovation Company Limited and Hi-Fresh Company Limited were established under the Enterprise Registration Certificate No. 0316630008 dated 9 December 2020 and No. 0316638991 dated 14 December 2020, respectively, issued by the Department of Planning and Investment of Ho Chi Minh City.



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Number	Name	Note	Principal activity	Address	Percentage of economic interests at 31/12/2020	1/1/2020
<i>Indirect subsidiaries</i>						
37	Masan High-Tech Materials Corporation (formerly known as Masan Resources Corporation) ("MHT")	(v)	Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	86.4%	96.0%
38	Masan Thai Nguyen Resources Company Limited ("MRTN")	(iii)	Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	86.4%	96.0%
39	Thai Nguyen Trading and Investment Company Limited ("TNTI")	(iii)	Investment holding	8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	86.4%	96.0%
40	Nui Phao Mining Company Ltd ("NPM")	(iii)	Exploring and processing mineral	Ha Thuong Commune, Dai Tu District, Thai Nguyen Province, Vietnam	86.4%	96.0%
41	Masan Tungsten Limited Liability Company ("MTC")	(iii)	Deep processing of nonferrous metals and precious metals (Tungsten)	Hamlet 11, Ha Thuong Commune, Dai Tu District, Thai Nguyen Province, Vietnam	86.4%	96.0%
42	H.C. Starck Holding (Germany) GmbH ("HCS")	(iii)/ Note 5(b)	Investment holding	Im Schleeke 78-91, 38642, Goslar, Germany	86.4%	-
43	ChemilYtics Beteiligungs GmbH	(iii)/(f)	Investment holding	Im Schleeke 78-91, 38642, Goslar, Germany	86.4%	-
44	H.C. Starck GmbH	(iii)/(f)	Investment holding	Im Schleeke 78-91, 38642, Goslar, Germany	86.4%	-

(f) These entities are acquired from the acquisition of HCS, see Note 5(b).

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Number	Name	Note	Principal activity	Address	Percentage of economic interests at 31/12/2020	1/1/2020
Indirect subsidiaries						
45	Chemische Fabriken Oker und Braunschweig AG	(iii) /(f)	Producing chemicals for manufacturing of paper and additives for the absorptive materials industry	Im Schleeke 78-91, 38642 Goslar, Germany	86.4%	-
46	H.C. Starck Infrastructure GmbH & Co. KG	(iii) /(f)	Deep processing of nonferrous metals and precious metals (Tungsten)	Landsberger Str. 98, 80339 Munich, Germany	86.4%	-
47	ChemiLytics GmbH & Co. KG	(iii) /(f)	Chemical analysis and physical measurement data	Im Schleeke 78-91, 38642 Goslar, Germany	86.4%	-
48	H.C. Starck Tungsten GmbH	(iii) /(f)	Deep processing of nonferrous metals and precious metals (Tungsten)	Landsberger Str. 98, 80339 Munich, Germany	86.4%	-
49	H.C. Starck Nonferrous Metals Trading (Shanghai) Co. Ltd.	(iii) /(f)	Tungsten trading and distribution	Room 301, 69 Yonghong Road, Minhang District, Shanghai, China	86.4%	-
50	H.C. Starck Canada Inc.	(iii) /(f)	Deep processing of nonferrous metals and precious metals (Tungsten)	933 Vidal Street South, P.O. Box 3098, Samia, Ontario, N7T 8H8, Canada	86.4%	-
51	H.C. Starck Tungsten GK	(iii) /(f)	Tungsten trading and distribution	2-20, Kaigan 1-chome, Minato-ku, Tokyo, Japan	86.4%	-

(f) These entities are acquired from the acquisition of HCS, see Note 5(b).

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Number	Name	Note	Principal activity	Address	Percentage of economic interests at 31/12/2020	1/1/2020
<i>Indirect subsidiaries</i>						
58	MNS Feed Tien Giang Company Limited (“MNS Feed Tien Giang”)	(iv)	Animal protein	Lot 22-23B, Long Giang Industrial Park, Tan Lap 1 Ward, Tan Phuoc District, Tien Giang Province, Vietnam	87.9%	87.3%
59	MNS Feed Nghe An Company Limited (“MNS Feed Nghe An”)	(iv)	Animal protein	C Area, Nam Cam Industrial Park, Dong Nam Nghe An Industrial Zone, Nghi Xa Ward, Nghi Loc District, Nghe An Province, Vietnam	87.9%	87.3%
60	MNS Feed Hau Giang Company Limited (“MNS Feed Hau Giang”)	(iv)	Animal protein	Street No. 4, Tan Phu Thanh Industrial Park – Phase 1, Tan Phu Thanh Commune, Chau Thanh A District, Hau Giang Province, Vietnam	87.9%	87.3%
61	MNS Feed Thai Nguyen Company Limited (“MNS Feed Thai Nguyen”)	(iv)	Animal protein	Lot B5-B6, Trung Thanh Industrial Park, Trung Thanh District, Pho Yen Town, Thai Nguyen Province, Vietnam	87.9%	87.3%
62	MNS Feed Vinh Long Company Limited (“MNS Feed Vinh Long”)	(iv)	Animal protein	Area 4, Co Chien Industrial Park, Long Ho District, Vinh Long Province, Vietnam	87.9%	87.3%
63	Agro Nutrition International Joint Stock Company (“ANCO”)	(iv)	Animal protein	Lot A4, Street No. 4, Song May Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam	87.8%	87.3%
64	Agro Nutrition International Binh Dinh One Member Limited Company (“ANCO Binh Dinh”)	(iv)	Animal protein	Lot B4.06, Nhon Hoi Industrial Park (Area A), Nhon Hoi District, Quy Nhon Town, Binh Dinh Province, Vietnam	87.8%	87.3%
65	Vietnamese – French Cattle Feed Joint Stock Company (“Proconco”)	(iv)	Animal protein	Bien Hoa I Industrial Zone, Bien Hoa City, Dong Nai Province, Vietnam	66.0%	65.6%

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Number	Name	Note	Principal activity	Address	Percentage of economic interests at 31/12/2020	1/1/2020
<i>Indirect subsidiaries</i>						
66	Proconco Can Tho One Member Company Limited (“Proconco Can Tho”)	(iv)	Animal protein	Lot 13 and Lot 14, Tra Noc 1 Industrial Park, Tra Noc Ward, Binh Thuy District, Can Tho City, Vietnam	66.0%	65.6%
67	ConCo Binh Dinh Co., Ltd. (“Proconco Binh Dinh”)	(iv)	Animal protein	Lot A-2-5 and Lot A-2-6, Nhon Hoa Industrial Park, Nhon Hoa Ward, An Nhon Town, Binh Dinh Province, Vietnam	66.0%	65.6%
68	Proconco Hung Yen Trading and Production Co., Ltd. (“Proconco Hung Yen”)	(iv)	Animal protein	Yen Phu Hamlet, Giai Pham Commune, Yen My District, Hung Yen Province, Vietnam	66.0%	65.6%
69	MNS Meat Company Limited (“MNS Meat”)	(iv)	Investment holding	Lot A4, Street No. 4, Song May Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam	87.9%	87.3%
70	MNS Farm Company Limited (“MNS Farm”)	(iv)	Investment holding	10 th Floor, Central Plaza, 17 Le Duan Street, District 1, Ben Nghe Ward, Ho Chi Minh City, Vietnam	87.9%	87.3%
71	MNS Farm Nghe An Company Limited (“MNF Nghe An”)	(iv)	Swine breeding and trading	Con Son Village, Ha Son Commune, Quy Hop District, Nghe An Province, Vietnam	87.9%	87.3%
72	MNS Meat Processing Company Limited (“MNS Meat Processing”)	(iv)	Investment holding	10 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	87.9%	87.3%

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Number	Name	Note	Principal activity	Address	Percentage of economic interests at 31/12/2020	1/1/2020
Direct associate						
1	Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”)		Banking	Techcombank Tower, 191 Ba Trieu Street, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi, Vietnam		Note 7(c)
Indirect associates						
1	Cholimex Food Joint Stock Company (“Cholimex”)	(vi)	Seasonings manufacturing and trading	Lot C40 – 43/I, Street No. 7, Vinh Loc Industrial Park, Binh Chanh District, Ho Chi Minh City, Vietnam.	32.8%	32.8%
2	Thuan Phat Packing Joint Stock Company (“Thuan Phat”)	(vii)	Packaging manufacturing	Tan Bien Ward, Bien Hoa City, Dong Nai Province, Vietnam	25.0%	25.0%
3	Abattoir Long Binh Joint Stock Company (“Abattoir”)	(vii)	Animal processing	Long Binh Ward, Bien Hoa City, Dong Nai Province, Vietnam	25.0%	25.0%
4	Dong Nai Producing Trading Service Joint Stock Company (“Donatraco”)	(viii)/ (g)	Agriculture	75A Ha Huy Giap Street, Quyet Thang Ward, Bien Hoa City, Dong Nai Province, Vietnam	-	21.3%
5	Vissan Joint Stock Company (“Vissan”)	(vii)	Food manufacturing and retailing	420 No Trang Long Street, Ward 13, Binh Thanh District, Ho Chi Minh City, Vietnam	24.9%	24.9%
6	Jiangwu H.C. Starck Tungsten Products Co., Ltd.	(viii)/ (f)	Deep processing of nonferrous metals and precious metals Tungsten)	Shuixi Nonferrous and Metallurgical Industrial Base, Zhanggong District, Ganzhou, Jiangxi Province, People’s Republic of China	30.0%	-

(f) This entity is acquired from the acquisition of HCS, see Note 5(b).

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- (g) During the year, this associate issued additional shares to other investors at par which was not subscribed by the Group, as such the Group's voting right and economic interest was reduced from 21.3% to 10.6%. The investment in this entity was transferred to equity investments in other entities.

The percentage of economic interests for subsidiaries represents the effective percentage of economic interests of the Company both directly and indirectly in the subsidiaries, which is determined based on percentage of equity owned (directly and indirectly) in the subsidiaries, except for other arrangements (if any). The percentage of economic interests for associates represents the direct percentage of economic interests of the Company and its subsidiaries in the associates.

- (i) These entities are direct and indirect subsidiaries of MCH.
- (ii) These entities are direct and indirect subsidiaries of VCM.
- (iii) These entities are direct and indirect subsidiaries of MHT.
- (iv) These entities are direct and indirect subsidiaries of MML.
- (v) These entities are direct and indirect subsidiaries of MH.
- (vi) This entity is an indirect associate of MCH.
- (vii) These entities are indirect associates of MML.
- (viii) This entity is an indirect associate of MHT.

As at 31 December 2020, the Group had 37,285 employees (1/1/2020: 40,610 employees).

(c) Normal operating cycle

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

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Annual accounting period

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

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(d) Accounting and presentation currency

The Company's accounting currency is Vietnam Dong ("VND"). The consolidated financial statements are prepared and presented in millions of Vietnam Dong ("VND million").

3. Summary of significant accounting policies

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

(a) Basis of consolidation

(i) Common-control business combination

Business combination where the same group of shareholders ("the Controlling Shareholders") control the combining companies before and after the business combination meets the definition of business combination under common control because there is a continuation of the risks and benefits to the Controlling Shareholders. Such common control business combination is specifically excluded from the scope of Vietnamese Accounting Standard No. 11 *Business Combination* and in selecting its accounting policy with respect to such transaction, the Group has considered Vietnamese Accounting Standard No. 01 *Framework* and Vietnamese Accounting Standard No. 21 *Presentation of Financial Statements*. Based on these standards, the Group has adopted the merger ("carry-over") basis of accounting. The assets and liabilities of the combining companies are consolidated using the existing book values from the Controlling Shareholders' perspective. Any difference between the cost of acquisition and net assets acquired is treated as a deemed distribution to or contribution from shareholders and recorded directly in undistributed profits after tax under equity.

The consolidated statements of income and cash flows include the results of operations of the combining companies from the acquisition date.

(ii) Non-common control business combination

Non-common control business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Cost of a business combination (cost of the acquisition) is the aggregate amount of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer in the acquisition in exchange for control of the acquiree and any costs directly attributable to the business combination. Identifiable assets acquired, identifiable liabilities and contingent liabilities assumed in a business combination are recognised at fair value at the acquisition date.

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Any goodwill that arises representing the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree is recognised in consolidated balance sheet, then amortised through to the consolidated statement of income (see Note 3(1)). When the excess is negative (gain from bargain purchase), it is recognised in the consolidated statement of income for the current year after a reassessment has been performed to ensure that the measurement of identifiable assets acquired, liabilities and contingent liabilities assumed and the cost of the business combination appropriately reflects consideration of all available information as of the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations include any costs directly attributable to the combination, such as professional fees paid to accountants, legal advisers, valuers and other consultants to affect the combination. Transaction costs are capitalised into the cost of business combination. General administrative costs and other costs that cannot be directly attributed to the particular combination being accounted for are not included in the cost of the combination; they are recognised as an expense when incurred.

(iii) 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 currently 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.

(iv) Associates (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Associates are accounted for in the consolidated financial statements using the equity method (equity accounted investees). They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss of 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. The carrying amount of investments in equity accounted investees is also adjusted for the alterations in the investor's proportionate interest in the investees arising from changes in the investee's equity that have not been included in the income statement (such as foreign exchange translation differences, etc.). 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.

Gain or loss on disposal of interest in an associate without losing significant influence, including through dilution of interest (deemed disposal) in the associate, is recognised in the consolidated statement of income.

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(v) *Non-controlling interests (“NCI”)*

NCI are measured at their proportionate share of the acquiree’s identifiable net assets at date of acquisition.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group’s share of net assets of the subsidiary and any consideration paid or received is recorded directly in undistributed profits after tax under equity, except where such difference arises from a transaction that is contractually linked to an issuance of shares or capital contribution at a premium or surplus in which case the difference is recorded in other capital.

(vi) *Transactions eliminated on consolidation*

Intra-group transactions, balances, and any unrealised gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. However, foreign currency difference arising on intra-group monetary items, whether short-term or long-term are recorded in the consolidated statement of income. Unrealised gains and losses arising from transactions with associates are eliminated against the investment to the extent of the Group’s interest in the associate.

(b) *Foreign currency*

(i) *Foreign currency transactions*

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

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the rates at the end of the annual accounting period quoted by the commercial bank where the Company or its subsidiaries most frequently conduct transactions.

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

(ii) *Foreign operations*

For the purpose of presenting the consolidated financial statements, the financial information of foreign operations are translated to VND as follows:

- Assets and liabilities including goodwill and fair value adjustments arising on acquisition, are translated to VND at the account transfer buying rate (for assets) and the account transfer selling rate (for liabilities) at the end of the annual accounting period quoted by the commercial bank where the Company most frequently conducts transactions;
- Revenue, income, expenses and cash flows of foreign operations are translated to VND at exchange rates at which approximate actual exchange rates ruling on the dates of transactions; and
- Capital is translated to VND at historical exchange rate. Accumulated losses/retained profits, funds and reserves are derived from the translated net profit/loss and movements from which they were appropriated.



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Foreign currency differences arising from the translation of foreign operations' financial statements to VND are recognised in the consolidated balance sheet under the caption "Foreign exchange differences" in equity. When the foreign currency differences relate to a foreign operation that is consolidated but not wholly owned, accumulated foreign exchange differences arising from translation are allocated to, and recognised as part of, non-controlling interests in the consolidated balance sheet.

(c) Cash and cash equivalents

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

(d) Investments

(i) Trading securities

Trading securities are bonds held by the Group for trading purpose i.e. purchased for resale with the aim of making profits over a short period of time. Trading securities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at cost less interest income for the period before investment acquisition date and allowance for diminution in value. An allowance is made for diminution in value of trading securities if market price of the securities item falls below its carrying amount. The allowance is reversed if the market price subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(ii) Held-to-maturity investments

Held-to-maturity investments are those that the management of the Company or its subsidiaries has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at banks and loans receivable held to maturity. These investments are stated at costs less allowance for doubtful debts.

(iii) Equity investment in other entities

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

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(e) Accounts receivable

Accounts receivable from customers and other receivables are stated at cost less allowance for doubtful debts.

Factoring

Depending on market conditions and liquidity requirements, the Group enters into factoring agreements to transfer accounts receivable from customers. For factoring transactions, the Group assesses whether accounts receivable from customers can be derecognised in their entirety or not, basing on the extent to which it retains the risks and rewards of ownership of the accounts receivable from customers.

If the Group:

- transfers substantially all the risks and rewards of ownership of the receivables, the Group derecognises the receivables and recognises separately as assets or liabilities any rights and obligations created or retained in the transfer;
- retains substantially all the risks and rewards of ownership of the receivables, the Group continues to recognise the receivables;
- neither transfers nor retains substantially all the risks and rewards of ownership of the receivables, the Group determines whether it has retained control. If the Group does not retain control, it derecognises the receivables and recognises separately as assets or liabilities any rights and obligations created or retained in the transfer. If the Group retains control, it continues to recognise the receivables to the extent of its continuing involvement in the receivables.

The extent of continuing involvement in the transferred assets is the extent to which it is exposed to changes in the value of the transferred assets, which is the lower of the carrying amount of assets and the maximum amount of the consideration that the Group could be required to pay (“the guarantee amount”).

When the Group continues to recognise an asset to the extent of its continuing involvement, the Group also recognises an associated liability. The associated liability is initially measured at the guarantee amount plus the fair value of the guarantee. Subsequently the initial fair value of the guarantee is recognised in the consolidated statement of income on a time proportion basis.

(f) Inventories

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

The Group applies the perpetual method of accounting for inventories.

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(g) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use and the costs of dismantling and removing the asset and restoring the site on which it is located. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the consolidated statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets. In situations where the self-constructed tangible assets have been completed and are put into used but their cost is not finalised, their historical cost will be recorded to provisional cost using temporarily estimated value and they shall be adjusted with the difference after the finalised cost are approved.

Mining properties comprise mine rehabilitation assets and fair value of mineral reserves from business combination. Tangible fixed assets also comprise fair value of other assets from business combination.

(ii) Depreciation

Machinery and equipment and fair value of mineral reserves from business combination directly related to mining activities

Machinery and equipment and fair value of mineral reserves from business combination which are directly related to mining activities are depreciated over the estimated mineral reserve on a unit-of-production basis. Mineral reserves are estimates of the amount of product that can be economically and legally extracted from the Group's mining properties. The estimated total production quantity output which tangible fixed assets are depreciated on a unit-of-production basis are as follows:

	<u>As at 31/12/2020</u>	<u>As at 1/1/2020</u>
ST plant	171,865 tonnes of tungsten	171,865 tonnes of tungsten
APT plant	166,990 tonnes of tungsten	166,990 tonnes of tungsten

Others

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

▪ mining properties	19 years
▪ buildings and structures	4 – 50 years
▪ leasehold improvements	3 – 5 years
▪ machinery and equipment	2 – 25 years
▪ office equipment and others	3 – 15 years
▪ motor vehicles	3 – 25 years

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Construction assets which are completed and put into use before finalising construction costs are stated at provisional cost. On the date the construction costs are finalised and approved, provisional cost shall be adjusted to finalised cost and accumulated depreciation shall not be adjusted. The subsequent depreciation charge is determined as the approved value minus the accumulated depreciation made for the period up to the approval of finalisation of fixed assets divided by the remaining depreciation period of the fixed assets according to relevant regulations.

(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

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

Land use rights with indefinite term are stated at cost and are not amortised. Land use rights with definite term are stated at cost less accumulated amortisation. The initial cost of land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over their estimated useful lives ranging from 10 to 50 years. Fair value of land use right acquired in a business combination is determined using direct comparison method by comparing recent asking/transacted price of similar properties in a similar area.

(ii) Software

Costs of software comprise:

- cost of acquiring a new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible fixed asset. Software cost is amortised on a straight-line basis over a period ranging from 3 to 10 years; and
- cost incurred during actual software development phase when the following conditions are met:
 - respective costs are attributable directly to the software development stage;
 - there is well-founded expectation – verifiable by program designs, models, or the like that the development activities to be capitalised will be finalised successfully and thus the intention to complete the development project should be given;
 - the Group will be able to implement and use the software after its development;
 - adequate technical, financial and personnel resources should be available to complete the software development successfully; and
 - the Group is able to measure expenditure attributable to the software development project reliably.

Self-developed software are amortised on a straight-line basis over period of up to 4 years starting from the date on which the respective modules are completed.

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(iii) Brand name

Brand names that are acquired by the Group in the acquisition of subsidiary are capitalised and presented as an intangible fixed asset. The fair value of brand names is amortised on a straight-line basis over the estimated useful lives ranging from 10 to 31 years.

The fair value of brand name acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the brand name being owned.

(iv) Customer relationships

Customer relationships that are acquired by the Group in the acquisition of subsidiary are capitalised and presented as an intangible fixed asset. The fair value of customer relationships is amortised on a straight-line basis over the estimated useful lives ranging from 5 to 36 years.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject assets are valued after deducting a fair return on all other assets that are part of creating the related cash flows.

(v) Mineral water resources

Mineral water resources that are acquired by the Group in the acquisition of subsidiary are capitalised and presented as an intangible fixed asset. The fair value of mineral water resources is amortised on a straight-line basis over the estimated useful lives ranging from 10 to 37 years.

Fair values of mineral water resources acquired in a business combination are determined using either the direct comparison method or the multi-period excess earnings method. The direct comparison approach estimates the value of mineral resources by comparing recent asking/transaction price of similar interests located in a similar area. In the multi-period excess earnings method, subject assets are valued after deducting a fair return on all other assets that are part of creating the related cash flows.

(vi) Mining rights

The mining rights is calculated based on the remaining exploitable reserves multiplied with the price as announced by the provincial authorities in accordance with the Decree No. 203/2013/ND/CP dated 28 November 2013 which became effective from 20 January 2014. Cost of mining rights is stated at an amount equal to the present value of mining rights fee and was capitalised and treated as an intangible fixed asset. Amortisation of mining rights fees is computed on a straight-line basis over the period of 15 years which is the economic life of the mine reserves.

(vii) Technology

Technology that is acquired by the Group in the acquisition of subsidiary is capitalised and presented as an intangible fixed asset. The fair value of technology is amortised on a straight-line basis over the estimated useful lives ranging from 5 to 31 years.

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The fair value of technology acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject assets are valued after deducting a fair return on all other assets that are part of creating the related cash flows.

(viii) Mineral water resources exploitation rights

Expenditure on obtaining exploitation rights for mineral water resources is capitalised and treated as an intangible fixed asset. Amortisation is computed on a straight-line basis over the estimated useful lives ranging from 9 to 30 years.

(ix) Development costs

Development costs comprise:

- Expenditure on the Group's development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised include the costs of materials, direct labour and an appropriate portion of overheads. Other development expenditure, including expenditure on internally generated goodwill and brands, is recognised in the consolidated statement of income as an expense as incurred. Capitalised development costs are stated at cost less accumulated amortisation, which is provided on a straight-line basis over the estimated useful lives ranging from 3 to 16 years; and
- Development activities that are acquired by the Group in the acquisition of subsidiary is capitalised and presented as an intangible fixed asset. The fair value of development activities acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject assets are valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of development activities is amortised on a straight-line basis over the estimated useful live of 16 years.

(i) Investment property

(i) Cost

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



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(ii) Depreciation

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

- | | |
|-------------------|---------------|
| ▪ buildings | 20 – 25 years |
| ▪ infrastructures | 5 – 20 years |

(j) Construction in progress

Construction in progress represents the costs of swine breeders, construction and machinery which have not been fully completed or installed and mineral assets under development. No depreciation is provided for construction in progress during the period of breeding the swines, construction, installation and commissioning stages.

Mineral assets under development comprise mineral reserve and related development costs acquired in a business combination and subsequent development expenditure. These assets are qualified for capitalisation when the mineral reserve to which they relate is proven to be commercially and technically viable. They are initially recognised at their fair value as part of business combination accounting and subsequent development expenditure are capitalised net of proceeds from the sale of ore extracted during the development phase. On completion of development, defined as the time when saleable materials begin to be extracted from the mine, all assets are reclassified to either “machinery or equipment” or “mining properties” in tangible fixed assets or in long-term prepaid expenses.

(k) Long-term prepaid expenses

(i) Other mining costs

In accordance with the Official Letter No. 12727/BTC-TCND dated 14 September 2015 from the Ministry of Finance which provides guidance that mining related costs could be recognised as long-term prepaid expenses under non-current assets.

Other mining costs comprise of:

- Exploration, evaluation and development expenditure (including development stripping); and
- Production stripping (as described below in “Deferred stripping costs”).

Deferred stripping costs

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore body. Stripping costs incurred in the development phase of a mine (development stripping costs) are recorded as part of the cost of construction of the mine. All development stripping expenditure incurred during construction phase are transferred to other mining costs.



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The costs of removal of the waste material during a mine's production phase (production stripping costs) are deferred where they give rise to future benefits:

- a) It is probable that the future economic benefits will flow to the Group;
- b) The component of the ore body for which access has been improved can be identified; and
- c) The costs incurred can be measured reliably.

Production stripping costs are allocated between inventories and long-term prepaid expenses in accordance with the life of mine strip ratio.

The life of mine strip ratio represents the estimated total volume of waste, to the estimated total quantity of economically recoverable ore, over the life of the mine. These costs are recognised as long-term prepaid expenses where the current period actual stripping ratio is higher than the average life of mine strip ratio.

The development and production stripping costs are amortised over the life of the proven and probable reserves of the relevant components on a systematic basis.

(ii) *Prepaid land costs*

Prepaid land costs comprise prepaid land lease rentals, including those for which the Group obtained land use rights certificate but are not qualified as intangible fixed assets under Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance providing guidance on management, use and depreciation of fixed assets and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the terms of the leases ranging from 35 to 50 years.

(iii) *Land compensation costs*

Land compensation costs comprise costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the terms of the leases.

(iv) *Printing axles, tools and supplies*

Printing axles, tools and supplies are initially stated at cost and amortised on a straight-line basis over their useful lives ranging from over 1 to 3 years.

Tools and supplies include assets held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation.

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(v) Goodwill from equitisation

Goodwill generated from state-owned enterprise's equitisation is recognised as long-term prepaid expenses. Goodwill generated from state-owned enterprise's equitisation includes brand name value and potential development value. Brand name value is determined on the basis of actual costs incurred for creation and protection of trademarks, trade name in the course of the enterprise's operation for the period of five years before the valuation date (including establishment costs and expenditures on training, advertising and promotional activities incurred to promote and introduce the enterprise and its products and website costs). Potential development value is evaluated on the basis of profitability of the enterprise in the future taking into account the enterprise's profit ratio and interest rates of 5-year government bonds. Goodwill generated from the state-owned enterprise equitisation is amortised on a straight-line basis over ten years starting from the date of conversion from a state-owned enterprise into a joint stock company (date of first business registration certificate for a joint stock company).

(vi) Swine breeders

Cost of swine breeders is recognised as long-term prepaid expenses and amortised on a straight-line basis over their expected useful lives period ranging from 2 to 3 years. The amortisation of swine breeders that directly relates to farming of swine in work in progress is capitalised as part of the cost of work in progress.

(vii) Other long-term prepaid expenses

Other long-term prepaid expenses include pre-operating expenses and other prepaid expenses which are stated at costs and amortised on a straight-line basis over their expected useful lives.

(l) Goodwill

Goodwill arises on acquisition of subsidiaries and associates in non-common control acquisition. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

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

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

(m) Trade and other payables

Accounts payable to suppliers and other payables are stated at their costs.

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(n) 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.

(i) Mining rights fee

In accordance with the Law on Minerals 2010, a subsidiary of the Company has an obligation to pay the government fees for mining rights grant. The mining rights fee is calculated based on the remaining exploitable reserves and the price to calculate the charge for granting mining rights in accordance with:

- Decree No. 203/2013/ND-CP dated 28 November 2013 (“Decree 203”), Decree No. 158/2016/ND-CP dated 29 November 2016 (“Decree 158”) and Circular No. 38/2017/TT-BTNMT dated 16 October 2017 (“Circular 38”) until 15 September 2019; and
- Decree No. 67/2019/ND-CP dated 31 July 2019 (“Decree 67”) from 15 September 2019.

The prices to calculate the resource royalty is announced by the provincial People’s Committee. The conversion method is based on various parameters of the conversion coefficient under guidelines of Circular 38 and/or Decree 67.

(ii) Mine rehabilitation

The mining, extraction and processing activities of the Group normally give rise to obligations for site closure or rehabilitation. Closure and rehabilitation works can include facility decommissioning and dismantling; site and land rehabilitation. The extent of work require and the associated costs are dependent on the requirements of Ministry of Natural Resources and Environment (“MONRE”) and the Group’s environmental policies based on the Environment Impact Report.

Provisions for the cost of each closure and rehabilitation program are recognised at the time that environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life of the operation proportional to the degree of influence on the environment existing at the end of the annual accounting period.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting dates and the cost is charged to the consolidated statement of income. Routine operating costs that may impact the ultimate closure and rehabilitation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

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The timing of the actual closure and rehabilitation expenditure is dependent on the life of the mine. Closure and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value and determined according to the probability of alternative estimates of cash flows occurring for each operation. Significant judgments and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements which give rise to a constructive obligation.

When provisions for closure and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset if the related obligations for closure and rehabilitation are unavoidable to the construction of the asset. The capitalised cost of closure and rehabilitation activities is recognised in other mining assets and depreciated accordingly. The value of the provision is progressively increased over time as the effect of the discounting unwinds, creating an expense recognised in financial expenses.

Closure and rehabilitation provisions will also be adjusted for changes in estimates. These adjustments will be accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the under-depreciated capitalised cost of the related assets, in which the capitalised cost is reduced to nil and the remaining adjustment is recognised in the consolidated income statement. Changes to the capitalised cost result in an adjustment to future depreciation. Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved.

(iii) Severance allowance

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

(iv) Pensions

Pensions are retirement benefits and are classified as either defined contribution plans or defined benefit plans.

Under a defined contribution plan, the Group pays fixed contributions into a separate fund. The amount of an employee’s future retirement benefit is only based on the contributions paid and the income earned from the investment. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employees’ services in the current and prior years. The Group’s contributions are to be recognised as expenses in the year in which they are incurred.



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Under a defined benefit plan, employees will receive a defined amount of pension benefit on retirement, usually dependent on one or more factors such as age, years of service and compensation. The provision to be recognised for a defined benefit plan is calculated as the present value of the defined benefit obligations at the end of the annual accounting period. The defined benefit obligation is calculated annually by independent actuaries. The present value of the defined benefit obligation is determined by discounting estimated future cashflow using interest rates of high-quality AA-corporation bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximation to the terms of the related pension liability. The measurement of defined benefit obligation involves estimation of future cashflows, employee turnover, mortality and future increase in salaries.

Remeasurements of the net defined benefit obligation, which comprise actuarial gains and losses and the relevant deferred tax are recognised in equity under the caption “Other equity funds” in accordance with a ruling from the Ministry of Finance.

(o) Bonds issued

Straight bonds

At initial recognition, straight bonds are measured at cost which comprises proceeds from the issuance net of issuance costs. Any discount, premium or issuance costs are amortised on a straight-line basis over the terms of the bonds.

(p) Taxation

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

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

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

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



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(q) Equity

(i) Share capital and capital surplus

Ordinary shares are stated at par. Excess of issuance price over par value of shares issued is recognised as capital surplus. Incremental costs directly attributable to the issuance of shares, net of tax effects, are recognised as a deduction from capital surplus.

(ii) Other capital

Agreements to issue a fixed number of shares in the future are recognised based on their fair values at the dates of the agreements under other capital if there are no other settlement alternatives.

(r) Revenue

(i) Goods sold

Revenue from sale of goods is recognised in the consolidated statement of income when significant risks and rewards of ownership have been transferred to the buyer.

For sales of minerals, the sales price is usually determined on a provisional basis at the date of revenue recognition. Adjustments to the sales price subsequently occurs based on movements in quoted market or contractual prices up to the date of final pricing. The period between provisional invoicing and final pricing is typically between 30 and 60 days, but in some cases can be as long as 90 days to 180 days. Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable. In cases where the terms of the executed contractual sales agreement allow for an adjustment to the sales price based on a survey of the goods by the customer, assay results issued by a third party are preferable, unless customer's survey is within executed contractual tolerance, then sale is based on the most recently determined product specifications.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or possible return of goods. Revenue from sale of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

(ii) Services rendered

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

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(s) Financial income and financial expenses

(i) Financial income

Financial income comprises interest income from deposits, bonds and loans, gains on disposals of investments and foreign exchange gains. Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(ii) Financial expenses

Financial expenses comprise interest expense on borrowings and bonds, interest costs, foreign exchange losses and losses from disposal of investments. Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

(t) Leases

(i) Leases assets

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

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

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

(ii) Leases payments

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

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

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(u) Earnings per share

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

(v) Segment reporting

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

(w) Related parties

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

(x) Employee stock ownership plans

Shares issued to employees based on the employee stock ownership plans are issued at par value.

(y) Comparative information

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

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

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4. Segment reporting

The Group has five reportable segments, as described below, which are the Group's strategic businesses. The strategic businesses offer different products and services, are managed separately because they require different technology and marketing strategies. For each of the strategic businesses, the Board of Management of the Company or its subsidiaries reviews internal management reports on a periodic basis.

The Group holds the following business segments through separate subsidiary groups:

- Branded consumer products
- MEATLife: integrated meat products.
- High-tech materials
- Consumer retail
- Others: financial services and others

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(a) Business segments

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	Branded consumer products		M&A/Life		High-tech materials		Consumer retail		Others		Total	
	2020 VND million	2019 VND million	2020 VND million	2019 VND million	2020 VND million	2019 VND million	2020 VND million	2019 VND million	2020 VND million	2019 VND million	2020 VND million	2019 VND million
Segment revenue	23,891,816	18,845,240	16,108,040	13,798,751	7,426,660	4,710,096	29,791,292	-	-	-	77,217,808	37,354,087
Segment gross margin	9,919,495	7,890,154	2,709,784	2,265,603	175,466	785,391	5,083,952	-	-	-	17,888,697	10,941,148
Segment results	3,796,422	3,209,262	472,582	330,157	(123,868)	626,056	(4,185,951)	-	2,646,245	2,164,742	2,605,430	6,330,217
Net unallocated income/(expenses)											(1,210,417)	34,398
Net profit											1,395,013	6,364,615



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	Branded consumer products		MEATLife		High-tech materials		Consumer retail		Others		Total	
	2020 VND million	2019 VND million	31/12/2020 VND million	1/1/2020 VND million	31/12/2020 VND million	1/1/2020 VND million	31/12/2020 VND million	1/1/2020 VND million	31/12/2020 VND million	1/1/2020 VND million	31/12/2020 VND million	1/1/2020 VND million
Segment assets	18,243,868	11,219,229	18,126,855	15,004,817	39,020,014	28,080,203	21,709,258	24,652,861	17,729,569	15,083,325	114,829,564	94,040,435
Unallocated assets											906,998	3,256,816
Total assets											115,736,562	97,297,251
Segment liabilities	11,738,539	8,243,672	9,509,060	7,207,140	25,901,313	14,910,485	14,248,831	11,177,887	-	-	61,397,743	41,539,184
Unallocated liabilities											29,308,540	3,869,660
Total liabilities											90,706,283	45,408,844
Capital expenditure	1,477,834	1,150,203	1,010,843	2,117,084	623,090	890,587	549,624	-	-	-	3,661,391	4,157,874
Unallocated capital expenditure											16,771	4,721
Depreciation	669,645	598,289	453,987	371,612	1,385,169	1,115,653	726,095	-	-	-	3,234,896	2,085,554
Unallocated depreciation											3,838	3,005
Amortisation	338,130	298,059	373,730	440,189	357,643	224,557	1,425,328	-	-	-	2,494,831	962,805
Unallocated amortisation											870	338

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5. Business combinations

(a) Net Detergent Joint Stock Company (“NET”)

On 20 February 2020, HPC, a subsidiary indirectly owned by the Company, successfully acquired 52.3% equity interest in Net Detergent Joint Stock Company (“NET”), a leading local homecare manufacturer, for a total consideration of VND565,077 million including transactions costs. Such transaction resulted in NET became a subsidiary indirectly owned by the Company.

The business combination had the following effect on the Group’s assets and liabilities on the business combination date:

	Pre-acquisition carrying amounts VND million	Fair value adjustments VND million	Recognised value on acquisition VND million
Cash and cash equivalents	53,494	-	53,494
Held-to-maturity investments	63,500	-	63,500
Accounts receivable – short-term	48,238	-	48,238
Inventories – net	126,318	-	126,318
Other current assets	2,928	-	2,928
Tangible fixed assets – net	259,270	39,554	298,824
Intangible fixed assets – net	183	360,954	361,137
Investment property – net	11,774	6,854	18,628
Other long-term assets	46,967	78,495	125,462
Accounts payable to suppliers – short-term	(195,753)	-	(195,753)
Short-term borrowings	(23,649)	-	(23,649)
Other current liabilities	(61,108)	-	(61,108)
Other long-term liabilities	(100)	-	(100)
Deferred tax liabilities	-	(97,171)	(97,171)
Net identifiable assets and liabilities	332,062	388,686	720,748
Net assets acquired			376,606
Goodwill on business combination			188,471
Total consideration transferred			565,077
Cash acquired			53,494
Net cash outflow			511,583

Goodwill recognised on business combination is attributable mainly to synergies which management expects to realise by integrating NET into the Group’s existing business.

For the period from acquisition date to 31 December 2020, the acquired business contributed net revenue of VND1,264,597 million and profit of VND110,640 million to the Group’s results.

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(b) H.C Starck Holding (Germany) GmbH (“HCS”)

On 9 June 2020, MTC, a subsidiary indirectly owned by the Company, successfully acquired 100.0% equity interest in H.C Starck Holding (Germany) GmbH (“HCS”), a global manufacturer of tungsten metal powders and carbides (midstream tungsten products). Such transaction resulted in HCS and its subsidiaries and associate became subsidiaries and associate indirectly owned by the Company and the Company’s equity interests in HCS was 95.99%.

The business combination had the following effect on the Group’s assets and liabilities on the business combination date:

	Pre-acquisition carrying amounts VND million	Fair value adjustments VND million	Recognised value on acquisition VND million
Cash and cash equivalents	940,190	-	940,190
Inventories – net	1,801,499	(27,103)	1,774,396
Other current assets	802,500	-	802,500
Tangible fixed assets – net	1,644,135	2,426,235	4,070,370
Intangible fixed assets – net	68,442	3,372,981	3,441,423
Other non-current assets	1,061,461	199,528	1,260,989
Current liabilities	(1,256,974)	-	(1,256,974)
Long-term liabilities	(5,947,133)	(1,671,344)	(7,618,477)
Non-controlling interests	50,670	(99,962)	(49,292)
Net identifiable assets and liabilities	(835,210)	4,200,335	3,365,125
Share of net assets acquired			3,230,198
Negative goodwill on business combination (Note 32)			(1,341,633)
Share of total consideration transferred			1,888,565
Net cash outflow			
Total consideration (including transaction cost) transferred			1,993,929
Cash acquired			(940,190)
Net cash outflow			1,053,739

For the period from the acquisition date to 31 December 2020, the acquired business contributed net revenue of VND3,398,299 million and net loss of VND376,202 million to the Group’s results, excluding the above gain from bargain purchase.

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(c) 3F Viet Joint Stock Company (“3F Viet”)

On 20 November 2020, MML, a subsidiary directly owned by the Company, successfully acquired 51% equity interest in 3F Viet Joint Stock Company, a local poultry food manufacturer, for a total consideration of VND614,774 million including transaction costs. Such transaction resulted in 3F Viet and its subsidiary became subsidiaries indirectly owned by the Company.

The business combination had the following effect on the Group’s assets and liabilities on the business combination date:

	Pre-acquisition carrying amounts VND million	Fair value adjustments VND million	Recognised value on acquisition VND million
Cash and cash equivalents	572,807	-	572,807
Accounts receivable – short-term	50,928	-	50,928
Inventories – net	78,574	-	78,574
Other current assets	93,092	10,156	103,248
Tangible fixed assets – net	69,197	15,257	84,454
Finance leases assets – net	22,761	-	22,761
Intangible fixed assets – net	-	322,659	322,659
Other non-current assets	57,615	-	57,615
Accounts payable to suppliers – short-term	(184,352)	-	(184,352)
Short-term borrowings and finance lease liabilities	(70,204)	-	(70,204)
Other current liabilities	(30,405)	-	(30,405)
Long-term borrowings and finance lease liabilities	(34,422)	-	(34,422)
Deferred tax liabilities	-	(52,211)	(52,211)
Net identifiable assets and liabilities	625,591	295,861	921,452
Net assets acquired			469,942
Goodwill on business combination			144,832
Total consideration transferred			614,774
Cash acquired			572,807
Net cash outflow			41,967

Goodwill recognised on business combination is attributable mainly to synergies which management expects to realise by integrating 3F Viet into the Group’s existing business.

For the period from the acquisition date to 31 December 2020, the acquired business contributed net revenue of VND106,243 million and net loss of VND11,171 million to the Group’s results.



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6. Cash and cash equivalents

	31/12/2020	1/1/2020
	VND million	VND million
Cash on hand	103,598	89,018
Cash at banks	1,804,062	1,780,712
Cash in transit	22,482	58,340
Cash equivalents	5,791,300	4,872,458
Cash and cash equivalents in the consolidated statement of cash flows	7,721,442	6,800,528

Cash equivalents represented term deposits at banks with original terms to maturity of three months or less from their transaction dates.

As at 31 December 2020, cash at bank with carrying value of VND115,396 million (1/1/2020: nil) were pledged with banks as security for loans granted to the Group (Note 20).

7. Investments

	31/12/2020	1/1/2020
	VND million	VND million
Short-term financial investments		
Trading securities (a)	-	472,134
Held-to-maturity investments (b)	447,250	312,320
	447,250	784,454
Long-term financial investments		
Held-to-maturity investments (b)	7,400	-
Investments in associates (c)	20,320,738	17,492,653
Equity investments in other entities (d)	30,589	21,646
Allowance for diminution in the value of long-term financial investments	(5,628)	(8,442)
	20,353,099	17,505,857

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(c) Investments in associates

	31/12/2020			1/1/2020			
	% of equity owned over charter capital	% of voting rights over charter capital	Carrying value at equity accounted VND million	% of equity owned over charter capital	% of voting rights over charter capital	Carrying value at equity accounted VND million	Fair value VND million
▪ Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”) (**)	19.9%	19.9%	17,729,570	20.0%	20.0%	15,083,325	17,697,967
▪ Cholimex Food Joint Stock Company (“Cholimex”)	32.8%	32.8%	249,392	32.8%	32.8%	249,392	(*)
▪ Thuan Phat Packing Joint Stock Company (“Thuan Phat”)	25.0%	25.0%	4,289	25.0%	25.0%	4,925	(*)
▪ Abattoir Long Binh Joint Stock Company (“Abattoir”)	25.0%	25.0%	6,770	25.0%	25.0%	6,709	(*)
▪ Dong Nai Producing Trading Services Joint Stock Company (“Donatraco”)	-	-	-	21.3%	21.3%	12,812	(*)
▪ Vissan Joint Stock Company (“Vissan”)	24.9%	24.9%	2,135,490	24.9%	24.9%	2,135,490	(*)
▪ Jiangwu H.C. Starck Tungsten Products Co., Ltd. (China) (“Jiangwu”)	30.0%	30.0%	195,227	-	-	-	-
			<u>20,320,738</u>			<u>17,492,653</u>	

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Movements of investments in associates during the year were as follows:

	Techcombank VND million	Cholimex VND million	Thuan Phat VND million	Abattoir VND million	Donatraco VND million	Vissan VND million	Jiangwu VND million	Total VND million
Opening balance	15,083,325	249,392	4,925	6,709	12,812	2,135,490	-	17,492,653
Increase from business combination	-	-	-	-	-	-	212,892	212,892
Share of post-acquisition profit/(loss) of associates during the year	2,646,245	13,296	(636)	561	-	10,090	(29,488)	2,640,068
Dividends declared	-	(13,296)	-	(500)	-	(10,090)	-	(23,886)
Transfer to equity investments in other entity	-	-	-	-	(8,943)	-	-	(8,943)
Loss from transfer to equity investments in other entity	-	-	-	-	(3,869)	-	-	(3,869)
Currency translation differences	-	-	-	-	-	-	11,823	11,823
Closing balance	17,729,570	249,392	4,289	6,770	-	2,135,490	195,227	20,320,738

(*) The Group has not determined the fair values of these equity investments in associates for disclosure in the consolidated financial statements because there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of the equity investments may differ from their carrying amounts.

The fair values of investments in Techcombank as at 31 December 2020 and 1 January 2020 were determined by reference to the quoted prices at these respective dates on Ho Chi Minh City Stock Exchange.

(**) The Group has 19.9% direct equity holding and 1.5% economic interest in Techcombank that is subject to a forward sale agreement (1/1/2020: 21.5%). The forward transaction has not been completed and is subject to the terms of the agreement.

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	31/12/2020		1/1/2020				
	% of equity owned	% of voting rights	Cost VND million	Allowance for diminution in value VND million	Cost VND million	Allowance for diminution in value VND million	Fair value VND million
▪ Dinh Vu Petroleum Service Port Joint Stock Company	5.4%	5.4%	21,646	(5,628)	21,646	(8,442)	13,204
▪ Dong Nai Producing Trading Service Joint Stock Company	10.6%	10.6%	8,943	-	(*)	-	-
			<u>30,589</u>	<u>(5,628)</u>	<u>21,646</u>	<u>(8,442)</u>	

(*) The Group has not determined the fair value of this equity investment in other entity for disclosure in the consolidated financial statements because there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair value of the equity investment may differ from its carrying amount.

The fair values of investments in Dinh Vu Petroleum Service Port Joint Stock Company as at 31 December 2020 and 1 January 2020 were determined by reference to the quoted prices at these respective dates on Unlisted Public Company Market.

Movements of the allowance for diminution in the value of long-term financial investments during the year were as follows:

	2020	2019
	VND million	VND million
Opening balance	8,442	8,442
Written back during the year	(2,814)	-
Closing balance	<u>5,628</u>	<u>8,442</u>



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(e) Transactions with non-controlling interests in subsidiaries for the year ended 31 December 2020

(i) Transactions with non-controlling interests in CrownX

In June and August 2020, the Company acquired 14.8% equity interests in CrownX from third parties for total consideration of VND23,692,196 million. As a result of these transactions, the Company's economic interests in CrownX has increased from 70.0% to 84.8%, resulting in the following effects:

	VND million
Consideration transferred	(23,692,196)
Proportionate carrying amount of net assets acquired	1,671,935
	<hr/>
Difference recorded as a decrease in undistributed profits after tax	(22,020,261)
	<hr/>

(ii) Transactions with non-controlling interests in MSC

The Company's economic interests in MSC increased from 56.8% to 68.9% as a result of the following transactions:

- From March to May 2020, MCH acquired a total of 4,023,700 shares equivalent to 0.32% equity interests in MSC for a total consideration of VND279,372 million; and transactions with non-controlling interests in CrownX as mentioned in Note 7(e)(i), resulting in the following effects:

	VND million
Consideration transferred	(279,372)
Proportionate carrying amount of net assets acquired	139,886
	<hr/>
Difference recorded as a decrease in undistributed profits after tax	(139,486)
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- In September 2020, MSC issued 3,869,214 shares equivalent to 0.6% equity interests to its employees under employee share based payment plan in accordance with shareholders' approval, resulting in the following effects:

	VND million
Consideration received from shares issued not subscribed by the Group, net of transaction costs	193,461
Proportionate carrying amount of net assets diluted	(107,320)
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Difference recorded as an increase in undistributed profits after tax	86,141
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(iii) Transactions with non-controlling interests in VCF

The Company's economic interests in VCF increased from 55.9% to 68.0% as a result of the following transactions:

- In June and July 2020, MSB acquired additional 79,840 shares equivalent to 0.3% equity interests in VCF for a total consideration of VND17,083 million; and
- Transactions with non-controlling interests in MSC as mentioned in Note 7(e)(ii) and in CrownX as mentioned in Note 7(e)(i).

The transactions with non-controlling interests had the following effects:

	VND million
Consideration transferred	(17,083)
Proportionate carrying amount of net assets acquired	10,090
	(6,993)
Difference recorded as a decrease in undistributed profits after tax	(6,993)

(iv) Transactions with non-controlling interests in VHC

The Company's economic interests in VHC increased from 50.3% to 62.1% as a result of the following transactions:

- In July 2020, MSB acquired additional 213,307 shares equivalent to 1.6% equity interests in VHC for a total consideration of VND11,732 million; and
- Transactions with non-controlling interests in MSC as mentioned in Note 7(e)(ii) and in CrownX as mentioned in Note 7(e)(i).

The transactions with non-controlling interests had the following effects:

	VND million
Consideration transferred	(11,732)
Proportionate carrying amount of net assets acquired	14,424
	2,692
Difference recorded as an increase in undistributed profits after tax	2,692

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(v) Transactions with non-controlling interests in MML

The Company's economic interests in MML increased from 87.3% to 87.9% as a result of the following transactions:

- In January 2020, MH acquired a total of 4,000,030 shares equivalent to 1.2% equity interests in MML for a total consideration of VND300,302 million, resulting in the following effects:

	VND million
Consideration transferred	(300,302)
Proportionate carrying amount of net assets acquired	70,914
	(229,388)

- In October 2020, MML issued 2,387,400 shares equivalent to 0.7% equity interests to its employees under employee share based payment plan or 0.7% equity interests in accordance with shareholders' approval, resulting in the following effects:

	VND million
Consideration received from shares issued not subscribed by the Group, net of transaction costs	23,824
Proportionate carrying amount of net assets diluted	(41,120)
	(17,296)

(vi) Transactions with non-controlling interests in MHT

In November 2020, MHT issued 109,915,542 ordinary shares, equivalent to 10% equity interest to Mitsubishi Materials Corporation ("MMC") for a total cash consideration of VND2,051,610 million. As a result of this transaction, the Company's economic interests in MHT has decreased from 96.0% to 86.4%, resulting in the following effects:

	VND million
Shares issued not subscribed by the Group, net of transaction costs	2,051,610
Proportionate carrying amount of net assets diluted	(1,466,911)
	584,699

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In relation to this transaction, MHT has also signed an agreement to grant MMC a put option. In the event that (i) MHT and MMC (or their affiliate) fail to establish a joint operation of midstream tungsten business within 18 months from closing date of this transaction or (ii) if there is a change in control in MHT, MMC will have an irrevocable option to request MHT or its nominee to purchase all MHT's shares acquired above at the amount equal to purchase price in VND per share less the aggregate of any proceeds received by MMC from disposing MHT's shares, dividends and distributions paid by MHT, subject to customary adjustments from dilutive events. The deadline for closing the put option is 18 months from the date that MHT receives the put option notice from MMC.

(vii) Transactions with non-controlling interests in VCM

The Company's economic interests in VCM increased from 58.6% to 80.1% as a result of the following transactions:

- In November 2020, SHERPA acquired a total of 9.1% equity interests in VCM; and
- Transactions with non-controlling interests in CrownX as mentioned in Note 7(e)(i).

As a result of above transactions, the Group's undistributed profits after tax decreased by VND4,695,576 million.

(f) Significant transactions with non-controlling interests in subsidiaries in prior years

Transaction with non-controlling interests in MCH

Pursuant to an agreement between Singha Asia Holdings Pte. Ltd. ("Singha") and MCH, Singha has the right to pay a second subscription amount of USD450 million in exchange for an additional 10.7% equity interests in MCH. The second subscription has not been made as of the date of issuance of these consolidated financial statements.

8. Accounts receivable – short-term and long-term

As at 31 December 2020 and 1 January 2020, a part of short-term receivables was pledged with banks as security for loans granted to a subsidiary (Note 20).

As at 31 December 2020, prepayments to suppliers of the Group amounting to VND344,157 million (1/1/2020: VND809,608 million) were related to fixed assets.

(a) Receivable on short-term lending loans

Receivable on short-term lending loans granted to third parties were unsecured, earned interest rate at 6.5% per annum and are mature in 2021 (1/1/2020: nil).

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(b) Other receivables

Other receivables comprised of:

	31/12/2020	1/1/2020
	VND million	VND million
Other short-term receivables		
Short-term deposits (*)	2,841,337	2,315,774
Interest income receivable	143,548	26,950
Advances to employees	18,975	25,358
Others	346,867	386,259
	<hr/>	<hr/>
	3,350,727	2,754,341
Other long-term receivables		
Long-term deposits	357,616	349,646
Others (**)	1,234,392	1,250,000
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	1,592,008	1,599,646
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(*) Included in short-term deposits was VND2,750,000 million of deposits paid to third parties for the investments (1/1/2020: VND2,000,000 million).

(**) Others represented receivables from State Treasury for the land compensation cost of the Nui Phao Mining Project at Ha Thuong Commune, Dai Tu District, Thai Nguyen Province. The amount could be netted off with annual land rental fee of future years.

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

	2020	2019
	VND million	VND million
Opening balance	105,744	106,135
Allowance made during the year	21,991	13,515
Allowance utilised during the year	(6)	(5,926)
Written back during the year	(19,873)	(7,980)
	<hr/>	<hr/>
Closing balance	107,856	105,744
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9. Inventories

	31/12/2020		1/1/2020	
	Cost VND million	Allowance VND million	Cost VND million	Allowance VND million
Goods in transit	620,516	-	260,850	-
Raw materials	3,316,920	(8,145)	1,685,210	(14,260)
Tools and supplies	1,042,761	(33,515)	874,450	(24,319)
Work in progress	1,321,341	(43,269)	451,471	-
Finished goods	3,163,599	(132,213)	2,036,450	(30,231)
Merchandise inventories	3,211,214	(15,338)	4,245,347	-
Goods on consignment	54,046	-	136,853	-
	12,730,397	(232,480)	9,690,631	(68,810)

As at 31 December 2020 and 1 January 2020, a part of inventories were pledged with banks as security for loans granted to a subsidiary (Note 20).

Included in inventories at 31 December 2020 was VND291,208 million of work in progress, VND76,240 million of merchandise inventories and VND1,507,389 million of finished goods (1/1/2020: VND33,415 million of finished goods) carried at net realisable value.

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

	2020 VND million	2019 VND million
Opening balance	68,810	56,398
Increases from business combination	26,161	-
Allowance made during the year	255,920	72,439
Allowance utilised during the year	(7,631)	(50,013)
Written back during the year	(110,780)	(10,014)
Closing balance	232,480	68,810



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10. Tangible fixed assets

Cost	Mining properties VND million	Buildings and structures VND million	Leasehold improvements VND million	Office equipment and others VND million	Machinery and equipment VND million	Motor vehicles VND million	Total VND million
Opening balance	5,095,927	13,306,627	87,490	263,878	20,337,461	156,645	39,248,028
Additions	-	55,388	5,658	16,313	190,108	32,987	300,454
Increases from business combination	-	2,869,718	-	888	4,965,198	24,183	7,859,987
Transfers from construction in progress	-	1,488,092	-	77,296	2,045,968	7,784	3,619,140
Transfers from/(to) long-term prepaid expenses	-	223	-	956	(4,091)	-	(2,912)
Disposals/Written off	-	(63,661)	-	(103,598)	(417,376)	(12,612)	(597,247)
Reclassification	-	13,568	-	(16,690)	16,297	(13,175)	-
Currency translation differences	-	127,829	-	-	222,369	-	350,198
Closing balance	5,095,927	17,797,784	93,148	239,043	27,355,934	195,812	50,777,648
Accumulated depreciation							
Opening balance	1,127,331	2,007,751	68,758	108,510	6,712,536	52,261	10,077,147
Increases from business combination	-	586,645	-	-	2,819,694	-	3,406,339
Charge for the year	212,667	933,498	13,282	159,930	1,893,448	25,426	3,238,251
Transfers from/(to) long-term prepaid expenses	-	130	-	388	(2,140)	-	(1,622)
Disposals/Written off	-	(38,484)	-	(52,530)	(316,912)	(12,153)	(420,079)
Reclassification	-	2,201	-	(4,005)	4,005	(2,201)	-
Currency translation differences	-	26,910	-	-	128,938	-	155,848
Closing balance	1,339,998	3,518,651	82,040	212,293	11,239,569	63,333	16,455,884
Net book value							
Opening balance	3,968,596	11,298,876	18,732	155,368	13,624,925	104,384	29,170,881
Closing balance	3,755,929	14,279,133	11,108	26,750	16,116,365	132,479	34,321,764

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Included in tangible fixed assets were assets costing VND2,220,364 million which were fully depreciated as at 31 December 2020 (1/1/2020: VND1,742,379 million), but are still in active use.

The net book value of temporarily idle tangible fixed assets amounted to VND38,254 million as at 31 December 2020 (1/1/2020: VND24,968 million).

As at 31 December 2020, tangible fixed assets with net book value of VND15,048,524 million (1/1/2020: VND14,579,224 million) were pledged with banks as security for loans granted to and bonds issued by the subsidiaries (Note 20).

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11. Intangible fixed assets

	Land use rights VND million	Software VND million	Brand name VND million	Customer relationships VND million	Mining rights VND million	Mineral water resources VND million	Mineral water exploitation rights VND million	Technology VND million	Development costs VND million	Others VND million	Total VND million
Opening balance	3,946,139	633,966	2,414,898	6,040,214	588,373	412,698	72,122	669,433	-	-	14,777,843
Additions	-	32,885	-	-	-	-	-	-	104,499	-	137,384
Increases from business combination	68,426	287,076	1,604,024	360,867	-	-	-	1,466,261	649,266	25,254	4,461,174
Transfers from construction in progress	12,488	32,776	-	-	-	-	-	-	1,404	-	46,668
Written off	(12,646)	(20,626)	-	-	-	-	-	-	-	-	(33,272)
Currency translation differences	3,548	15,831	57,509	11,811	-	-	-	79,327	35,162	1,231	204,419
Closing balance	4,017,955	981,908	4,076,431	6,412,892	588,373	412,698	72,122	2,215,021	790,331	26,485	19,594,216
Accumulated amortisation											
Opening balance	66,128	263,420	914,107	1,002,464	158,119	95,333	20,685	636,769	-	-	3,157,025
Increases from business combination	-	280,310	-	-	-	-	-	-	53,616	2,029	335,955
Charge for the year	132,117	111,950	184,487	255,195	30,550	21,935	3,288	75,640	37,670	1,082	853,914
Written off	(4,018)	(7,547)	-	-	-	-	-	-	-	-	(11,565)
Currency translation differences	-	15,136	558	95	-	-	-	1,102	3,733	118	20,742
Closing balance	194,227	663,269	1,099,152	1,257,754	188,669	117,268	23,973	713,511	95,019	3,229	4,356,071
Net book value											
Opening balance	3,880,011	370,546	1,500,791	5,037,750	430,254	317,365	51,437	32,664	-	-	11,620,818
Closing balance	3,823,728	318,639	2,977,279	5,155,138	399,704	295,430	48,149	1,501,510	695,312	23,256	15,238,145

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Included in intangible fixed assets were assets costing VND621,642 million which were fully amortised as of 31 December 2020 (1/1/2020: VND54,182 million), but are still in active use.

As at 31 December 2020, intangible fixed assets with carrying value of VND434,986 million (1/1/2020: VND465,011 million) were pledged with banks as security for loans granted to subsidiaries (Note 20).

12. Investment property

	Buildings VND million	Infrastructures VND million	Total VND million
Cost			
Opening balance	-	-	-
Increases from business combination	18,016	612	18,628
Closing balance	18,016	612	18,628
Accumulated depreciation			
Opening balance	-	-	-
Charge for the year	4,049	61	4,110
Closing balance	4,049	61	4,110
Net book value			
Opening balance	-	-	-
Closing balance	13,967	551	14,518

The fair value of investment property held to earn rental has not been determined as there is no active market for such property.

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14. Long-term prepaid expenses

	Other mining costs VND million	Prepaid land costs VND million	Land compensation costs VND million	Printing axles, tools and supplies VND million	Goodwill from equitisation VND million	Swine breeders VND million	Others VND million	Total VND million
Opening balance	1,505,279	824,391	1,006,777	1,396,632	18,807	76,004	805,224	5,633,114
Additions	130,679	333,098	45,761	230,600	-	34,557	739,354	1,514,049
Increases from business combination	-	131,274	-	6,719	-	-	-	137,993
Transfers from short-term prepaid expenses	-	559	-	11,278	-	-	1,264	13,101
Transfers from long-term receivables	-	-	15,607	-	-	-	-	15,607
Transfers from tangible fixed assets	-	-	-	1,290	-	-	-	1,290
Transfers from construction in progress	-	385,762	-	90,476	-	15,823	93,073	585,134
Amortisation for the year	(108,693)	(33,609)	(74,060)	(604,121)	(3,134)	(39,286)	(308,436)	(1,171,339)
Disposals/Written off	-	-	-	(150,386)	-	(28,094)	(16,794)	(195,274)
Currency translation differences	-	-	-	(5)	-	-	-	(5)
Closing balance	1,527,265	1,641,475	994,085	982,483	15,673	59,004	1,313,685	6,533,670

As at 31 December 2020, prepaid land costs, swine breeders and tools and supplies with carrying value of VND561,866 million (1/1/2020: VND225,779 million) were pledged with banks as security for loans granted to the subsidiaries (Note 20).

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15. Deferred tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

	31/12/2020 VND million	1/1/2020 VND million
Deferred tax assets:		
Accrued expenses and provisions	58,764	185,051
Remeasurement of the net defined benefit liability (*)	1,490,456	-
Unrealised profits on intra-group transactions	21,322	23,707
Tax losses carried forward	202,507	30,527
Tangible fixed assets	1,041	1,358
Others	20,046	-
Total deferred tax assets	1,794,136	240,643
Deferred tax liabilities:		
Tangible fixed assets	(1,348,088)	(678,218)
Intangible fixed assets	(2,820,805)	(1,773,297)
Investment property	(800)	-
Unrealised losses on intra-group transactions	(45,054)	(3,900)
Short-term prepaid expenses	(1,396)	-
Accrued expenses and provisions	(435,031)	-
Total deferred tax liabilities	(4,651,174)	(2,455,415)
Net deferred tax liabilities	(2,857,038)	(2,214,772)

(b) Movements of temporary differences during the year

	1/1/2020 VND million	Increases from business combination VND million	Recognised in income VND million	Recognised in equity VND million	31/12/2020 VND million
Accrued expenses and provisions	185,051	(392,328)	(119,148)	(49,842)	(376,267)
Remeasurement of the net defined benefit liability (*)	-	1,372,506	-	117,950	1,490,456
Unrealised profits/(losses) on intra-group transactions	19,807	-	(43,539)	-	(23,732)
Tax losses carried forward	30,527	38,261	128,238	5,481	202,507
Tangible fixed assets	(676,860)	(677,220)	66,650	(59,617)	(1,347,047)
Intangible fixed assets	(1,773,297)	(1,087,681)	125,806	(85,633)	(2,820,805)
Investment property	-	(1,371)	571	-	(800)
Short-term prepaid expenses	-	(1,523)	127	-	(1,396)
Others	-	22,384	(2,338)	-	20,046
	(2,214,772)	(726,972)	156,367	(71,661)	(2,857,038)

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(*) Deferred tax recognised in equity also included the relevant deferred tax of the remeasurement of the net defined benefit obligation - provision for pensions. As explained in Note 3(n), these amounts are recognised in equity under the caption “Other equity funds” in accordance with a ruling from the Ministry of Finance.

16. Goodwill

	VND million
Cost	
Opening balance	4,694,223
Additions (Note 5)	333,303
	5,027,526
Closing balance	5,027,526
Accumulated amortisation	
Opening balance	708,795
Amortisation for the year	487,231
	1,196,026
Closing balance	1,196,026
Net book value	
Opening balance	3,985,428
Closing balance	3,831,500

17. Taxes

(a) Taxes receivable from State Treasury

	31/12/2020 VND million	1/1/2020 VND million
Corporate income tax	66,518	13,545
Personal income tax	261	-
Other taxes	9,308	9,976
	76,087	23,521
	76,087	23,521

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(b) Taxes payable to State Treasury

	1/1/2020 VND million	Increases from business combination VND million	Incurred VND million	Paid VND million	Net-off/ Reclassified VND million	Currency translation difference VND million	31/12/2020 VND million
Value added tax	149,782	4,884	7,982,976	(1,529,054)	(6,452,729)	-	155,859
Special consumption tax	21,366	-	371,762	(334,957)	-	-	58,171
Import-export tax	125	-	823,831	(823,142)	(778)	-	36
Corporate income tax	463,143	95,638	1,086,193	(1,029,120)	34,797	9,267	659,918
Personal income tax	131,358	262	443,247	(541,153)	(503)	-	33,211
Other taxes	4,230	89,618	528,007	(595,893)	3,975	4,170	34,107
	770,004	190,402	11,236,016	(4,853,319)	(6,415,238)	13,437	941,302

18. Accrued expenses

	31/12/2020 VND million	1/1/2020 VND million
Interest expense	910,860	466,583
Operation costs	360,013	314,119
Construction work	369,207	989,525
Advertising and promotion expenses	757,608	493,501
Logistic expenses	286,640	273,755
Bonus and 13 th month salary	632,890	585,768
Sales discounts and sales support	415,411	385,443
Purchases not yet received invoices	173,670	108,698
Exhibition and market expenses	68,902	35,839
Information and technology expenses	15,006	19,671
Natural resource taxes and fees	25,767	71,039
Consultant fees	42,429	126,172
Others	647,014	240,389
	4,705,417	4,110,502

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19. Other payables

	31/12/2020	1/1/2020
	VND million	VND million
Short-term		
Payable for purchasing shares in CrownX	2,300,000	-
Trade union fees, social, health and unemployment insurance	23,800	44,769
Short-term deposits received	14,357	14,558
Dividends payable	39,968	32,495
Others	94,001	30,735
	<hr/>	<hr/>
	2,472,126	122,557
	<hr/>	<hr/>
Long-term		
Long-term deposits received	27,894	23,977
Others	152,503	156,962
	<hr/>	<hr/>
	180,397	180,939
	<hr/>	<hr/>

20. Borrowings, bonds and finance lease liabilities

	31/12/2020	1/1/2020
	VND million	VND million
Short-term borrowings, bonds and finance lease liabilities (a)		
Short-term borrowings	18,829,506	13,286,330
Current portion of long-term borrowings, bonds and finance lease liabilities	3,715,540	5,053,855
	<hr/>	<hr/>
	22,545,046	18,340,185
	<hr/>	<hr/>
Long-term borrowings, bonds and finance lease liabilities (b)		
Long-term borrowings, bonds and finance lease liabilities	43,181,583	16,729,697
Repayable within twelve months	(3,715,540)	(5,053,855)
	<hr/>	<hr/>
Repayable after twelve months	39,466,043	11,675,842
	<hr/>	<hr/>

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(a)	Short-term borrowings, bonds and finance lease liabilities	Movements during the year				31/12/2020
		1/1/2020	Increases from business combination	Additions	Repayments	Unrealised foreign exchange differences
		VND million	VND million	VND million	VND million	VND million
	Short-term borrowings	13,286,330	82,101	55,992,125	(50,527,556)	18,829,506
	Current portion of long-term borrowings, bonds and finance lease liabilities	5,053,855	-	4,167,205	(5,505,520)	3,715,540
		18,340,185	82,101	60,159,330	(56,033,076)	22,545,046

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

	Currency	Annual interest rate	31/12/2020 VND million	1/1/2020 VND million
Secured bank loans	VND	4.0% – 9.6%	6,560,992	5,123,566
Secured bank loans	USD	3.1% – 5.8%	1,671,948	1,260,626
Unsecured bank loans	VND	1.0% – 6.8%	8,338,156	6,172,138
Unsecured bank loans	USD	1.7% – 4.8%	668,410	-
Unsecured loans from third parties	VND	6.5%	1,590,000	730,000
			18,829,506	13,286,330

As at 31 December 2020 and 1 January 2020, the bank loans were secured by the following assets of the Group:

- (i) 210 million shares of Masan High-Tech Materials Corporation (formerly known as Masan Resources Corporation) (1/1/2020: 220 million shares);
- (ii) 215 million shares of Masan MEATLife Corporation (1/1/2020: nil);
- (iii) 14.6 million shares of Vincommerce General Commercial Services Joint Stock Company (1/1/2020: nil);
- (iv) fixed assets of a subsidiary with carrying value of VND14,927 million (1/1/2020: VND770,931 million);
- (v) long-term prepaid expenses of a subsidiary with carrying value of VND10,411 million (1/1/2020: nil);
- (vi) a part of inventories and short-term receivables of a subsidiary;
- (vii) current bank accounts with carrying value of VND67,735 million (1/1/2020: nil); and
- (viii) corporate guarantee of the Company, MasanConsumerHoldings Company Limited, Masan Consumer Corporation and Masan MEATLife Corporation.

(b) Long-term borrowings, bonds and finance lease liabilities

	31/12/2020 VND million	1/1/2020 VND million
Long-term borrowings (*)	8,081,895	2,908,420
Straight bonds (**)	35,088,757	13,821,277
Finance lease liabilities (***)	10,931	-
	43,181,583	16,729,697



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Terms and conditions of outstanding long-term borrowings, bonds and finance lease liabilities were as follows:

	Currency	Annual interest rate	Year of maturity	31/12/2020 VND million	1/1/2020 VND million
Long-term borrowings (*)					
Secured bank loans	VND	5.8% – 10.8%	2021 – 2026	3,443,895	2,608,420
Secured bank loans	USD	3.61%	2022 – 2023	4,638,000	-
Unsecured loans from third parties	VND	9.0%	2021	-	300,000
				8,081,895	2,908,420
Straight bonds (**)					
(including issuance costs)	VND	8.0% – 10.5%	2021 – 2025	35,088,757	13,821,277
Finance lease liabilities (***)					
	VND	7.3% – 10.5%	2021 – 2023	10,931	-

(*) Long-term borrowings

As at 31 December 2020 and 1 January 2020, the bank loans were secured by the following assets of the Group:

- (iii) fixed assets of subsidiaries with carrying value of VND4,213,513 million (1/1/2020: VND2,831,368 million);
- (iii) construction in progress of subsidiaries with carrying value of VND90,728 million (1/1/2020: VND217,136 million);
- (iii) long-term prepaid expenses of subsidiaries with carrying value of VND551,455 million (1/1/2020: VND225,779 million);
- (iv) cash in banks with carrying value of VND47,661 million (1/1/2020: nil);
- (v) 15% contributed capital of MasanConsumerHoldings Company Limited held by The CrownX Corporation, an indirect subsidiary, and all related benefits; and
- (vi) corporate guarantee by MasanConsumerHoldings Company Limited, Masan Consumer Corporation, Masan MEATLife Corporation and The CrownX Corporation.

During the year, the Group complied with the loan covenants on the above borrowings.

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() Straight bonds**

The carrying value of the issued bonds comprised the followings:

	31/12/2020	1/1/2020
	VND million	VND million
Straight bonds	35,700,805	13,950,000
Unamortised bond issuance costs	(612,048)	(128,723)
	<hr/>	<hr/>
	35,088,757	13,821,277

- (i) VND2,100 billion (1/1/2020: VND2,100 billion) bonds with a maturity of 10 years (2024) at an interest rate of 8.0% per annum in 10 years. The bonds were guaranteed by Credit Guarantee and Investment Facility and secured over 75.7 million shares (1/1/2020: 71.9 million shares) of MSC;
- (ii) VND1,300 billion (1/1/2020: VND1,300 billion) bonds with a maturity of 5 years (2021) at an interest rate of 7.0% per annum in the first year and 1.5% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 10.53% contributed capital of MNS Feed (1/1/2020: 17.1 million shares of ANCO and 24.64% contributed capital of MNS Feed);
- (iii) VND700 billion (1/1/2020: VND700 billion) bonds with a maturity of 5 years (2021) at an interest rate of 8.0% per annum in the first year and 3.0% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 14.4 million shares (1/1/2020: 14.4 million shares) of Proconco;
- (iv) VND500 billion (1/1/2020: VND500 billion) bonds with a maturity of 5 years (2023) at an interest rate of 10.0% per annum in the first year and 3.25% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 51.6 million shares (1/1/2020: 51.6 million shares) of MHT;
- (v) VND1,000 billion (1/1/2020: VND1,000 billion) bonds with a maturity of 3 years (2021) at an interest rate of 9.8% per annum in the first year and 3.2% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were guaranteed by certain long-term assets of NPM (1/1/2020: the bonds were secured over 104.7 million shares of MHT);
- (vi) VND1,500 billion (1/1/2020: VND1,500 billion) bonds with a maturity of 5 years (2023) at an interest rate of 10.0% per annum in the first year and 3.25% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 154.8 million shares (1/1/2020: 154.8 million shares) of MHT;
- (vii) VND500 billion (1/1/2020: VND500 billion) bonds with a maturity of 5 years (2024) at an interest rate of 10.2% per annum in the first year and 3.3% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 55.6 million shares (1/1/2020: 55.6 million shares) of MHT;

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- (viii) VND300 billion (1/1/2020: VND300 billion) bonds with a maturity of 3 years (2022) at an interest rate of 10.0% per annum in the first year and 3.1% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 31.1 million shares (1/1/2020: 33.3 million shares) of MHT;
- (ix) VND200 billion (1/1/2020: VND200 billion) bonds with a maturity of 3 years (2022) at an interest rate of 10.0% per annum in the first year and 3.1% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 20.8 million shares (1/1/2020: 22.2 million shares) of MHT;
- (x) VND500 billion (1/1/2020: VND500 billion) bonds with a maturity of 5 years (2024) at an interest rate of 10.2% per annum in the first year and 3.3% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 55.5 million shares (1/1/2020: 55.6 million shares) of MHT;
- (xi) VND100 billion (1/1/2020: VND100 billion) bonds with a maturity of 3 years (2022) at an interest rate of 10.0% per annum in the first year and 3.1% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 13.4 million shares of MHT (1/1/2020: nil);
- (xii) VND190 billion (1/1/2020: VND190 billion) bonds with a maturity of 3 years (2022) at an interest rate of 10.0% per annum in the first year and 3.1% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 25.4 million shares of MHT (1/1/2020: nil) and certain long-term assets of NPM;
- (xiii) VND210 billion (1/1/2020: VND210 billion) bonds with a maturity of 3 years (2022) at an interest rate of 10.0% per annum in the first year and 3.1% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 27.2 million shares (1/1/2020: 114.9 million shares) of MHT;
- (xiv) VND1,600 billion (1/1/2020: nil) bonds with a maturity of 3 years (2023) at an interest rate of 10.0% per annum in the first year and 3.2% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were guaranteed by the Company and certain long-term assets of NPM;
- (xv) VND1,000 billion (1/1/2020: nil) bonds with a maturity of 3 years (2023) at an interest rate of 10.0% per annum in the first year and 3.2% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were guaranteed by the Company and certain long-term assets of NPM;
- (xvi) VND700 billion (1/1/2020: nil) bonds with a maturity of 3 years (2023) at an interest rate of 10.0% per annum in the first year and 3.2% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. These bonds were guaranteed by the Company and certain long-term assets of NPM;
- (xvii) VND1,000 billion (1/1/2020: nil) bonds with a maturity of 3 years (2023) at an interest rate of 10.0% per annum in the first year and 3.2% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 136 million shares of MHT;

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(*) Finance lease liabilities**

The future minimum lease payments, including the principal and interest, under non-cancellable finance leases are:

	31/12/2020	1/1/2020
	VND million	VND million
Within 1 year	6,902	-
From two to five years	4,895	-
	11,797	-

21. Provisions – long-term

	31/12/2020	1/1/2020
	VND million	VND million
Mining rights fee	390,248	430,392
Mine rehabilitation	103,801	99,122
Severance allowance	48,962	43,930
Pensions	6,963,327	-
	7,506,338	573,444

Movements of provisions during the year were as follows:

	Mining	Mine	Severance	Pensions	Total
	rights fee	rehabilitation	allowance	Pensions	Total
	VND million	VND million	VND million	VND million	VND million
Opening balance	430,392	99,122	43,930	-	573,444
Increases from business combination	-	-	-	5,946,291	5,946,291
Provision made during the year	33,002	4,679	8,161	41,874	87,716
Remeasurement of the net defined benefit liability (*)	-	-	-	472,066	472,066
Provision utilised during the year	(73,146)	-	(3,129)	(69,944)	(146,219)
Currency translation differences	-	-	-	573,040	573,040
	390,248	103,801	48,962	6,963,327	7,506,338

(*) As explained in Note 3(n), the remeasurement of the net defined benefit obligation – provision for pensions and the relevant deferred tax are recognised in equity under the caption “Other equity funds” in accordance with a ruling from the Ministry of Finance.



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22. Changes in owners' equity

	Share capital VND million	Capital surplus VND million	Other capital VND million	Foreign exchange differences VND million	Undistributed profits after tax VND million	Equity attributable to equity holders of the Company VND million	Non-controlling interests VND million	Total VND million
Balance as at 1 January 2019	11,631,495	11,084,417	(9,426,958)	4,402	16,193,388	29,486,744	4,592,934	34,079,678
Issuance of new shares	57,969	(60)	-	-	-	57,909	-	57,909
Transactions with non-controlling interests	-	-	-	-	7,679,439	7,679,439	(366,986)	7,312,453
Business combination	-	-	-	-	-	-	4,467,897	4,467,897
Net profit for the year	-	-	-	-	5,557,571	5,557,571	807,044	6,364,615
Dividends declared by subsidiaries	-	-	-	-	-	-	(393,817)	(393,817)
Share dividend declared by a subsidiary	-	-	863,268	-	(863,268)	-	-	-
Currency translation differences	-	-	-	6,631	-	6,631	1,561	8,192
Others	-	-	-	-	(8,178)	(8,178)	(342)	(8,520)
Balance as at 31 December 2019	11,689,464	11,084,357	(8,563,690)	11,033	28,558,952	42,780,116	9,108,291	51,888,407

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	Share capital VND million	Capital surplus VND million	Other capital VND million	Foreign exchange differences VND million	Other equity funds VND million	Undistributed profits after tax VND million	Equity attributable to equity holders of the Company VND million	Non-controlling interests VND million	Total VND million
Balance as at 1 January 2020	11,689,464	11,084,357	(8,563,690)	11,033	-	28,558,952	42,780,116	9,108,291	51,888,407
Issuance of new shares	57,368	(60)	-	-	-	-	57,308	-	57,308
Capital contribution in subsidiaries by non-controlling interests	-	-	-	-	-	-	-	17,167	17,167
Transactions with non-controlling interests	-	-	-	-	-	(26,435,468)	(26,435,468)	(808,983)	(27,244,451)
Business combination	-	-	-	-	-	-	-	900,991	900,991
Net profit for the year	-	-	-	-	-	1,233,982	1,233,982	161,031	1,395,013
Dividends declared by the Company (*)	-	-	-	-	-	(1,174,683)	(1,174,683)	-	(1,174,683)
Dividends declared by subsidiaries	-	-	-	-	-	-	-	(234,859)	(234,859)
Appropriation to bonus and welfare funds	-	-	-	-	-	(659)	(659)	(1,198)	(1,857)
Currency translation differences	-	-	-	(238,005)	-	-	(238,005)	2,148	(235,857)
Remeasurement of the net defined benefit liability, net of tax	-	-	-	-	(284,952)	-	(284,952)	(44,878)	(329,830)
Others	-	-	-	-	-	-	-	(7,070)	(7,070)
Balance as at 31 December 2020	11,746,832	11,084,297	(8,563,690)	(226,972)	(284,952)	2,182,124	15,937,639	9,092,640	25,030,279

(*) The Annual General Meeting of Shareholders of the Company on 30 June 2020 resolved to distribute dividends by cash amounting to 10% per share (VND1,000 per share) (2019: nil). In December 2020, the Company paid dividend amounting to VND1,173,604 million to shareholder.

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23. Share capital and capital surplus

The Company's authorised and issued share capital comprises of:

	31/12/2020		1/1/2020	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital				
Ordinary shares	1,174,683,246	11,746,832	1,168,946,447	11,689,464
Issued share capital				
Ordinary shares	1,174,683,246	11,746,832	1,168,946,447	11,689,464
Capital surplus	-	11,084,297	-	11,084,357

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

In 2018, the Company signed an agreement to grant SK Investment Vina IPte. Ltd. ("SK"), a shareholder, a put option. In the event that the Company and SK fail to materialise the value creation and synergies from this partnership or disagree on the strategic directions of the Company, SK will have an irrevocable option to request the Company or its nominee to purchase all the Company's 109,899,932 shares acquired on 2 October 2018 ("the Closing Date") at the amount equal to VND100,000 per share adjusted by the aggregate dividends and distributions in shares distributed by the Company and other customary adjustments from share split or combination or similar events. This option shall be exercisable after the 5th year from the Closing Date and remain exercisable until the 6th year from the Closing Date. It can only be exercised once with respect to all above shares and will lapse if SK sells any of them.

Movements of share capital during the year were as follows:

	2020		2019	
	Number of shares	VND million	Number of shares	VND million
Balance at beginning of the year	1,168,946,447	11,689,464	1,163,149,548	11,631,495
Issuance of new shares for cash	5,736,799	57,368	5,796,899	57,969
Balance at end of the year	1,174,683,246	11,746,832	1,168,946,447	11,689,464

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(c) Foreign currencies

	31/12/2020		1/1/2020	
	Original currency	VND million equivalent	Original currency	VND million equivalent
USD	12,988,342	298,544	33,100,265	764,947
EUR	10,166,623	285,438	-	-
JPY	149,538,241	33,005	-	-
THB	77,731,377	58,299	64,860,758	48,775
CNY	10,586,983	37	-	-
CAD	763,489	14	-	-
		675,337		813,722

(d) Final sales pricing adjustment

As disclosed in Note 3(r), a subsidiary of the Company had the commitments under sales contract to adjust the sales price of its product sold based on future quoted market price at the London Metal Bulletin (“LMB”) at the agreed final pricing date. The revenue on provisionally priced sales is initially recognised based on the estimated fair value of the total consideration receivable at the date of transaction. Revenue will be adjusted at the final pricing date subsequent to the year end. Such adjustments are treated as changes in estimates due to the absence of a mechanism to reliably estimate future LMB quoted prices at the date of transaction.

There is no revenue recognised on a provisional basis for the year ended 31 December 2020 (2019: VND301 billion).



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26. Revenue from sale of goods and provision of services

Total revenue represented the gross invoiced value of goods sold and services rendered exclusive of value added tax.

Net revenue comprised of:

	2020 VND million	2019 VND million
Total revenue	78,868,319	38,818,747
Less revenue deductions		
▪ Sales discounts	1,518,872	1,408,827
▪ Sales returns	131,639	55,833
	1,650,511	1,464,660
	77,217,808	37,354,087

27. Cost of sales

	2020 VND million	2019 VND million
Total cost of sales		
▪ Finished goods sold, merchandise inventories sold and services rendered	59,183,971	26,350,514
▪ Allowance for inventories	145,140	62,425
	59,329,111	26,412,939

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28. Financial income

	2020	2019
	VND million	VND million
Interest income from:		
▪ Bank deposits	231,914	244,110
▪ Loans receivable and other investing activities	522,240	41,185
Settlement of past interest expense from the arbitration settlement	-	809,725
Foreign exchange gains	215,787	91,520
Others	460,722	1,643
	<hr/>	<hr/>
	1,430,663	1,188,183
	<hr/>	<hr/>

29. Financial expenses

	2020	2019
	VND million	VND million
Interest expense to:		
▪ Banks	1,464,815	953,398
▪ Bondholders and others	2,305,468	912,617
Bond and borrowing issuance costs	238,152	144,960
Foreign exchange losses	263,095	61,118
Others	285,141	128,469
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	4,556,671	2,200,562
	<hr/>	<hr/>

30. Selling expenses

	2020	2019
	VND million	VND million
Staff costs	3,635,660	653,505
Outside services	3,420,873	48,590
Promotion and advertising expense	3,071,506	2,004,770
Logistic expenses	1,165,065	833,357
Exhibition expenses	227,097	170,318
Others	1,645,886	284,355
	<hr/>	<hr/>
	13,166,087	3,994,895
	<hr/>	<hr/>

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31. General and administration expenses

	2020 VND million	2019 VND million
Staff costs	1,174,506	780,621
Amortisation of fair value uplift of fixed assets arising in business combinations	363,053	507,265
Amortisation of goodwill	487,231	112,483
Depreciation and amortisation	127,616	101,591
Office rental	92,062	89,169
System lease line and IT services	81,624	73,065
Research and development expenses	44,397	26,878
Outside services	240,400	121,525
Others	430,007	290,811
	3,040,896	2,103,408

32. Other income

	2020 VND million	2019 VND million
Negative goodwill from business combination (Note 5(b))	1,341,633	-
Support income from suppliers	132,747	-
Gains from disposal of fixed assets	17,343	84,493
Income from arbitration settlement	-	1,212,835
Others	121,539	28,022
	1,613,262	1,325,350

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33. Income tax

(a) Recognised in the consolidated statement of income

	2020 VND million	2019 VND million
Current tax expense		
Current year	1,136,361	854,707
Over provision in prior years	(50,168)	(64,124)
	1,086,193	790,583
Deferred tax benefit		
Origination and reversal of temporary differences	(158,576)	(51,794)
Write down of recognised deferred tax assets	2,209	1,686
	(156,367)	(50,108)
Income tax expense	929,826	740,475

(b) Reconciliation of effective tax rate

	2020		2019	
	%	VND million	%	VND million
Accounting profit before tax	100%	2,324,839	100.0%	7,105,090
Tax at the Company's income tax rate	20%	464,968	20.0%	1,421,018
Effect of different tax rates in subsidiaries	(16%)	(365,823)	(6.1%)	(432,624)
Effect of consolidation transactions	(10%)	(236,323)	(1.0%)	(74,277)
Non-deductible expenses	5%	119,951	1.0%	78,498
Effect of share of profits in associates	(23%)	(533,911)	(6.1%)	(436,482)
Unrecognised deferred tax assets	66%	1,532,353	3.8%	270,940
Over provision in prior years	(2%)	(50,168)	(0.9%)	(64,124)
Tax losses utilised	(0.1%)	(3,430)	(0.3%)	(24,160)
Write down of recognised deferred tax assets	0.1%	2,209	-	1,686
	40.0%	929,826	10.4%	740,475



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(d) Applicable tax rates

Under the prevailing corporate income tax law, the Company has an obligation to pay corporate income tax to the government at usual income tax rate of 20%.

The Company's subsidiaries enjoy various tax incentives which provide some subsidiaries with further tax exemptions and reductions.

(e) Tax contingencies

The taxation laws and their application in some countries where the Company and its subsidiaries operate are subject to interpretation and change over time as well as from one tax office to another. The final tax position may be subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks for the Company and its subsidiaries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation, including on transfer pricing requirements, tax incentive requirements and computation of corporate income tax. However, the relevant authorities may have differing interpretations and the effects could be significant.

34. Significant transactions with related parties

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

Related party	Nature of transaction	Transaction value	
		2020 VND million	2019 VND million
Associates			
Vietnam Technological and Commercial Joint Stock Bank and its subsidiaries	Loans received	8,345,833	1,367,341
	Loans repaid	7,300,748	1,498,588
	Bonds issued (acting as an agent) (*)	21,900,139	3,500,000
	Bonds repurchased (acting as an agent)	38,824	3,000,000
	Bonds issuance fees	587,956	76,454
	Purchases of trading securities	-	2,004,711
	Sales of trading securities	1,250,000	754,711
	Interest expense	156,055	95,527
Other related parties			
Key management personnel	Remuneration to key management personnel (**)	181,279	151,832
A member of a subsidiary's Members' Council	Purchase goods from a related party of this member	-	725,042



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As at and for the year ended 31 December 2020 and 2019, the Company and its subsidiaries have current and term deposit accounts at and agency transactions with Vietnam Technological and Commercial Joint Stock Bank and its subsidiaries at normal trading terms.

- (*) The bonds sold to a broader set of investors.
- (**) No board fees were paid to the Board of Directors' members of the Company for the years ended 31 December 2020 and 2019.

Included in the remuneration to key management personnel, the actual board fees, salary and bonus for each member of the Company's Board of Directors and the Company's Chief Executive Officer during the year ended 31 December 2020 was as follows:

Name	Position	VND million
Board of Directors		
Dr Nguyen Dang Quang	Chairman	-
Ms Nguyen Hoang Yen	Member	-
Mr Nguyen Thieu Nam	Member	-
Mr Woncheol Park	Member	-
Mr Nguyen Doan Hung	Member	-
Mr David Tan Wei Ming	Member	-

Name	Timing of holding the position of Chief Executive Officer during the year	VND million
Chief Executive Officer		
Dr Nguyen Dang Quang	1 January 2020 to 18 June 2020	-
Mr Danny Le	19 June 2020 to 31 December 2020 (i)	9,535

- (i) This represented total actual salary and bonus incurred for the year of 2020.

35. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2020 was based on the net profit attributable to ordinary shareholders of VND1,233,982 million (2019: VND5,557,571 million) of the Company and a weighted average number of ordinary shares outstanding of 1,171,068,277 shares during the year (2019: 1,166,167,112 shares), calculated as follows:

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(i) Net profit attributable to ordinary shareholders

	2020 VND million	2019 VND million
Net profit attributable to ordinary shareholders	1,233,982	5,557,571

(ii) Weighted average number of ordinary shares

	2020	2019
Issued ordinary shares at the beginning of the year	1,168,946,447	1,163,149,548
Effect of shares issued for cash	2,121,830	3,017,564
Weighted average number of ordinary shares during the year	1,171,068,277	1,166,167,112

36. Non-cash investing activities

	2020 VND million	2019 VND million
Acquisition of equity investments through occurrence of liabilities	2,300,000	-
Acquisition of fixed assets and construction in progress through occurrence of liabilities	332,632	447,364
Depreciation and amortisation capitalised into construction in progress	12,090	1,164

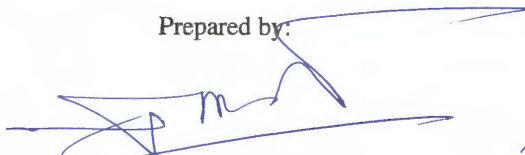
37. Post balance sheet events

On 19 January 2021, the Company made VND1,000 billion of capital contribution to SHERPA.

In January 2021, VCF, an indirect subsidiary of the Company, acquired an additional 17,000,000 shares, equivalent to 12.77% equity interests, in Café De Nam Joint Stock Company (“CDN”). As a result of this transaction, the Company’s economic interests in CDN has increased from 57.8% to 66.5%.

5 March 2021

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer



Danny Le
Chief Executive Officer



