



Masan High-Tech Materials Corporation
(formerly known as Masan Resources Corporation)

Separate Interim Financial Statements
for the six-month period ended 30 June 2020



Masan High-Tech Materials Corporation
(formerly known as Masan Resources Corporation)
Corporate Information

Enterprise Registration

Certificate No. 0309966889 27 April 2010

The Company's Enterprise Registration Certificate has been amended several times, the most recent of which was dated 6 August 2020. The Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City. The first Business Registration Certificate No. 0309966889 was issued on 27 April 2010.

Investment Certificate No. 41122000131 2 August 2013

The Investment Certificate was issued by the People's Committee of Ho Chi Minh City to the Company to implement the investment of "Ma San Resources Corporation" which has a term of 10 years from the date of the Investment Certificate.

Board of Directors

Mr. Danny Le	Chairman
Mr. Nguyen Thieu Nam	First Vice Chairman
Mr. Nguyen Van Thang	Member
Mr. Craig Richard Bradshaw	Member

Board of Management

Mr. Craig Richard Bradshaw	General Director
Mr. Stuart James Wells	Chief Financial Officer

Registered Office

Suite 802, 8th Floor, Central Plaza Building
No. 17 Le Duan, Ben Nghe Ward, District 1
Ho Chi Minh City
Vietnam

Auditor

KPMG Limited
Vietnam

Masan High-Tech Materials Corporation
(formerly known as Masan Resources Corporation)

Statement of the Board of Management

The Board of Management of Masan High-Tech Materials Corporation (formerly known as Masan Resources Corporation) (“the Company”) presents this statement and the accompanying separate interim financial statements of the Company for the six-month period ended 30 June 2020.

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

- (a) the separate interim financial statements set out on pages 5 to 22 give a true and fair view of the unconsolidated financial position of the Company as at 30 June 2020, and of the unconsolidated results of operations and the unconsolidated cash flows of the Company for the six-month period then ended in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

The Board of Management has, on the date of this statement, authorised these separate interim financial statements for issue.



On behalf of the Board of Management

Craig Richard Bradshaw
General Director

Ho Chi Minh City, 12 August 2020



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INTERIM FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders Masan High-Tech Materials Corporation (formerly known as Masan Resources Corporation)

We have reviewed the accompanying separate interim financial statements of Masan High-Tech Materials Corporation (formerly known as Masan Resources Corporation) (“the Company”), which comprise the separate balance sheet as at 30 June 2020, the related separate statement of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Company’s Board of Management on 12 August 2020, as set out on pages 5 to 22.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express a conclusion on these separate interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not give a true and fair view, in all material respects, of the unconsolidated financial positions of the Company as at 30 June 2020 and of its unconsolidated results of operations and its unconsolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

KPMG Limited

Vietnam

Review Report No.: 20-02-00097-20-2



Danh Xuân Lâm

Practicing Auditor Registration
Certificate No.: 0861-2018-007-1
Deputy General Director

Hanoi, 12 August 2020

Phan My Linh

Practicing Auditor Registration
Certificate No.: 3064-2019-007-1

Masan High-Tech Materials Corporation
(formerly known as Masan Resources Corporation)
Separate balance sheet as at 30 June 2020

Form B 01a – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	30/6/2020 VND'000	1/1/2020 VND'000
ASSETS				
Current assets (100 = 110 + 130 +150)	100		711,448,404	711,706,777
Cash and cash equivalents	110	7	6,096,034	4,273,418
Cash	111		2,096,034	273,418
Cash equivalents	112		4,000,000	4,000,000
Accounts receivable – short-term	130		704,786,158	707,433,359
Prepayments to suppliers	132		1,328,686	-
Other receivables	136	8	703,457,472	707,433,359
Other current assets	150		566,212	-
Short-term prepaid expenses	151		266,212	-
Taxes and others receivable from State Treasury	153		300,000	-
Long term assets (200 = 210 + 220 + 250)	200		12,454,770,460	12,454,770,460
Accounts receivable – long-term	210		3,000,000,000	3,000,000,000
Other long-term receivables	216	8	3,000,000,000	3,000,000,000
Fixed assets	220		-	-
Intangible fixed assets	227		-	-
Cost	228		137,950	137,950
Accumulated amortisation	229		(137,950)	(137,950)
Long-term financial investments	250		9,454,770,460	9,454,770,460
Investment in a subsidiary	251	9	9,454,770,460	9,454,770,460
TOTAL ASSETS (270 = 100 + 200)	270		13,166,218,864	13,166,477,237

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

Masan High-Tech Materials Corporation
(formerly known as Masan Resources Corporation)
Separate balance sheet as at 30 June 2020 (continued)

Form B 01a – DN

(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	30/6/2020 VND'000	1/1/2020 VND'000
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		3,063,214,779	3,068,983,519
Current liabilities	310		63,214,779	68,983,519
Accounts payable to suppliers	311		330,000	330,000
Taxes payable to State Treasury	313		1,200	6,860,237
Accrued expenses	315	10	50,077,109	48,986,812
Other short-term payables	319	11	12,806,470	12,806,470
Long-term liabilities	330		3,000,000,000	3,000,000,000
Long-term borrowings and bonds	338	12	3,000,000,000	3,000,000,000
EQUITY (400 = 410)	400		10,103,004,085	10,097,493,718
Equity	410	13	10,103,004,085	10,097,493,718
Share capital	411	14	9,892,398,780	9,892,398,780
- Ordinary shares with voting rights	411a		9,892,398,780	9,892,398,780
Share premium	412	14	145,709,384	145,709,384
Retained profits after tax	421		64,895,921	59,385,554
- Retained profits brought forward	421a		59,385,554	-
- Retained profit for the current period	421b		5,510,367	59,385,554
TOTAL RESOURCES	440		13,166,218,864	13,166,477,237
(440 = 300 + 400)				

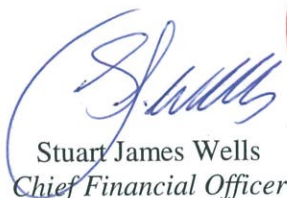
12 August 2020

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Stuart James Wells
Chief Financial Officer

Approved by:



Craig Richard Bradshaw
General Director

The accompanying notes are an integral part of these separate interim financial statements

Masan High-Tech Materials Corporation
(Formerly known as Masan Resources Corporation)
Separate statement of income for the six-month period ended 30 June 2020

Form B 02a – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	From 1/1/2020 to 30/6/2020 VND'000	From 1/1/2019 to 30/6/2019 VND'000
Financial income	21	15	152,387,804	129,883,132
Financial expenses	22	16	152,076,526	128,020,006
General and administration expenses	26		1,661,148	1,098,658
Net operating (loss)/profit (30 = 21 - 22 - 26)	30		(1,349,870)	764,468
Other expenses	32		(501,547)	-
Results of other activities (40 = - 32)	40		501,547	-
Accounting (loss)/profit before tax (50 = 30 + 40)	50		(848,323)	764,468
Income tax expense – current	51	17	(6,358,690)	-
Net profit after tax (60 = 50 - 51)	60		5,510,367	764,468

12 August 2020

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Stuart James Wells
Chief Financial Officer

Approved by:



Richard Bradshaw
General Director

The accompanying notes are an integral part of these separate interim financial statements

Masan High-Tech Materials Corporation
(Formerly known as Masan Resources Corporation)
Separate statement of cash flows for the six-month period ended 30 June 2020
(Indirect method)

Form B 03a – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code Note	From 1/1/2020 to 30/6/2020 VND'000	From 1/1/2019 to 30/6/2019 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax	01	(848,323)	764,468
Adjustments for			
Profits from investing activities	05	(152,387,804)	(129,883,132)
Interest expense	06	151,502,740	128,020,006
Operating loss before changes in working capital	08	(1,733,387)	(1,098,658)
Change in receivables	09	(1,648,718)	148,795
Change in payables and other liabilities	11	472,166	(3,483,274)
Change in prepaid expenses	12	(266,212)	(922,207)
		(3,176,151)	(5,355,344)
Interest paid	14	(151,084,924)	(120,047,401)
Income tax paid	15	(300,000)	-
Net cash flows from operating activities	20	(154,561,075)	(125,402,745)
CASH FLOWS FROM INVESTING ACTIVITIES			
Contribution for Business Cooperation Contract ("BCC")	23	-	(500,000,000)
Receipts from collecting loans	24	-	3,945,518,100
Capital contribution to a subsidiary	25	-	(4,314,434,887)
Receipts of interests and dividend	27	156,383,691	493,776,346
Net cash flows from investing activities	30	156,383,691	(375,140,441)

The accompanying notes are an integral part of these separate interim financial statements

Masan High-Tech Materials Corporation
(formerly known as Masan Resources Corporation)
Separate statements of cash flows for the six-month period ended 30 June 2020
(Indirect method - continued)

Form B 03a – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	From 1/1/2020 to 30/6/2020 VND'000	From 1/1/2019 to 30/6/2019 VND'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings and bonds	33		-	500,000,000
Net cash flows from financing activities	40		-	500,000,000
Net cash flows during the period (50 = 20 + 30 + 40)	50		1,822,616	(543,186)
Cash and cash equivalents at the beginning of the period	60		4,273,418	3,288,566
Cash and cash equivalents at the end of the period (70 = 50 + 60)	70	7	6,096,034	2,745,380

12 August 2020

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Stuart James Wells
Chief Financial Officer

Approved by:




Craig Richard Bradshaw
General Director

The accompanying notes are an integral part of these separate interim financial statements

Masan High-Tech Materials Corporation
(formerly known as Masan Resources Corporation)
Notes to the separate interim financial statements for the six-month period ended
30 June 2020

Form B 09a – DN
(Issued under Circular No. 200/2014/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 separate interim financial statements.

1. Reporting entity

Ownership and company structure

Masan High-Tech Materials Corporation (formerly known as Masan Resources Corporation) (“the Company”) is incorporated as a joint stock company in Vietnam. The principal activity of the Company is investment holding.

As at 30 June 2020, the Company had 3 employees (1/1/2020: 3 employees).

2. Basis of preparation

(a) Statement of compliance

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

The Company prepares and issues its consolidated interim financial statements separately. For a comprehensive understanding of the consolidated financial position of the Company and its subsidiaries (collectively referred to as “the Group”), and their consolidated results of operations and their consolidated cash flows for the six-month period then ended, these separate interim financial statements should be read in conjunction with the consolidated interim financial statements of the Group for the six-month period ended 30 June 2020.

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting and presentation currency

The Company’s accounting currency is Vietnam Dong (“VND”). The separate interim financial statements are prepared and presented in VND rounded to the nearest thousand (“VND’000”).

Masan High-Tech Materials Corporation
(formerly known as Masan Resources Corporation)
Notes to the separate interim financial statements for the six-month period ended
30 June 2020 (continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Company in the preparation of these separate interim financial statements.

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

(a) Foreign currency transactions

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

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

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

(b) Cash and cash equivalents

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

(c) Investments in a subsidiary

Investment in a subsidiary is initially recognised at cost which includes 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 value if the investee has suffered a loss, except where such a loss was anticipated by the Company's Board of Management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(d) Accounts receivable

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

Masan High-Tech Materials Corporation
(formerly known as Masan Resources Corporation)
Notes to the separate interim financial statements for the six-month period ended
30 June 2020 (continued)

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(e) Intangible fixed assets

Software

Cost of acquisition of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software costs are amortised on a straight-line basis over three (3) to eight (8) years.

(f) Accounts payable

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

(g) Business cooperation contract

Business Cooperation Contracts (“BCC”) are those under which contracting parties agree to carry out specific business activities that do not require an establishment of legal entity. The Company accounts for each BCC according to its substance and its rights and obligations under the contract. Where the Company makes contributions in the form of financial assets to the other parties and as a result obtaining a contractual right to receive cash or other financial assets from those parties under the BCC, the Company recognise a financial asset. Where distributions of profits from the other BCC parties have the substance of finance income, they are recognised as financial income based on the rate of returns as agreed by contracting parties. Distributions which are contingent on the ultimate operating results of the BCC are recognised as income only as when the ultimate operating results of the BCC can be determined reliably.

(h) Bonds issued

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

(i) Equity

Ordinary shares

Ordinary share capital is classified as equity. The excess of proceeds contributed over the par value of shares issued is recorded as share premium. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from share premium.

Masan High-Tech Materials Corporation
(formerly known as Masan Resources Corporation)
Notes to the separate interim financial statements for the six-month period ended
30 June 2020 (continued)

Form B 09 – DN
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(j) Taxation

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

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

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

(k) Financial income and financial expenses

(i) Financial income

Financial income comprises interest income from deposits and loans, distribution profit from BCC and foreign exchange gains. Interest income is recognised as it accrues in the statement of income.

(ii) Financial expenses

Financial expenses comprise interest expenses on borrowings, bonds, facility fees, financing costs, transaction costs and foreign exchange losses.

(l) Income from distributed profits

Income from distributed profits from a subsidiary is recognized when the right to receive profit distribution is established. Distributed profits received which are attributable to the period before investment acquisition date are deducted from the carrying amount of the investment.

(m) Borrowing costs

Borrowings costs comprise interest expenses on borrowings, facility fees, financing costs and transaction costs. Borrowing costs are recognised as an expense in the period in which they are incurred.

Masan High-Tech Materials Corporation
(formerly known as Masan Resources Corporation)
Notes to the separate interim financial statements for the six-month period ended
30 June 2020 (continued)

Form B 09 – DN
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(n) Related parties

Parties are considered to be related to the Company if one party has the ability, directly or indirectly, to control the other party or to exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party. Related parties that are individuals refer to key management personnel who have authority and responsibility for planning, directing and controlling the activities of the Company, including directors and officers of the Company. Related companies refer to subsidiaries and associates of the Company, the investors and the ultimate parent company and its subsidiaries and associates.

4. Seasonality of operations

The Company does not have any seasonal operations of which may affect the Company's operating results for the six-month period ended 30 June 2020.

5. Changes in accounting estimates

In preparing the annual and interim separate financial statements, the management has made several accounting estimates. Actual results may differ from these estimates. During the six-month period ended 30 June 2020, there was no significant change in the accounting estimates made at the end of the previous annual accounting period affecting the separate financial statements.

6. Unusual items

The Company does not have any unusual items which may affect the Company's separate financial statements for the six-month period ended 30 June 2020.

7. Cash and cash equivalents

	30/6/2020	1/1/2020
	VND'000	VND'000
Cash in banks	2,096,034	273,418
Cash equivalents	4,000,000	4,000,000
	<hr/>	<hr/>
	6,096,034	4,273,418
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Masan High-Tech Materials Corporation
(formerly known as Masan Resources Corporation)
Notes to the separate interim financial statements for the six-month period ended
30 June 2020 (continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

8. Other short-term and long-term receivables

	30/6/2020	1/1/2020
	VND'000	VND'000
Short-term receivables		
Distribution of profit receivable from BCC (a)	49,962,111	49,962,111
Profit distribution (b)	653,409,101	657,409,101
Others	86,260	62,147
	<hr/>	<hr/>
	703,457,472	707,433,359
	<hr/>	<hr/>
Long-term receivables		
Receivables under BCC (c)	3,000,000,000	3,000,000,000
	<hr/>	<hr/>
	3,000,000,000	3,000,000,000
	<hr/>	<hr/>

- (a) The distribution of profit receivables were due to accrual of the current period's operating results as distribution of profit receivable from BCC which the Company contracted with its subsidiaries, Nui Phao Mining Co., Ltd ("NPM") and Masan Tungsten LLC ("MTC") (Note 8(c)).
- (b) This amount represents distributed profits in 2019 receivable from a subsidiary.
- (c) The other long-term receivables under BCC represents contribution to NPM under Business Cooperation Contracts ("BCCs") dated 21 September 2018 and amended five times thereafter according to which the Company uses the bond proceeds of VND1,000 billion, VND500 billion and VND500 billion respectively for business cooperation activities with NPM. The BCCs have cooperation terms of thirty-six (36) months, sixty (60) months and sixty (60) months respectively from when NPM received the proceeds from business cooperation contract in September 2018, November 2018 and May 2019 respectively. The sharing of profit is based on the agreed rate as stipulated in the BCC.

The other long-term receivables under BCC represents contribution to MTC under BCC dated 16 November 2018 and amended thrice thereafter according to which the Company uses the bond proceeds of VND1,000 billion for business cooperation activities with MTC. The BCCs have terms of sixty (60) months of cooperation from when MTC received the proceeds from business cooperation contract in November 2018. The sharing of profit is based on the agreed rate as stipulated in the BCC.

Masan High-Tech Materials Corporation
(formerly known as Masan Resources Corporation)
Notes to the separate interim financial statements for the six-month period ended
30 June 2020 (continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
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9. Long-term financial investments

	30/6/2020		1/1/2020	
	Cost VND'000	Fair value VND'000	Cost VND'000	Fair value VND'000
Investment in a subsidiary				
Investment in Masan Thai Nguyen Resources Company Limited ("MRTN")	9,454,770,460	(*)	9,454,770,460	(*)

MRTN is an investment holding company, incorporated in Vietnam. The direct and indirect percentage of economic interests of the Company at MRTN is 100% as at 30 June 2020 (1/1/2020: 100%).

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

10. Accrued expenses

	30/6/2020 VND'000	1/1/2020 VND'000
Accrued interest payable	49,009,628	48,591,812
Others	1,067,481	395,000
	50,077,109	48,986,812

Masan High-Tech Materials Corporation
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Notes to the separate interim financial statements for the six-month period ended
30 June 2020 (continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

11. Other short-term payables

Other payables included the following amounts:

	30/6/2020	1/1/2020
	VND'000	VND'000
Amounts due to Masan Horizon Company Limited ("MH") – the immediate parent company		
Non-trade – short-term (*)	2,511,785	2,511,785
Amount due to Nui Phao Mining Co., Ltd. – a subsidiary		
Non-trade – short-term (*)	10,294,685	10,294,685
	12,806,470	12,806,470

(*) Amounts due to related parties were unsecured, interest-free and repayable based on agreement between the parties.

12. Long-term borrowings and bonds

Terms and conditions of outstanding long-term bonds denominated in VND were as follows:

		Year of maturity	30/6/2020	1/1/2020
			VND'000	VND'000
Long-term bonds issued				
▪ Secured bond issued	(a)	2021	1,000,000,000	1,000,000,000
▪ Secured bond issued	(b)	2023	1,500,000,000	1,500,000,000
▪ Secured bond issued	(c)	2024	500,000,000	500,000,000
			3,000,000,000	3,000,000,000

(a) The VND denominated non-convertible bonds issued by the Company with a three-year term bore interest rate of 9.8% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every six months and calculated as the average twelve-month saving deposit rate of related reference banks plus 3.2%. The bond was secured by 10.58% of issued shares of the Company held by MH. The representatives of the bondholders is Techcom Securities Company JSC. The bond proceeds were used for the business cooperation activities with NPM (Note 8(c)).

Masan High-Tech Materials Corporation
(formerly known as Masan Resources Corporation)
Notes to the separate interim financial statements for the six-month period ended
30 June 2020 (continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

- (b) The VND denominated non-convertible bonds issued by the Company with a five-year term bore interest rate of 10% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every six months and calculated as the average twelve-month saving deposit rate of related reference banks plus 3.25%. The bond was secured by 15.65% of issued shares of the Company held by MH. The representatives of the bondholders is Techcom Securities Company JSC. The bond proceeds were used for the business cooperation activities with NPM and MTC (Note 8(c)).
- (c) The VND denominated non-convertible bonds issued by the Company with a five-year term bear interest rate of 10.2% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every six months and calculated as the average twelve-month saving deposit rate of related reference banks plus 3.3%. The bond was secured by 5.62% of issued shares of the Company held by MH. The representatives of the bondholders is Techcom Securities Company JSC. The bond proceeds were used for the business cooperation activities with NPM (Note 8(c)).

13. Changes in equity

	Share capital VND'000	Share premium VND'000	Retained profits after tax VND'000	Total VND'000
Balance at 1/1/2019	8,993,091,220	145,709,384	306,749,602	9,445,550,206
Net profit for the period	-	-	764,468	764,468
Balance at 30/6/2019	8,993,091,220	145,709,384	307,514,070	9,446,314,674
Balance at 1/1/2020	9,892,398,780	145,709,384	59,385,554	10,097,493,718
Net profit for the period	-	-	5,510,367	5,510,367
Balance at 30/6/2020	9,892,398,780	145,709,384	64,895,921	10,103,004,085

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14. Share capital

The Company's authorised and issued share capital comprised:

	30/6/2020 & 1/1/2020	
	Number of shares	VND'000
Authorised share capital	989,239,878	9,892,398,780
Issued share capital		
Ordinary shares	989,239,878	9,892,398,780
Shares in circulation		
Ordinary shares	989,239,878	9,892,398,780
Share premium	-	145,709,384

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.

Share premium represents the excess of the proceeds on issuance of shares over the par value.

15. Financial income

	From 1/1/2020 to 30/6/2020 VND'000	From 1/1/2019 to 30/6/2019 VND'000
Interest income	68,628	67,127
Distribution of profit from BCC	152,319,176	129,816,005
	152,387,804	129,883,132

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16. Financial expenses

	From 1/1/2020 to 30/6/2020 VND'000	From 1/1/2019 to 30/6/2019 VND'000
Interest expense	151,502,740	127,731,507
Others	573,786	288,499
	152,076,526	128,020,006

17. Income tax

(a) Reconciliation of effective tax rate

	From 1/1/2020 to 30/6/2020 VND'000	From 1/1/2019 to 30/6/2019 VND'000
(Loss)/profit before tax	(848,323)	764,468
Tax at the Company tax rate	(169,665)	152,894
Over provision in prior year (*)	(6,358,690)	-
Tax losses utilised	-	(152,894)
	(6,528,355)	-
Deferred tax assets not recognised	169,665	-
	(6,358,690)	-

(*) The over provision in prior year was mainly due to adjustment for the impact of Decree No. 68/2020/ND-CP dated 24 June 2020 amending clause 3 article 8 of the Government's Decree No. 20/2017/ND-CP dated 24 February 2017 prescribing tax administration for enterprises engaged in transfer pricing.

(b) Applicable tax rates

The Company has an obligation to pay the government income tax at the rate of 20% of taxable profits.

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18. Significant transactions with related parties

In addition to related party balances and transactions disclosed in other notes to these separate financial statements, the Company had the following significant balances and transactions with related parties during the year:

(a) Related party balances

As at and for the six-month period ended 30 June 2020, the Company has current and term deposit accounts at Vietnam Technological and Commercial Joint Stock Bank (“TCB”) at normal commercial terms.

As at 30 June 2020, an associate of the ultimate holding company and the ultimate holding company held VND1,891,397 million (1/1/2020: VND146,358 million) and nil (1/1/2020: VND750,000 million) of the issued bonds of the Company respectively.

(b) Related party transactions

Related Parties	Nature of transactions	From 1/1/2020 to 30/6/2020 VND'000	From 1/1/2019 to 30/6/2019 VND'000
Ultimate holding company			
Masan Group Corporation	Bond interest	-	66,361,148
Ultimate holding company's associate			
TCB and its subsidiaries	Bond interest	14,017,682	693,119
	Bond proceeds received (*)	-	500,000,000
Subsidiaries			
Masan Thai Nguyen Resources Company Limited	Capital contribution	-	4,314,434,887
Nui Phao Mining Co., Ltd	Collection of long-term loan receivables	-	3,945,518,100
	Collection of interest	-	368,916,787
Masan Tungsten LLC	Distribution of profit from BCC	101,724,483	79,499,305
	BCC contribution	-	500,000,000
Masan Tungsten LLC	Distribution of profit from BCC	50,594,693	50,316,700

(*) The bonds are listed and sold to a broader set of investors pursuant to an arrangement agreement.

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19. Corresponding figures

Corresponding figures as at 1 January 2020 were derived from the balances and amounts reported in the Company's separate financial statements as at and for the year ended 31 December 2019, and corresponding figures in the separate statements of income and cash flows were derived from the Company's separate interim financial statements for the six-month period ended 30 June 2019.

12 August 2020

Prepared by:



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Reviewed by:



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Approved by:



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