



**Masan High-Tech Materials Corporation
(formerly known as Masan Resources Corporation)
and its subsidiaries**

Consolidated Financial Statements
for the year ended 31 December 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 14 December 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 consolidated financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) as of and for the year ended 31 December 2020.

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

- (a) the consolidated financial statements set out on pages 5 to 67 give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of their consolidated results of operations and consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Management



Craig Richard Bradshaw
General Director

Ho Chi Minh City, 5 March 2021



KPMG Limited
46th Floor, Keangnam Landmark 72
E6 Pham Hung Road, Me Tri Ward
South Tu Liem District, Hanoi, Vietnam
+84 (24) 3946 1600 | kpmg.com.vn

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Masan High-Tech Materials Corporation (formerly known as Masan Resources Corporation) ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at 31 December 2020, the related 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 67.

Management's Responsibility

The Company's Board of Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Management determines 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.

Masan High-Tech Materials Corporation
(formerly known as Masan Resources 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'000	1/1/2020 VND'000
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		9,756,298,985	7,581,595,985
Cash and cash equivalents	110	6	761,930,286	1,723,204,606
Cash	111		705,930,286	941,446,956
Cash equivalents	112		56,000,000	781,757,650
Short-term financial investments	120	7	-	5,900,000
Held-to-maturity investments	123		-	5,900,000
Accounts receivable – short-term	130		2,771,124,731	1,735,574,636
Accounts receivable from customers	131	8	1,166,693,898	280,413,823
Prepayments to suppliers	132		139,861,845	204,604,439
Loan receivables	135	9	1,143,479,452	1,000,000,000
Other receivables	136	10	321,089,536	250,556,374
Inventories	140	11	4,880,128,480	3,139,024,753
Inventories	141		4,969,141,648	3,139,024,753
Allowance for inventories	149		(89,013,168)	-
Other current assets	150		1,343,115,488	977,891,990
Short-term prepaid expenses	151		56,241,220	41,186,774
Deductible value added tax	152		1,286,793,842	936,705,216
Taxes and others receivable from State Treasury	153		80,426	-

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

Masan High-Tech Materials Corporation
(formerly known as Masan Resources 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'000	1/1/2020 VND'000
Long term assets (200 = 210 + 220 + 240 + 250 + 260)	200		30,352,548,829	22,193,123,896
Accounts receivable – long-term	210		1,298,310,451	1,303,868,898
Other long-term receivables	216	10	1,298,310,451	1,303,868,898
Fixed assets	220		23,784,752,467	16,568,909,156
Tangible fixed assets	221	12	19,826,833,068	16,103,772,445
Cost	222		30,478,383,425	21,906,539,480
Accumulated depreciation	223		(10,651,550,357)	(5,802,767,035)
Finance lease tangible fixed assets	224		-	-
Cost	225		67,300,000	67,300,000
Accumulated depreciation	226		(67,300,000)	(67,300,000)
Intangible fixed assets	227	13	3,957,919,399	465,136,711
Cost	228		4,693,664,166	696,680,717
Accumulated amortisation	229		(735,744,767)	(231,544,006)
Long-term work in progress	240		1,467,480,229	1,694,487,259
Construction in progress	242	14	1,467,480,229	1,694,487,259
Long-term financial investments	250	7	202,627,868	-
Investments in associates, joint ventures	252		195,227,868	-
Held-to-maturity investments	255		7,400,000	-
Other long-term assets	260		3,599,377,814	2,625,858,583
Long-term prepaid expenses	261	15	2,905,894,138	2,625,858,583
Deferred tax assets	262	21(a)	693,483,676	-
TOTAL ASSETS (270 = 100 + 200)	270		40,108,847,814	29,774,719,881

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

Masan High-Tech Materials Corporation
(formerly known as Masan Resources 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'000	1/1/2020 VND'000
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		26,029,306,779	17,304,897,615
Current liabilities	310		7,508,154,152	11,219,362,163
Accounts payable to suppliers	311		952,963,298	324,870,571
Advances from customers	312	16	955,735,222	1,105,603,346
Taxes payable to State Treasury	313	17	162,676,781	199,721,483
Payables to employees	314		16,064,491	6,220
Accrued expenses	315	18	944,647,799	704,901,206
Other short-term payables	319	19	306,683,463	1,126,975,596
Short-term borrowings and bonds	320	20(a)	4,162,866,240	7,757,283,741
Provisions – short-term	321		6,516,858	-
Long-term liabilities	330		18,521,152,627	6,085,535,452
Other long-term payables	337	19	500,170	-
Long-term borrowings and bonds	338	20(b)	9,220,442,520	4,969,653,657
Deferred tax liabilities	341	21(a)	1,842,833,535	586,978,688
Provisions – long-term	342	22	7,457,376,402	528,903,107
EQUITY (400 = 410)	400		14,079,541,035	12,469,822,266
Equity	410	23	14,079,541,035	12,469,822,266
Share capital	411	24	10,991,554,200	9,892,398,780
- Ordinary shares with voting rights	411a		10,991,554,200	9,892,398,780
Share premium	412	24	1,098,259,892	145,709,384
Other capital	414		(295,683,347)	(295,683,347)
Foreign exchange differences	417		(189,058,584)	-
Other equity funds	420		(358,967,342)	-
Retained profits after tax	421		2,766,593,412	2,727,397,449
- Retained profits brought forward	421a		2,727,397,449	2,375,003,634
- Retained profit for the current year	421b		39,195,963	352,393,815
Non-controlling interest	429		66,842,804	-
TOTAL RESOURCES (440 = 300 + 400)	440		40,108,847,814	29,774,719,881

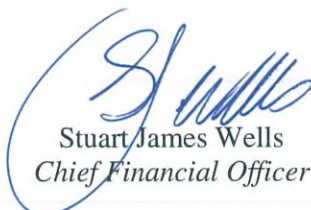
5 March 2021

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 consolidated financial statements

Masan High-Tech Materials Corporation
(formerly known as Masan Resources 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'000	2019 VND'000
Revenue from sales of goods and provision of services	01		7,365,774,085	4,706,129,858
Revenue deductions	02		74,593,427	-
Net revenue (10 = 01 - 02)	10	26	7,291,180,658	4,706,129,858
Cost of sales	11		7,113,222,006	3,971,145,298
Gross profit (20 = 10 - 11)	20		177,958,652	734,984,560
Financial income	21	27	646,482,348	931,680,260
Financial expenses	22	28	1,652,967,999	1,290,661,189
Share of loss in associates	24		(29,488,203)	-
Selling expenses	25		226,224,066	104,782,370
General and administration expenses	26		282,149,068	142,007,143
Net operating (loss)/profit (30 = 20 + 21 - 22 + 24 - 25 - 26)	30		(1,366,388,336)	129,214,118
Other income	31	29	1,328,986,068	1,230,029,410
Other expenses	32	30	58,808,571	893,457,185
Results of other activities (40 = 31 - 32)	40		1,270,177,497	336,572,225
Accounting (loss)/profit before tax (50 = 30 + 40)	50		(96,210,839)	465,786,343
Income tax expense – current	51	31	20,654,658	138,562,148
Income tax benefit – deferred	52	31	(168,656,455)	(25,169,620)
Net profit after tax (60 = 50 - 51 - 52) (carried to next page)	60		51,790,958	352,393,815

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

Masan High-Tech Materials Corporation
(formerly known as Masan Resources 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'000	2019 VND'000
Net profit after tax (60 = 50 - 51 - 52) (brought from previous page)	60		51,790,958	352,393,815
Net profit attributable to:				
Equity holders of the Company	61		39,195,963	352,393,815
Non-controlling interest	62		12,594,995	-
			VND	VND
Earnings per share				
Basic earnings per share	70	32	39	356

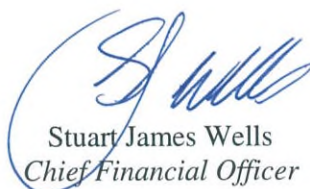
5 March 2021

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 consolidated financial statements

Masan High-Tech Materials Corporation
(formerly known as Masan Resources 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'000	2019 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before tax	01		(96,210,839)	465,786,343
Adjustments for				
Depreciation and amortisation	02		1,557,239,244	1,206,383,561
Negative goodwill on acquisition of a subsidiary	02	29	(1,298,081,205)	-
Allowances and provisions	03		160,371,671	39,749,622
Exchange losses/(gains) arising from revaluation of monetary items	04		2,888,194	(6,976,590)
Profits from investing activities	05		(22,087,236)	(40,014,585)
Interest expense and borrowing fees	06	28	1,278,848,458	1,161,519,606
Operating profit before changes in working capital	08		1,582,968,287	2,826,447,957
Change in receivables and other assets	09		(216,175,072)	487,538,695
Change in inventories	10		(145,583,894)	(1,493,010,616)
Change in payables and other liabilities	11		(573,206,231)	773,365,144
Change in prepaid expenses	12		(209,068,012)	4,220,162
			438,935,078	2,598,561,342
Interest paid	14		(1,248,770,678)	(1,127,738,800)
Income tax paid	15		(154,592,206)	(39,142,971)
Net cash flows from operating activities	20		(964,427,806)	1,431,679,571
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(1,474,237,254)	(888,223,637)
Compensation to finalize previously constructed fixed assets	21		-	984,161,905
Proceeds from disposals of fixed assets and other long-term assets	22		12,765,546	977,273
Payments for term deposit and granting loans to other parties	23		(1,931,153,425)	(1,000,000,000)
Term deposits received and receipts from collecting loans	24		1,787,321,421	-
Payments for acquisition of non-controlling interest	25		-	(8,525,794)

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

Masan High-Tech Materials Corporation
(formerly known as Masan Resources 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'000	2019 VND'000
Receipt of interest	27		34,978,354	37,731,636
Acquisition of subsidiary, net of cash acquired	25	5	(1,053,739,472)	-
Net cash flows from investing activities	30		(2,624,064,830)	(873,878,617)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from equity issued	31		2,094,330,737	-
Proceeds from borrowings and bonds	33		13,350,232,314	7,908,523,055
Payments to settle loan principals and bond issuance related costs	34		(12,814,978,565)	(7,206,551,527)
Net cash flows from financing activities	40		2,629,584,486	701,971,528
Net cash flows during the year (50 = 20 + 30 + 40)	50		(958,908,150)	1,259,772,482
Cash and cash equivalents at the beginning of the year	60		1,723,204,606	467,220,260
Effect of exchange rate fluctuation on cash and cash equivalents	61		(2,366,170)	(3,788,136)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	6	761,930,286	1,723,204,606

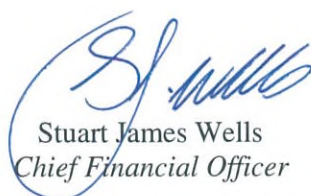
5 March 2021

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 consolidated financial statements

**Masan High-Tech Materials Corporation
(formerly known as Masan Resources 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 High-Tech Materials Corporation (formerly known as Masan Resources Corporation) (“the Company” or “MHT”) is incorporated as a joint stock company in Vietnam. In 2020, the Company changed its name from Masan Resources Corporation to Masan High-Tech Materials Corporation and successfully registered the change in its Enterprise Registration Certificate dated 6 August 2020.

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

(b) Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and associate are described as follows:

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

Subsidiaries:

Name	Address	Principal activity	Percentage of economic interests at	
			31/12/2020	1/1/2020
<i>Direct subsidiary</i>				
Masan Thai Nguyen Resources Company Limited (“MRTN”)	(i) Ho Chi Minh City	Investment holding	100%	100%
<i>Indirect subsidiaries</i>				
Thai Nguyen Trading and Investment Company Ltd (“TNTI”)	(i) Ho Chi Minh City	Investment holding	100%	100%
Nui Phao Mining Company Limited (“NPM”)	(i) Thai Nguyen Province	Exploring and processing mineral (*)	100%	100%
Masan Tungsten Limited Liability Company (“MTC”)	(i) Thai Nguyen Province	Deep processing of nonferrous metals and precious metals (Tungsten)	100%	100%
H.C. Starck Holding (Germany) GmbH (“HCS”)	(i) Goslar, Germany	Investment holding	100%	-
ChemiLytics Beteiligungs GmbH	(ii) Goslar, Germany	Investment holding	100%	-
H.C. Starck GmbH	(ii) Goslar, Germany	Investment holding	100%	-
Chemische Fabriken Oker und Branschweig AG	(ii) Goslar, Germany	Producing chemicals utilized in the manufacturing of paper and additives for the absorptive materials industry	100%	-
H.C. Starck Infrastructure GmbH & Co. KG	(ii) Munich, Germany	Deep processing of nonferrous metals and precious metals (Tungsten)	100%	-
ChemiLytics GmbH & Co. KG	(ii) Goslar, Germany	Chemical analysis and physical measurement data	100%	-
H.C. Starck Tungsten GmbH	(ii) Munich, Germany	Deep processing of nonferrous metals and precious metals (Tungsten)	100%	-

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

Name	Address	Principal activity	Percentage of economic interests at	
			31/12/2020	1/1/2020
H.C. Starck Nonferrous Metals Trading (Shanghai) Co. Ltd.	(ii) Shanghai, PRC	Trading and distribution	100%	-
H.C. Starck Canada Inc.	(ii) Sarnia, Ontario, Canada	Deep processing of nonferrous metals and precious metals (Tungsten)	100%	-
H.C. Starck Tungsten GK	(ii) Tokyo, Japan	Trading and distribution	100%	-
H.C. Starck Tungsten LLC	(ii) Newton, USA	Trading and distribution	100%	-
H.C. Starck Jiangwu Tungsten Specialities (Ganzhou) Co., Ltd.	(ii) Ganzhou, China	Deep processing of nonferrous metals and precious metals (Tungsten)	60%	-

Associates

Name	Address	Principal activity	Percentage of economic interests at	
			31/12/2020	1/1/2020
<i>Indirect associates</i> Jiangwu H.C. Starck Tungsten Products Co., Ltd.	(ii) Ganzhou, China	Deep processing of nonferrous metals and precious metals (Tungsten)	30%	-

- (i) HCS is a newly acquired subsidiary of MTC (see Note 5). MTC is a subsidiary of NPM. TNTI and NPM are subsidiaries of MRTN. MRTN is a subsidiary of the Company.
- (ii) These entities are direct and indirect subsidiaries and associate of HCS.



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

- (*) NPM’s principal activities are to explore, exploit, mine and process tungsten, fluorite, bismuth, copper under the “Nui Phao Mining Project” in Ha Thuong Commune, Dai Tu District in Thai Nguyen Province for export and domestic sales. The “Nui Phao Mining Project” is under Investment Certificate No. 17121000026 which expires on 2 February 2034.
- (**) HCS is a leading manufacturer of high-tech tungsten metal powders and carbides (midstream tungsten products). HCS has production hubs in Europe, North America, and China serving customers across the globe. HCS and its subsidiaries mainly specialize in the development, manufacture and sale of high-performance powders based on the technology of metal tungsten and its compounds, tailored to individual customer needs.

The percentage of economic interests represents the effective percentage of economic interests of the Company both directly and indirectly in the subsidiaries.

As at 31 December 2020, the Group had 2,028 employees (1/1/2020: 1,403 employees).

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 Company and its subsidiaries are from 1 January to 31 December.

(d) Accounting and presentation currency

The Group’s accounting currency is Vietnam Dong (“VND”), which is also the currency used for financial statement presentation purpose. All amounts have been rounded to the nearest thousand (“VND’000”), unless otherwise indicated.

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

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) Business combinations

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 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, the Group takes into consideration the potential voting rights that currently are exercisable.

Under the purchase method, the assets and liabilities of the acquired entity are consolidated using their fair values. 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.

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. 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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs as the result of fair values of acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination being only provisionally determined, the Group shall account for such business combination at provisional amounts. During twelve months from the acquisition date (i.e. the measurement period), the Group shall retrospectively adjust the provisional amounts recognised at 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 included any costs directly attributable to the combination, such as professional fees paid to accountants, legal advisers, valuers and other consultants to effect 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.

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

(ii) 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.

(iii) Non-controlling interests

Non-controlling interests (“NCI”) are measured by their proportionate economic interest in 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. In accordance with Circular No. 202/2014/TT-BTC issued by the Ministry of Finance providing guidance on preparation and presentation of consolidated financial statements (“Circular 202”) which was applied prospectively from 1 January 2015, the difference between the change in the Group’s share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

(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. Associates are accounted for 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 income and expenses of the 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 revaluation of fixed assets, or 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.

(v) Transactions eliminated on consolidation

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

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

(vi) Goodwill

Goodwill arises on the acquisition of subsidiary. 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 in exchange for control of the acquire, plus any costs directly attributable to the acquisition.

When the excess is negative (gain from bargain purchase), it is recognised immediately in the consolidated statement of income.

(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 account transfer buying rate for assets and account transfer selling rate for liabilities at the end of the annual accounting period quoted by the commercial bank where the Company or its subsidiaries most frequently conducts 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 assets and liabilities of foreign operations are translated to VND as follow:

- Assets and liabilities including 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 accounting period quoted by the commercial bank where the Company most frequently conducts transactions;
- Revenues, 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;
- Retained profits/Accumulated losses, funds and reserves are derived from the translated net profits/movement from which they were appropriated.

Foreign currency differences arising from the translation of foreign operations' financial statements to VND are recognised in the 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 exchange differences arising from translation and attributable to non-controlling interests are allocated to, and recognised as part of, non-controlling interests in the consolidated balance sheet.

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

(c) Cash and cash equivalents

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

(d) Investments

Held to maturity investments

Held-to-maturity investments are those that the Group's management has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank, bonds and loan receivables held to maturity. These investments are stated at costs less allowance for investments.

(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 trade receivables. For factoring transactions, the Group assesses whether trade receivables can be derecognised in their entirety or not, basing on the extent to which it retains the risks and rewards of ownership of the trade receivables.

If the Group:

- transfers substantially all the risks and rewards of ownership of the receivables, the Group derecognises the receivables and recognises separately as asset or liability 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 income statement on a time proportion basis.

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

(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 mining and manufacturing 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.

(g) Tangible fixed assets

(i) Cost

Upon completion of the mine construction phase, the assets are transferred into “building and structures”, “machinery and equipment” or “other mining assets” in tangible fixed assets. Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price or construction cost, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, 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 repairs and maintenance and overhaul costs, is normally charged to the statement of income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

If 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 at a temporarily estimated value and they shall be adjusted with the difference after the finalised cost are approved.

Other mining assets comprise mine rehabilitation assets; and fair value of mineral reserves and mineral resources 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 the mining exploitation activities is depreciated on a unit-of-production method calculated using the estimated mineral reserve. Mineral reserves are estimates of the amount of product that can be economically and legally extracted from the Group’s mining properties.

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

Machinery and equipment of a subsidiary directly related to production activities

Machinery and equipment of a subsidiary which are directly related to the deep processing of tungsten products are depreciated over its estimated useful lives on a units of production basis. The estimated total production quantity output which the tangible fixed assets are depreciated on a unit-of-production basis are as follows:

ST plant	171,865 tonnes of tungsten
APT plant	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:

▪ buildings and structures	5 – 40 years
▪ machinery and equipment	3 – 20 years
▪ office equipment	3 – 10 years
▪ motor vehicles	3 – 25 years
▪ other mining assets	19 years

Construction asset which are completed and put into use before construction costs being finalised, 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 asset divided by the remaining depreciation period of the fixed asset according to relevant regulations.

(h) Intangible fixed assets

(i) Land

Lands comprise those acquired in a legitimate transfer. Lands are stated at cost and are not amortised.

(ii) Software

Cost of software include:

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

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

- Cost incurred during software development phase when 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 Group has intention to complete the development project and use or sell it;
 - The Group will be able to implement and use the software after its development;
 - Adequate technical, financial and human resources should be available to complete the software development successfully;
 - The Group is able to measure expenditures attributable to the software development project reliably.

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

(iii) Mining rights

The mining rights are calculated based on the remaining exploitable reserves multiplied with the price as announced by the provincial authorities in accordance with Decree 203/2013/ND/CP dated 28 November 2013 (“Decree 203/2013”) which became effective from 20 January 2014. Cost of mining rights was stated at an amount equal to the present value of mining rights fee and was capitalised and treated as an intangible asset. Amortisation of mining rights is computed on a straight-line basis over the economic life of the mineral reserves.

(iv) Development costs

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and process, 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 3 to 16 years.

(v) Brand name

Cost of acquisition of brand name is recognised as an intangible asset.

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. The fair value of brand name acquired in a business combination is recognised as an intangible asset and is amortized on a straight-line basis ranging from 20 to 30 years.

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

(vi) Customer relationship

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 are amortised on a straight-line basis over period of 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.

(vii) Technologies

Technologies that are acquired by the Group in the acquisition of subsidiary are recognised as intangible fixed assets. The allocated values of technologies are amortised on a straight-line basis over their useful lives ranging from 16 to 31 years.

The fair value of technologies acquired in a business combination are 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 and/or based on the discounted estimated royalty payments that have been avoided as a result of the technologies being owned.

(i) Construction in progress

Construction in progress represents mineral assets under development and cost of construction and machinery which have not been fully completed, installed and commissioned. It also comprises land compensation, mineral reserves, mineral resources and related development expenditure. These assets qualify for capitalisation when the mineral reserves to which they relate is proven to be commercially and technically viable. They are capitalised net of proceeds from the sale of commissioning products during the development phase. On completion of construction defined as the time when the assets are brought into the condition of its intended use, all assets are reclassified to tangible fixed assets as either “buildings and structures”, “machinery and equipment” or “other mining assets”; or long-term prepaid expenses as “other mining costs”.

No depreciation is provided for construction in progress during the period of development, construction, installation and commissioning stages.

(j) Long-term prepaid expenses

(i) 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 term of the leases from 35 to 50 years.

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

(ii) Land compensation costs

Land compensation costs comprise prepaid land lease rentals, compensation, resettlement and other costs incurred in conjunction with securing the use of leased land for its mining activities. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of the lease.

(iii) Other mining costs

Other mining costs comprise:

- 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.

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 inventory 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.

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

(iv) Incremental costs of obtaining a contract

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that the Group would not have incurred if the contract had not been obtained. The Group shall capitalize incremental costs of obtaining a contract if such costs meet the following criteria:

- Only the incremental costs incurred as a result of obtaining a contract should be capitalized;
- The cost must be recoverable.

The recognised asset shall be amortised on a systematic basis match with the transfer of the goods or services to the customer to which the asset relates.

(v) Other prepaid expenses

Other prepaid expenses include service fees which are initially stated at cost and amortised on a straight-line basis over the term of the contracts for services fees.

(k) Accounts payable

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

(l) 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

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. Mining rights is calculated based on the remaining exploitable reserves and the price to calculate the charge for granting mining rights which is defined under the prices to calculate the resource royalty in accordance with the law on resource royalty at the time of determining the charge for granting mining rights which are:

- Decree 203/2013/ND-CP dated 28 November 2013 (“Decree 203”), Decree 158/2016/ND-CP dated 29 November 2016 (“Decree 158/2016”) and Circular 38/2017/TT-BTNMT dated 16 October 2017 (“Circular 38”) until 15 September 2019; and
- Decree 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.

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

(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 requires 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 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 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.

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.

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

(iii) Pension liabilities

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 employee service in the current and prior periods. The Group's contributions are to be recognised as expenses in the periods in which they were paid.

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 balance sheet date. 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 Group determines the net interest expense on the net defined benefit liability (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions. Net interest expense and other expenses related to defined benefit plans are recognised in consolidated statement of income. The remeasurement of defined benefit obligation involves estimation of future cashflow, 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.

(m) 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.

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

(n) Equity

(i) 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.

(ii) Preference shares

Mandatorily convertible preference shares are classified as equity. These are entitled to fixed dividends and any discretionary dividends declared to ordinary shareholders and it participates equally in the residual assets on dissolution. The excess of proceeds contributed over the par value of shares issued is recorded as share premium. Incremental costs directly attributable to the preference shares are recognised as a deduction from share premium.

(iii) Other capital

Equity movements resulting from acquisition or disposal to non-controlling interests and transactions involving equity instruments were recorded in “Other capital” prior to the prospective application of Circular 202 from 1 January 2015 (Note 3(a)(iii)).

(o) Taxation

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

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

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using tax rates enacted or substantively enacted at end of the annual accounting period. Deferred tax is recognised in the consolidated statement of income except to the extent relating to item recognised directly in equity.

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.

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

(p) Revenue

(i) Goods sold

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

For sales of minerals, the sales price is usually determined on a provisional basis at the date of revenue recognition and 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 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 sales recognition is based on the most recently determined product specifications agreed by parties.

(ii) Revenue from tolling business

Tolling process is offered to the Group's worldwide customers of the metal powder business, in which customers deliver used material or metal scraps to the Group for recycling into finished products i.e. metal powder. Revenue from tolling business is recognised in the consolidated statement of income when the goods have been processed and accepted by the buyer. Revenue from tolling business is measured based on the consideration to which the Group expects to be entitled in the contract, including tolling fee and fair value of materials of which its obtained control. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(q) Financial income and financial expenses

(i) Financial income

Financial income comprises interest income from deposits and loans 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.

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

(r) Leases

(i) *Leased 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)(ii).

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

(ii) *Lease payments*

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

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.

(s) **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 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 year of construction are capitalised as part of the cost of the fixed assets concerned.

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

(t) Earnings per share

The Group presents basic and diluted, if any, earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. To determine the profit or loss attributable to ordinary equity holders, profit or loss for the year is allocated to the ordinary shares and participating equity instruments. This allocation is made in accordance with the rights of the other class of shares to participate in distributions if the entire profit or loss were distributed.

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.

(u) 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 format for segment reporting is based on business segments and geographical segments respectively.

(v) 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 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 the shareholders and their ultimate parent companies and their subsidiaries and associates.

(w) 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 period financial statements and are intended to be read only in relation to the amounts and other disclosures relating to the current year. Accordingly, the comparative information included in these consolidated financial statements is not intended to present the Group’s consolidated financial position, results of operation or cash flows for the prior year.

Masan High-Tech Materials 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)

4. Segment reporting

(a) Business segments

The Group comprises the following business segments:

From 1/1/2020 to 31/12/2020	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment revenue	749,991,344	1,505,652,969	4,985,152,820	50,383,525	7,291,180,658
Segment gross profit/(loss)	(258,933,157)	946,641,059	(429,133,271)	(80,615,979)	177,958,652
Unallocated expenses					(508,373,134)
Financial income					646,482,348
Financial expenses					(1,652,967,999)
Share of loss in associates					(29,488,203)
Results from operating activities					(1,366,388,336)
Other income					1,328,986,068
Other expenses					(58,808,571)
Income tax benefit					148,001,797
Net profit after tax					51,790,958

Masan High-Tech Materials 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)*

From 1/1/2019 to 31/12/2019	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment revenue	34,116,482	1,696,168,333	2,898,070,934	77,774,109	4,706,129,858
Segment gross profit/(loss)	6,914,560	1,076,441,562	(240,417,870)	(107,953,692)	734,984,560
Unallocated expenses					(246,789,513)
Financial income					931,680,260
Financial expenses					(1,290,661,189)
Results from operating activities					129,214,118
Other income					1,230,029,410
Other expenses					(893,457,185)
Income tax expenses					(113,392,528)
Net profit after tax					352,393,815

Masan High-Tech Materials 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)

From 1/1/2020 to 31/12/2020	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Capital expenditure	-	-	95,552,600	83,095,789	178,648,389
Unallocated capital expenditure					1,295,588,865
Depreciation and amortisation	13,783,364	68,957,589	468,824,448	87,699,306	639,264,707
Unallocated depreciation and amortisation					917,974,537
Unallocated amortization of prepayment					231,291,861

From 1/1/2019 to 31/12/2019	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Capital expenditure	467,834	85,520	155,979,770	35,436,976	191,970,100
Unallocated capital expenditure					696,253,537
Depreciation and amortisation	14,048,610	71,389,313	114,556,457	92,700,766	292,695,146
Unallocated depreciation and amortisation					913,688,415
Unallocated amortisation of prepayment					190,694,275

Masan High-Tech Materials 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)

(b) Geographical segments

The Group comprises the following geographical segments:

	Vietnam VND'000	Belgium VND'000	Germany VND'000	Japan VND'000	USA VND'000	Singapore VND'000	Others VND'000	Total VND'000
From 1/1/2020 to 31/12/2020								
External revenue	100,310,278	2,168,030,828	721,401,110	592,321,521	614,301,694	-	3,094,815,227	7,291,180,658
Segment assets	31,553,724,237	102,805,243	5,706,084,571	215,265,268	318,909,291	-	2,212,059,204	40,108,847,814
Capital expenditure	1,474,237,254	-	-	-	-	-	-	1,474,237,254

	Vietnam VND'000	Belgium VND'000	Czech Republic VND'000	Japan VND'000	USA VND'000	Singapore VND'000	Others VND'000	Total VND'000
From 1/1/2019 to 31/12/2019								
External revenue	65,355,666	1,616,222,115	225,482,636	945,394,214	616,156,308	104,764,762	1,132,754,157	4,706,129,858
Segment assets	29,522,101,450	97,267,774	1,013,850	45,487,936	12,308,133	-	96,540,738	29,774,719,881
Capital expenditure	888,223,637	-	-	-	-	-	-	888,223,637

Masan High-Tech Materials 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)

5. Business combination

On 9 June 2020 the Group acquired 100% share of H.C. Starck Holding (Germany) GmbH (“HCS”). HCS is a leading manufacturer of high-tech tungsten metal powders and carbides (midstream tungsten products) with 11 subsidiaries operating in Germany, America, Canada, China and Japan.

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

	Pre-acquisition carrying amounts VND’000	Fair value adjustments VND’000	Recognised value on acquisition VND’000
Cash and cash equivalents	940,189,999	-	940,189,999
Inventories – net	1,672,825,666	(27,102,920)	1,645,722,746
Other current assets	1,023,150,088	-	1,023,150,088
Tangible fixed assets – net	1,644,135,046	2,426,234,824	4,070,369,870
Intangible fixed assets – net	68,441,660	3,372,981,832	3,441,423,492
Other long-term asset	509,842,300	199,528,207	709,370,507
Current liabilities	(1,346,965,449)	-	(1,346,965,449)
Long-term liabilities	(5,497,091,306)	(1,671,344,182)	(7,168,435,488)
Non-controlling interests	50,670,274	(99,962,179)	(49,291,905)
Total net identifiable assets and liabilities acquired	(934,801,722)	4,200,335,582	3,265,533,860
Negative goodwill (gain from bargain purchase) on business combination (Note 29)			(1,298,081,205)
Total consideration for business combination (i)			1,967,452,655
<i>Net cash outflow for business combination</i>			
Total consideration for business combination (including transaction cost) (i)			1,967,452,655
Receivable for reduction of purchase price (Note 10)			26,476,816
Total consideration paid			1,993,929,471
Cash increase from business combination			(940,189,999)
Net cash outflow			1,053,739,472

From acquisition date to 31 December 2020 the acquired business contributed revenue of VND3,252,671 million and net loss of VND393,467 million to the Group’s results, excluding the above gain from bargain purchase.

Masan High-Tech Materials 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)

6. Cash and cash equivalents

	31/12/2020 VND'000	1/1/2020 VND'000
Cash on hand	229,529	90,493
Cash in banks	696,047,057	941,356,463
Cash in transit	9,653,700	-
Cash equivalents	56,000,000	781,757,650
	<hr/>	<hr/>
	761,930,286	1,723,204,606
	<hr/>	<hr/>

7. Investments

(a) Held-to-maturity investments

	31/12/2020 VND'000	1/1/2020 VND'000
Short-term deposits	-	5,900,000
Long-term deposits	7,400,000	-
	<hr/>	<hr/>
Held-to-maturity investments	7,400,000	5,900,000
	<hr/>	<hr/>

(b) Investments in associates, joint ventures

The investments in associates, joint-ventures as at 31 December 2020 represent the investment in Jiangwu H.C. Starck Tungsten Products Co. Ltd. – a company incorporated in China as the result of the acquisition of HCS group as described in Note 5. The Group has 30% of interest and voting rights in this entity.

	2020 VND'000
Opening balance	-
Increases from business combination	213,921,246
Share loss in associates	(29,488,203)
Currency translation differences	10,794,825
	<hr/>
Closing balance	195,227,868
	<hr/>

Masan High-Tech Materials 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)

8. Accounts receivable from customers – short-term

Accounts receivable from customers detailed by significant customers

	31/12/2020	1/1/2020
	VND'000	VND'000
<i>Third parties</i>		
Tungsten customers	966,871,809	185,752,001
Fluorspar customers	102,016,555	64,831,341
Copper customers	74,769,087	27,744,460
Bismuth customers	23,036,447	1,941,870
Other customers	-	144,151
	1,166,693,898	280,413,823

9. Loans receivables

Loans receivables – short-term represent loans granted to Masan Group Corporation – the ultimate parent company. The loan is unsecured, receivable in 12 months after drawn down dates and earns interest at the rates agreed in the agreements at the transaction dates.

10. Other short-term and long-term receivables

	31/12/2020	1/1/2020
	VND'000	VND'000
Short-term receivables		
Receivable for mining rights fee (a)	239,835,807	239,835,807
Interest income	19,197,889	1,833,157
Receivable from reduction of purchase price under SPA (c)	26,476,816	-
Others	35,579,024	8,887,410
	321,089,536	250,556,374
Long-term receivables		
Land compensation receivable from Thai Nguyen People's Committee (b)	1,234,392,503	1,249,999,696
Deposit paid to Environment Protection Fund (d)	61,310,120	53,306,374
Others	2,607,828	562,828
	1,298,310,451	1,303,868,898

Masan High-Tech Materials 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)*

- (a) Receivable for mining rights fee (“MRF”) represents additional mining rights fee of the Nui Phao Mining Company Ltd (“NPM”) – a subsidiary for the year 2018 and 2019 and relevant administrative charges that NPM paid to the authorities based on temporary calculation by the General Department of Geology and Minerals (“GDGM”) under the Official Letter No.3724/DCKS-KTDCKS dated 28 December 2018 (“the Official Letter 3724”).

NPM does not agree with the amount and basis of the Official Letter 3724 as the management is of the opinion that it is unreasonable and does not comply with current regulations. For example:

- Based on current regulation, the requirement on MRF payment for the year 2018 has to be notified to NPM before 31 December 2017 (NPM received the notification on 28/12/2018); and
- The price used to calculate the charge for granting mining rights (or mining right fee) is based on the prices to calculate the resource royalty. In accordance with regulations of the Government’s Decree No. 12/2015/ND-CP dated 12 February 2015 and guidance of the Ministry of Finance’s Circular No. 152/2015/TT-BTC dated 2 October 2015 on Royalties, if enterprises extracted natural resources undergo further processing instead of being sold, their price is exclusive of processing cost provided that it must be within the taxable price bracket imposed by the Provincial People’s Committee. NPM’s products are industrial products, for which the taxable price for resource royalty is determined on the basis of the higher of selling price minus (-) processing cost and the taxable price imposed by the Provincial People’s Committee. GDGM did not use the taxable price applied for industrial products, instead they used the taxable price applied for tungsten ore ($0.1\% < \text{WO}_3 < 0.3\%$).

Management believes that it had adequately provided for its liabilities for MRF based on its interpretation of relevant legislation, including regulations on the charge for granting mining rights and regulations on natural resources tax. NPM has made payment for MRF in accordance with Decision 500/QD-BTNMT issued by the Ministry of Natural Resources and Environment (“MONRE”) on 4 March 2015. Therefore, the payment made under Official Letter 3724 has been deemed as receivable from advance payment. NPM has sent letters to different levels of authorities to highlight the issues and seek for proper resolutions. The final outcome may be subject to review and investigation by a number of relevant authorities.

- (b) These represented receivables from State Treasury for the land compensation cost of the Nui Phao Mining Project which was paid to the affected residents at Ha Thuong Commune, Dai Tu District, Thai Nguyen Province. The amount can be netted off against annual land rental fee of future years.
- (c) The amount is receivable from H.C. Starck Group GmbH – the former owner of H.C. Starck Holding (Germany) GmbH under the settlement agreement regarding the joint review process and certain tax claims of seller under the Sales and purchase agreement to acquire HCS under SPA (Note 5). After the joint review in December 2020, two parties agreed to make the adjustment to the total purchase price under the SPA.
- (d) NPM is required to deposit for obligation to mine closure and environment rehabilitation obligation to Environment Protection. In accordance with Decision 1536/QD-BTNMT issued by MONRE dated on 20 June 2019, the mine rehabilitation plan requires deposit amount to be increased to VND123,460 million. On this date, the remaining deposit of VND87,692 million are approved for annual instalment over 10 years from 2019. The future deposit instalment will be based on the annual CPI fluctuation in accordance with Circular 38/2015/TT-BTNMT dated

Masan High-Tech Materials 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)

30 June 2015.

11. Inventories

	31/12/2020		1/1/2020	
	Cost VND'000	Allowance VND'000	Cost VND'000	Allowance VND'000
Goods in transit	71,956,654	-	54,194,593	-
Raw materials	956,039,022	-	237,723,007	-
Tools and supplies	686,047,326	(30,721,208)	572,289,604	-
Work in progress	669,042,621	(25,338,147)	139,145,869	-
Finished goods	2,508,689,741	(32,953,813)	1,259,545,121	-
Merchandise inventories	23,320,446	-	739,273,589	-
Goods on consignment	54,045,838	-	136,852,970	-
	4,969,141,648	(89,013,168)	3,139,024,753	-

Included in inventories at 31 December 2020 was VND30,721 million of tools, VND291,208 million of work in progress and VND1,469,146 million of finished goods (1/1/2020: Nil) carried at net realisable value.

Masan High-Tech Materials 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)

12. Tangible fixed assets

	Buildings and structures VND'000	Machinery and equipment VND'000	Office equipment VND'000	Motor vehicles VND'000	Other mining assets VND'000	Total VND'000
Cost						
Opening balance	4,930,775,651	11,821,423,653	42,227,092	16,186,948	5,095,926,136	21,906,539,480
Increases from business combination	2,636,129,079	4,840,579,656	-	-	-	7,476,708,735
Additions	380	31,603,119	-	-	-	31,603,499
Transfer from construction in progress (Note 14)	200,001,653	647,211,246	706,082	1,104,000	-	849,022,981
Disposals	(19,720,858)	(115,095,369)	-	(807,551)	-	(135,623,778)
Currency translation differences	127,761,931	222,370,577	-	-	-	350,132,508
Closing balance	7,874,947,836	17,448,092,882	42,933,174	16,483,397	5,095,926,136	30,478,383,425
Accumulated depreciation						
Opening balance	1,073,164,994	3,552,372,866	38,295,409	11,603,407	1,127,330,359	5,802,767,035
Increases from business combination	586,645,146	2,819,693,719	-	-	-	3,406,338,865
Charge for the year	346,595,078	846,030,300	1,574,793	2,170,330	212,669,058	1,409,039,559
Disposals	(7,226,526)	(114,095,248)	-	(807,551)	-	(122,129,325)
Currency translation differences	26,263,136	129,271,087	-	-	-	155,534,223
Closing balance	2,025,441,828	7,233,272,724	39,870,202	12,966,186	1,339,999,417	10,651,550,357
Net book value						
Opening balance	3,857,610,657	8,269,050,787	3,931,683	4,583,541	3,968,595,777	16,103,772,445
Closing balance	5,849,506,008	10,214,820,158	3,062,972	3,517,211	3,755,926,719	19,826,833,068

Included in the cost of tangible fixed assets of the Group were assets costing VND73,443 million which were fully depreciated as at 31 December 2020 (1/1/2020: VND49,896 million), but which are still in active use.

At 31 December 2020, tangible fixed assets with carrying value of VND10,832 billion were pledged with banks as security for long-term bonds issued by NPM and the Company (1/1/2020: VND10,977 billion) (Note 20).

Masan High-Tech Materials 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)

13. Intangible fixed assets

	Land VND'000	Software VND'000	Mining rights VND'000	Development cost VND'000	Brand name VND'000	Customer Relationship VND'000	Technologies VND'000	Other intangible fixed assets VND'000	Total VND'000
Cost									
Opening balance	-	108,309,899	588,370,818	-	-	-	-	-	696,680,717
Increases from business combination	68,425,536	286,893,361	-	649,265,674	1,062,970,311	218,306,487	1,466,260,807	25,257,122	3,777,379,298
Additions	-	10,836,616	-	-	-	-	-	-	10,836,616
Transfer from construction in progress (Note 14)	-	3,693,341	-	1,404,438	-	-	-	-	5,097,779
Disposal	-	(746,069)	-	-	-	-	-	-	(746,069)
Currency translation differences	3,548,013	15,830,568	-	35,162,425	57,508,550	11,810,762	79,327,269	1,228,238	204,415,825
Closing balance	71,973,549	424,817,716	588,370,818	685,832,537	1,120,478,861	230,117,249	1,545,588,076	26,485,360	4,693,664,166
Accumulated amortisation									
Opening balance	-	73,423,648	158,120,358	-	-	-	-	-	231,544,006
Increases from business combination	-	280,310,256	-	53,616,472	-	-	-	2,029,078	335,955,806
Charge for the year	-	15,692,012	30,550,328	32,445,109	21,758,309	3,696,804	42,975,821	1,081,302	148,199,685
Disposal	-	(746,069)	-	-	-	-	-	-	(746,069)
Currency translation differences	-	15,185,479	-	3,732,808	557,987	94,804	1,102,105	118,156	20,791,339
Closing balance	-	383,865,326	188,670,686	89,794,389	22,316,296	3,791,608	44,077,926	3,228,536	735,744,767
Net book value									
Opening balance	-	34,886,251	430,250,460	-	-	-	-	-	465,136,711
Closing balance	71,973,549	40,952,390	399,700,132	596,038,148	1,098,162,565	226,325,641	1,501,510,150	23,256,824	3,957,919,399

Included in the cost of intangible fixed assets were assets costing VND15,291 million which were fully amortised as at 31 December 2020 (1/1/2020: VND15,291 million), but which are still in use.

At 31 December 2020, intangible fixed assets with carrying value of VND422 billion were pledged with banks as security for long-term bonds issued by NPM and the Company (1/1/2020: VND465 billion) (Note 20).

Masan High-Tech Materials 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)

14. Construction in progress

	2020 VND'000	2019 VND'000
Opening balance	1,694,487,259	1,429,178,901
Additions during the year	554,779,318	734,397,495
Increases from business combination	112,549,289	-
Transfer to tangible fixed assets (Note 12)	(849,022,981)	(458,284,054)
Transfer to intangible fixed assets (Note 13)	(5,097,779)	(8,402,685)
Transfer to long-term prepaid expenses (Note 15)	(8,934,805)	-
Transfer to short-term prepaid expenses	(37,931,144)	(2,402,398)
Currency translation differences	6,651,072	-
	<hr/>	<hr/>
Closing balance	1,467,480,229	1,694,487,259

During the year, borrowing costs capitalised into construction in progress amounted to VND34 billion (2019: VND55 billion).

As at the reporting date, construction in progress of NPM, which mainly represented land compensation, mine and plant development cost and other capitalised costs pertaining to tailing dams, have been pledged with banks as security for long-term bonds issued by NPM (Note 20(b)).

Major constructions in progress were as follows:

	31/12/2020 VND'000	1/1/2020 VND'000
Land compensation	774,195,509	709,194,565
Site clearance, relocation infrastructure and others	209,074,215	196,250,365
Plant, machinery and equipment	151,254,220	608,943,655
Tailing dams	25,288	30,254,309
Other assets	332,930,997	149,844,365
	<hr/>	<hr/>
	1,467,480,229	1,694,487,259

Masan High-Tech Materials 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)

15. Long-term prepaid expenses

	Prepaid land cost and land compensation costs VND'000	Other mining costs VND'000	Incremental costs of obtaining contract (*) VND'000	Others VND'000	Total VND'000
Opening balance	1,006,778,004	1,563,054,219	-	56,026,360	2,625,858,583
Additions	-	130,679,345	186,387,600	169,718,472	486,785,417
Transfer from construction in progress (Note 14)	-	-	-	8,934,805	8,934,805
Transfer from long-term receivables	15,607,194	-	-	-	15,607,194
Amortisation for the year	(74,060,263)	(112,477,373)	(4,413,765)	(40,340,460)	(231,291,861)
Closing balance	948,324,935	1,581,256,191	181,973,835	194,339,177	2,905,894,138

(*) In September 2020, a subsidiary incurred costs to terminate its long-term offtake agreement with an existing customer in order to obtain a more favourable contract with another. This cost is incremental costs of obtaining contract, thus is capitalised and amortised on a systematic basis consistent with the transfer of the goods under new contract with another customer.

Masan High-Tech Materials 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)

16. Advance from customers – short-term

	31/12/2020	1/1/2020
	VND'000	VND'000
<i>Third parties</i>		
Advance from sales of Fluorspar product (*)	645,340,981	1,073,439,647
Advance from sales of Bismuth product (*)	103,650,397	278,534
Others	206,743,844	31,885,165
	955,735,222	1,105,603,346

(*) Advance from sales of Fluorspar and Bismuth shall be discharged through monthly instalments through subsequent deliveries. Advance from sales of Fluorspar bears prepayment fee based on agreed term and is guaranteed by the intermediate parent company and the ultimate parent company.

T.N.
M.

Masan High-Tech Materials 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)

17. Taxes payable to State Treasury

	1/1/2020 VND'000	Increases from business combination VND'000	Incurred VND'000	Paid/Offset VND'000	Currency translation differences VND'000	31/12/2020 VND'000
Tax payables to Vietnamese State Treasury						
Value added tax	-	-	333,350,890	(333,350,890)	-	-
Import-export tax	-	-	666,641,059	(666,641,059)	-	-
Corporate income tax	134,400,473	-	(3,805,730)	(130,139,941)	-	454,802
Environment protection tax	-	-	28,888,859	(28,888,859)	-	-
Personal income tax	63,044,211	-	139,858,517	(194,121,425)	-	8,781,303
Natural resource tax	-	-	316,951,961	(316,951,961)	-	-
Other taxes	2,276,799	-	24,946,981	(23,360,462)	-	3,863,318
		-				
	199,721,483	-	1,506,832,537	(1,693,454,597)	-	13,099,423
Tax payables to foreign tax authorities						
Corporate income tax	-	92,822,622	24,460,388	(24,452,265)	8,514,328	101,345,073
Other taxes	-	89,618,155	-	(46,698,761)	5,312,891	48,232,285
	-	182,440,777	24,460,388	(71,151,026)	13,827,219	149,577,358
	199,721,483	182,440,777	1,531,292,925	(1,764,605,623)	13,827,219	162,676,781

Masan High-Tech Materials 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)

18. Accrued expenses

	31/12/2020	1/1/2020
	VND'000	VND'000
Operating costs	563,082,117	314,119,079
Accrued interest payable	228,436,211	239,049,922
Accrual for other financing costs	14,691,057	4,181,514
Share issuance fee	42,624,809	-
Consultant fee	42,620,276	983,850
Natural resource taxes and fees	25,766,750	71,039,152
Bonus	15,469,188	59,959,470
Accrual for construction work	10,576,562	14,187,389
Others	1,380,829	1,380,830
	944,647,799	704,901,206

19. Other short-term and long-term payables

Other payables included the following amounts:

	31/12/2020	1/1/2020
	VND'000	VND'000
Short-term:		
Amounts due to Masan Group Corporation		
("MSN") – the ultimate parent company		
Financial expenses – short-term (a)	244,123,839	1,124,123,839
Amounts due to Masan Horizon Company Limited		
("MH") – the immediate parent company		
Non-trade – short-term (b)	2,511,785	2,511,785
Other payable to other parties		
Payable for termination of off-take agreement with customer	47,056,004	-
Other payables – short-term	12,991,835	339,972
	306,683,463	1,126,975,596
Long-term:		
Other payable to other parties		
Other payables – long-term	500,170	-

(a) Under agreement with MSN – the ultimate parent company, these amounts were unsecured, interest-free.

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

Masan High-Tech Materials 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)

20. Borrowings and bonds

(a) Short-term borrowings and bonds

	1/1/2020 Carrying amount and amount within repayment capacity VND'000	Movements during the year			Unrealised foreign exchange differences VND'000	31/12/2020 Carrying amount and amount within repayment capacity VND'000
		Additions VND'000	Payments VND'000	Reclassification from long-term borrowings VND'000		
Short-term borrowings	3,188,857,080	8,050,093,685	(8,070,548,253)	-	(3,758,494)	3,164,644,018
Current portion of long-term bonds (Note 20(b))	4,568,426,661	27,312,927	(4,595,739,588)	998,222,222	-	998,222,222
	7,757,283,741	8,077,406,612	(12,666,287,841)	998,222,222	(3,758,494)	4,162,866,240

Masan High-Tech Materials 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)

Terms and conditions of short-term borrowings at respective reporting dates were as follows:

	Currency	31/12/2020 VND'000	1/1/2020 VND'000
Secured bank loan (i)	USD	1,135,396,849	864,314,359
Secured bank loan (i)	VND	-	150,308,000
Secured bank loan (ii)	VND	895,817,351	1,082,810,380
Secured bank loan (ii)	USD	-	15,908,877
Secured bank loan (iii)	USD	333,766,713	164,877,248
Secured bank loan (iii)	VND	286,954,000	504,905,811
Secured bank loan (iv)	VND	190,352,000	150,245,000
Unsecured bank loan (v)	VND	100,589,728	57,915,778
Unsecured bank loan (v)	USD	96,054,387	155,757,627
Secured bank loan (vi)	USD	125,712,990	41,814,000
		3,164,644,018	3,188,857,080

- (i) The USD and VND denominated loans from a related party bore interest ranging from 3.45% to 4.93% per annum and from 8.70% to 9.52% per annum respectively (1/1/2020: 3.88% - 4.93% and 8.95% - 9.47%). The loan is secured by part of short-term receivables of NPM and 7.19% of the issued shares of the Company held by Masan Horizon Company Limited (“MH”).
- (ii) The loan from a local bank is secured by inventories and part of short-term receivables of NPM. Specific loans drawn down in USD and VND bore interest ranging from 4.5% to 5.5% per annum and from 7.0% to 7.5% per annum, respectively (1/1/2020: 4.5% - 5.5% and 6.8% - 9.5%).
- (iii) Specific loans in USD and VND by MTC – a subsidiary bore interest ranging from 5.1% to 6.1% per annum and from 7.7% to 9.3% per annum, respectively (1/1/2020: 5%-6.3% and 8.3% - 9.6%).
- (iv) Specific loans in VND by NPM – a subsidiary bore interest from 8.4% to 9.6% per annum, respectively (1/1/2020: 6.8%)
- The above loans as in a(iii) and a(iv) from a local bank are secured by 10.01% of the issued shares of the Company held by MH.
- (v) The loan from two branches of a foreign bank in Vietnam by MTC – a subsidiary, is unsecured. Specific drawdown in USD and VND bore interest ranging from 3.08% to 4.57% per annum and from 4.7% to 6.8% per annum, respectively (1/1/2020: 4.5% - 4.6% and 6.8%).
- (vi) The USD denominated loan from a foreign bank is secured by part of short-term receivables and all operating bank accounts of MTC opened at the bank. Specific loans drawn down in USD bore interest ranging from 2.22% to 4.3% per annum (1/1/2020: 3.3% - 3.9%).

Masan High-Tech Materials 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)

(b) Long-term bonds

	31/12/2020 VND'000	1/1/2020 VND'000
Long-term bonds issued	10,218,664,742	9,538,080,318
Repayable within twelve months (Note 20(a))	(998,222,222)	(4,568,426,661)
Repayable after twelve months	9,220,442,520	4,969,653,657

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

	Year of maturity	31/12/2020 VND'000	1/1/2020 VND'000
Secured bond issued	2020	-	3,570,177,119
Secured bond issued	2020	-	998,249,542
Secured bond issued (a)	2023	497,829,434	496,989,214
Secured bond issued (b)	2021	998,222,222	995,555,556
Secured bond issued (c)	2023	1,493,200,000	1,490,800,000
Secured bond issued (d)	2024	497,186,709	496,533,333
Secured bond issued (e)	2022	298,874,684	298,133,333
Secured bond issued (f)	2022	199,202,900	198,711,110
Secured bond issued (g)	2024	497,333,333	496,533,333
Secured bond issued (h)	2022	99,488,774	99,288,889
Secured bond issued (i)	2022	189,028,670	188,648,889
Secured bond issued (j)	2022	209,000,349	208,460,000
Secured bond issued (k)	2023	1,577,600,000	-
Secured bond issued (l)	2023	986,000,000	-
Secured bond issued (m)	2023	689,638,629	-
Secured bond issued (n)	2023	993,333,333	-
Secured bond issued (o)	2023	992,725,705	-
		10,218,664,742	9,538,080,318

These secured bonds in the consolidated financial statements were reported net of bond arrangement fees.

- (a) The VND denominated bonds issued by NPM 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 proceeds were used by NPM and secured by 4.70% of the issued shares of the Company held by MH.

Masan High-Tech Materials 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)*

- (b) The VND denominated 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 certain long term assets of NPM (Note 12, Note 13 and Note 14).
- (c) The VND denominated 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 14.09% of issued shares of the Company held by MH and a part of certain long-term assets of NPM (Note 12, Note 13 and Note 14).
- (d) The VND denominated bonds issued by NPM with a five-year term bore 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 5.06% of issued shares of the Company held by MH.
- (e) The VND denominated bonds issued by NPM with a three-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 3.1%. The bond was secured by 2.84% of issued shares of the Company held by MH.
- (f) The VND denominated bonds issued by NPM with a three-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 3.1%. The bond was secured by 1.89% of issued shares of the Company held by MH.
- (g) The VND denominated bonds issued by the Company with a five-year term bore 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 5.06% of issued shares of the Company held by MH and a part of certain long-term assets of NPM (Note 12, Note 13 and Note 14).
- (h) The VND denominated bonds issued by NPM with a three-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 3.1%. The bond was secured by 1.22% of issued shares of the Company held by MH.
- (i) The VND denominated bonds issued by NPM with a three-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 3.1%. The bond was secured by 2.31% of issued shares of the Company held by MH and a part of certain long-term assets of NPM (Note 12, Note 13 and Note 14).

Masan High-Tech Materials 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)

- (j) The VND denominated bonds issued by NPM with a three-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 3.1%. The bond was secured by 2.48% of issued shares of the Company held by MH.
- (k) The VND denominated bonds issued by NPM with a three-year term bear 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 3.2%. The bond was guaranteed by Masan Group Corporation – the ultimate parent company and secured by a part of certain long-term assets of NPM (Note 12, Note 13 and Note 14).
- (l) The VND denominated bonds issued by NPM with a three-year term bear 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 3.2%. The bond was guaranteed by Masan Group Corporation – the ultimate parent company and secured by a part of certain long-term assets of NPM (Note 12, Note 13 and Note 14).
- (m) The VND denominated bonds issued by NPM with a three-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 3.2%. The bond was guaranteed by Masan Group Corporation – the ultimate parent company and secured by a part of certain long-term assets of NPM (Note 12, Note 13 and Note 14).
- (n) The VND denominated bonds issued by NPM with a three-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 3.1%. The bond was secured by 12.38% of the issued share of the Company held by MH.
- (o) The VND denominated bonds issued by NPM with a three-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 3.1%. The bond was secured by 12.38% of the issued share of the Company held by MH.

These secured bonds were reported net of bond arrangement fees.

The representatives of the bondholders of bonds in all disclosed notes above are Techcom Securities JSC – the ultimate parent company's associate.

Masan High-Tech Materials 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)

21. Deferred tax assets, liabilities and unrecognised deferred tax assets

(a) Recognised deferred tax assets and liabilities

	Tax rate	31/12/2020 VND'000	1/1/2020 VND'000
Deferred tax assets:			
Remeasurement of provision for pension liabilities	30%	1,281,357,440	-
Fair value adjustment of other asset from business combination (*)	15% - 30%	(520,258,159)	-
Tax losses carry-forwards	30%	187,383,399	-
Accruals and provisions (*)	30%	(275,044,687)	-
Pre-existing relationship - Benefit from contract with NPM	30%	20,045,683	-
		693,483,676	-
Deferred tax liabilities:			
Mineral reserves and mineral resources	15%	552,077,034	583,078,428
Unrealized loss on intra-group transactions	10% - 15%	45,054,074	3,900,260
Newly identified intangible assets from business combination	25% - 30%	1,010,890,563	-
Fair value adjustment of other asset from business combination	15% - 30%	162,647,075	-
Accruals and provisions	30%	16,752,855	-
Others	30%	55,411,934	-
		1,842,833,535	586,978,688

(*) Deferred tax assets and liabilities includes items mainly arose from HCS and its subsidiaries. These items were presented on a net basis because the subsidiaries have a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authorities on the same taxable entities.

Masan High-Tech Materials 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)

(b) Movement in temporary differences during the year

	1/1/2020 VND'000	Increases from business combination (Note 5) VND'000	Recognised in consolidated statement of income VND'000	Recognised in equity VND'000	31/12/2020 VND'000
Mineral reserves and mineral resources	(583,078,428)	-	31,001,394	-	(552,077,034)
Unrealized loss on intra-group transactions	(3,900,260)	-	(41,153,814)	-	(45,054,074)
Pre-existing relationship asset	-	22,384,346	(2,338,663)	-	20,045,683
Remeasurement of provision for pension liabilities (**)	-	1,163,407,482	-	117,949,958	1,281,357,440
Tax losses carry-forwards	-	38,391,743	143,767,487	5,224,169	187,383,399
Accruals and provisions	-	(267,482,770)	2,590,356	(26,905,128)	(291,797,542)
Newly identified intangible from business combination	-	(951,280,572)	26,022,880	(85,632,871)	(1,010,890,563)
Fair value adjustment of other asset from business combination	-	(667,132,172)	25,276,373	(41,049,435)	(682,905,234)
Others	-	(42,865,105)	(16,509,558)	3,962,729	(55,411,934)
	(586,978,688)	(704,577,048)	168,656,455	(26,450,578)	(1,149,349,859)

(**) 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(1), these amounts are recognised in equity under the caption "Other equity funds" in accordance with a ruling from the Ministry of Finance.

Masan High-Tech Materials 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)

22. Provisions – long-term

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

	Mine rehabilitation VND'000	Mining rights VND'000	Pensions VND'000	Total VND'000
Opening balance	99,121,941	429,781,166	-	528,903,107
Increases from business combination	-	-	5,946,290,580	5,946,290,580
Provision made during the year	4,678,557	33,613,058	71,885,161	110,176,776
Remeasurement of provision for pensions (*)	-	-	514,337,973	514,337,973
Provision used during the year	-	(73,145,651)	(142,227,470)	(215,373,121)
Currency translation differences	-	-	573,041,087	573,041,087
Closing balance	103,800,498	390,248,573	6,963,327,331	7,457,376,402

(*) As explained in Note 3(1) , 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.

Masan High-Tech Materials 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)*

23. Changes in equity

	Share capital VND'000	Share premium VND'000	Other capital VND'000	Foreign exchange differences VND'000	Other equity funds VND'000	Undistributed profit after tax VND'000	Equity attributable to equity holders of the Company VND'000	Non-controlling interest VND'000	Total equity VND'000
Balance at 1 January 2019	8,993,091,220	145,709,384	(295,683,347)	-	-	3,282,836,988	12,125,954,245	-	12,125,954,245
Net profit for the year	-	-	-	-	-	352,393,815	352,393,815	-	352,393,815
Bonus share issuance	899,307,560	-	-	-	-	(899,307,560)	-	-	-
Acquisition of NCI	-	-	-	-	-	(8,525,794)	(8,525,794)	-	(8,525,794)
Balance at 1 January 2020	9,892,398,780	145,709,384	(295,683,347)	-	-	2,727,397,449	12,469,822,266	-	12,469,822,266
Net profit for the year	-	-	-	-	-	39,195,963	39,195,963	12,594,995	51,790,958
Increases from business combination (Note 5)	-	-	-	-	-	-	-	49,291,905	49,291,905
New shares issuance	1,099,155,420	995,175,317	-	-	-	-	2,094,330,737	-	2,094,330,737
Transaction fee for new shares issuance	-	(42,624,809)	-	-	-	-	(42,624,809)	-	(42,624,809)
Remeasurement of provision for pensions	-	-	-	-	(358,967,342)	-	(358,967,342)	-	(358,967,342)
Foreign exchange differences	-	-	-	(189,058,584)	-	-	(189,058,584)	4,955,904	(184,102,680)
Balance at 31 December 2020	10,991,554,200	1,098,259,892	(295,683,347)	(189,058,584)	(358,967,342)	2,766,593,412	14,012,698,231	66,842,804	14,079,541,035

Masan High-Tech Materials 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)

24. Share capital

The Company's authorised and issued share capital comprised:

	31/12/2020		1/1/2020	
	Number of shares	VND'000	Number of shares	VND'000
Authorised share capital	1,099,155,420	10,991,554,200	989,239,878	9,892,398,780
Issued share capital				
Ordinary shares	1,099,155,420	10,991,554,200	989,239,878	9,892,398,780
Shares in circulation				
Ordinary shares	1,099,155,420	10,991,554,200	989,239,878	9,892,398,780
Share premium	-	1,098,259,892	-	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.

Movements in share capital during the year were as follows:

	2020		2019	
	Number of shares	VND'000	Number of shares	VND'000
Balance at the beginning of the year	989,239,878	9,892,398,780	899,309,122	8,993,091,220
Bonus shares issuance during the year	-	-	89,930,756	899,307,560
Ordinary shares issued during the year (*)	109,915,542	1,099,155,420	-	-
Balance at the end of the year	1,099,155,420	10,991,554,200	989,239,878	9,892,398,780

(*) On 26 October 2020, the Company signed share subscription agreement with Mitsubishi Material Corporation (the Investor) to issues 109,915,542 of ordinary shares for the total consideration of VND2,094,330,737,268. In relation to this transaction, the Company also granted a put option to the Investor under which the put option will be exercised in the event that (i) the Company and the Investor (or their affiliate) fail to establish a joint operation of midstream tungsten business within 18 months after the closing date of share issuance or (ii) a change in control in the Company. The put price is at the amount equal to the purchase price in VND less the aggregate of any proceeds received by the Investor from disposing the Company's shares, dividends and compensations received by the

Masan High-Tech Materials 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)

Investor, subject to customary adjustment from dilutive events. The deadline to close the put option is 18 months from the date that the Company receives put option notice from the Investor. The exercise of the put option will be subject to approval of Board of Directors, shareholders and Vietnamese regulators.

The share issuance was completed on 24 November 2020 and all expected shares were distributed and all considerations were received. After completion of this transaction, the Investor holds 10% of the Company's equity interest. The proceeds from new shares issuance transactions shall be used for enhanced financial capability, expanded operation scale and increased competitiveness, forming a basic for the sustainable development, safety and efficiency of the Company and/or its subsidiaries through capital injection by the Company to its subsidiaries.

25. Off balance sheet items

(a) Lease

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

	31/12/2020	1/1/2020
	VND'000	VND'000
Within one year	16,497,931	2,145,000
Within two to five years	16,599,443	-
	<hr/>	<hr/>
	33,097,374	2,145,000
	<hr/>	<hr/>

(b) Foreign currencies

	31/12/2020		1/1/2020	
	Original currency	VND'000 equivalent	Original currency	VND'000 equivalent
USD	12,139,880.37	279,035,150	30,746,796	710,558,466
EUR	10,166,623.19	285,438,113	-	-
JPY	149,538,241.00	33,004,585	-	-
CNY	10,586,982.83	36,747,417	-	-
CAD	763,488.94	13,650,419	-	-
	<hr/>		<hr/>	

Masan High-Tech Materials 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)

(c) Bad debts written off

	31/12/2020	1/1/2020
	VND'000	VND'000
Bad debts written off	21,507,965	21,507,965

(d) Capital expenditure commitments

As at 31 December 2020 the Group had the following outstanding capital commitments approved but not provided for in the balance sheet:

	31/12/2020	1/1/2020
	VND'000	VND'000
Approved but not contracted	176,985,972	1,040,288
Approved and contracted	85,765,512	14,594,996
	262,751,484	15,635,284

(e) Final sales pricing adjustment

As disclosed in Note 3(p), the Group 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. Such revenue is subject to adjustment at the final pricing date subsequent to balance sheet date.

There is no revenue recognised on a provisional basis as at 31 December 2020 (1/1/2020: VND301 billion).

26. Revenue from sales of goods and provision of services

Total revenue represents the gross value of goods sold and services rendered exclusive of value added tax and export tax.



Masan High-Tech Materials 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)

27. Financial income

	2020	2019
	VND'000	VND'000
Call option fee	406,473,000	-
Settlement of past interest expenses from the arbitration settlement	-	809,725,000
Foreign exchange gains	187,623,389	78,308,024
Interest income from deposit and loans	52,304,346	39,037,312
Others	81,613	4,609,924
	<hr/>	<hr/>
	646,482,348	931,680,260
	<hr/>	<hr/>

28. Financial expenses

	2020	2019
	VND'000	VND'000
Interest expense	1,199,925,907	1,079,224,166
Borrowing fees	78,922,551	82,295,440
Foreign exchange losses	230,948,527	54,140,686
Others	143,171,014	75,000,897
	<hr/>	<hr/>
	1,652,967,999	1,290,661,189
	<hr/>	<hr/>

29. Other income

	2020	2019
	VND'000	VND'000
Gain from bargain purchase from business combination (Note 5)	1,298,081,205	-
Other compensation from the arbitration settlement	-	1,212,834,666
Gain on disposal of fixed assets	12,478,204	9,741,897
Gain on scrap sales	1,462,130	977,273
Other	16,964,529	6,475,574
	<hr/>	<hr/>
	1,328,986,068	1,230,029,410
	<hr/>	<hr/>

Masan High-Tech Materials 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)

30. Other expenses

	2020	2019
	VND'000	VND'000
Tax penalties	9,370,848	32,904,728
Loss from disposal of fixed assets	8,776,981	-
Other expenses from the arbitration settlement	-	522,246,200
Cancellation of past sales of claim	-	256,200,000
Compensation for cancellation of sales of claims	-	74,736,877
Others	40,660,742	7,369,380
	<hr/>	<hr/>
	58,808,571	893,457,185
	<hr/>	<hr/>

31. Income tax

(a) Recognised in the consolidated statement of income

	2020	2019
	VND'000	VND'000
Current tax expense		
Current year	24,879,988	128,366,030
(Over)/under provision for prior years	(4,225,330)	10,196,118
	<hr/>	<hr/>
	20,654,658	138,562,148
Deferred tax benefit		
Origination and reversal of temporary differences	(168,656,455)	(25,169,620)
	<hr/>	<hr/>
Income tax (benefit)/expenses	(148,001,797)	113,392,528
	<hr/>	<hr/>



Masan High-Tech Materials 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)

(b) Reconciliation of effective tax rate

	2020 VND'000	2019 VND'000
(Loss)/profit before tax	(96,210,839)	465,786,343
Tax at the Company tax rate	(19,242,167)	93,157,269
Non-deductible expenses	7,151,662	21,340,103
Tax incentives	-	(32,286,329)
Effect of different tax rates in subsidiaries	7,635,516	1,762,922
Tax exempt income	(259,616,241)	-
(Over)/under provision for prior years	(4,225,330)	10,196,118
Change in unrecognised deferred tax assets arise from temporary differences	120,294,763	19,222,445
	<u>(148,001,797)</u>	<u>113,392,528</u>

(c) Applicable tax rates

The Company has an obligation to pay the government corporate income tax at the rate of 20% of taxable profits. The Company's subsidiaries have obligation to pay the government income tax in accordance with the prevailing regulations. The Company's subsidiaries enjoy various tax incentives which provide subsidiaries with further tax exemption and reductions as follow:

- MTC – a subsidiary enjoys income tax incentives applicable for high-tech investment project under Vietnamese current tax regulations.
- NPM – a subsidiary enjoys income tax incentives applicable for mining and processing activities for mineral products other than gold in areas with extremely difficult socio-economic conditions under Vietnamese current tax regulations.

All of the above tax exemption and reduction are not applicable to other income which is taxed at the standard income tax rate applicable to enterprises before any incentives of 20%.

HCS and its subsidiaries are based mainly in Germany, Canada, China.

- Companies based in Germany with legal form of corporation are subject to corporation tax of 15% and are then subject to a surcharge of 5.5% (solidarity surcharge). This results in a total tax rate of 15.825%. These companies are also subject to the Trade tax which is a combination of a uniform tax rate of 3.5% (base rate) multiple with municipal tax rate depending on where the companies' permanent establishment located. The corporate income tax rate are the sum of total rate and the trade tax, which is approximately 30% on average;
- H.C. Starck Jiangwu Tungsten Specialities (Ganzhou), Co., Ltd is subject to corporate income tax of 15% applicable to foreign investment production enterprise and established in Ganzhou, Jiangxi Province of People's Republic of China;
- H.C. Starck Canada Inc. is subject to corporate income tax rate applicable to Canadian enterprise of approximately 25%.

Masan High-Tech Materials 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)

(d) Tax contingencies

The taxation laws and their application in some countries where the Company and its subsidiaries operate were subject to interpretation and may change over time. 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 had adequately provided for tax liabilities based on its interpretation of tax and legislation, including on transfer pricing requirements and computation of corporate income tax and deferred tax liabilities. However, the relevant authorities may have different interpretations.

32. Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2020 was based on the profit attributable to ordinary shareholders of VND39,196 million (2019: VND352,394 million) and a weighted average number of ordinary shares outstanding of 1,000,651,874 shares (2019: 989,239,878 shares), calculated as follows:

(a) Net profit attributable to shareholders

	2020 VND'000	2019 VND'000
Net profit for the year	51,790,958	352,393,815
Non-controlling interest	(12,594,995)	-
	<hr/>	<hr/>
Net profit attributable to ordinary shareholders	39,195,963	352,393,815

(b) Weighted average number of shares

	2020	2019
Issued ordinary shares at the beginning of the year	989,239,878	899,309,122
Effect of bonus shares issued on 18 November 2019	-	89,930,756
Effect of shares issued on 24 November 2020	11,411,996	-
	<hr/>	<hr/>
Weighted average number of ordinary shares for the year ended 31 December	1,000,651,874	989,239,878

(c) Diluted earnings per share

The Company has no dilutive potential ordinary shares.



Masan High-Tech Materials 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)

33. Significant transactions with related parties

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

(a) Related party balances

As at and for the year ended 31 December 2020, the Group has current and term deposit accounts at Vietnam Technological and Commercial Joint Stock Bank (“TCB”) at normal commercial terms.

As at 31 December 2020, associates of the ultimate parent company and the ultimate parent company held VND161,807 million (1/1/2020: VND319,180 million) and Nil (1/1/2020: VND1,250,000 million) of the issued bonds of the Group respectively.

(b) Related party transactions

Related Party	Nature of transactions	2020 VND'000	2019 VND'000
Ultimate parent company			
Masan Group	Bond interest	-	120,429,756
Corporation (“MSN”)	Borrowings received	2,181,000,000	-
	Borrowings repaid	(2,181,000,000)	-
	Interest expense	13,773,529	-
	Loan granted	1,923,753,425	1,000,000,000
	Loan collected	(1,780,273,973)	-
	Interest income from loan granted	46,098,803	-
	Ultimate parent company’s associate		
TCB and its subsidiaries	Interest expense and borrowing fees	91,904,512	73,109,464
	Borrowings received	38,823,600	1,367,341,337
	Borrowings repaid	1,777,789,296	1,498,587,983
	Bond proceeds received (i)	5,300,138,629	2,000,000,000
	Bond repurchased	1,900,979,224	-
	Bond related fees paid	-	18,550,000
Ultimate parent company’s subsidiary			
Masan Consumer Corporation	Purchase of goods	1,370,253	1,352,168
	Purchase of services	1,273,609	2,509,043
Masan Horizon Company Limited	Fees paid on behalf by NPM	-	2,050,559
	Cancellation of sales of claims	-	256,200,000
	Compensation for cancellation of sales of claims	-	74,936,877

Masan High-Tech Materials 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)

Related Party	Nature of transactions	2020 VND'000	2019 VND'000
Key management personnel			
	Salary, bonus and other benefits (ii)	25,157,139	31,123,186
Board of Directors (“BOD”)			
Member of BOD	Purchase of goods from a related company of a member of BOD (iii)	-	725,041,695

- (i) The bonds are listed and sold to a broader group of investors pursuant to arrangement agreements.
- (ii) No board fees were paid to Board of Directors members for the year ended 31 December 2020 and 31 December 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 General Director during the year ended 31 December 2020 was as follows:

Name	Position	VND'000
Board of Management		
Mr. Danny Le	Chairman	-
Mr. Nguyen Thieu Nam	First Vice Chairman	-
Mr. Nguyen Van Thang	Member	-
Mr. Craig Richard Bradshaw	Member	-
General Director		
Mr. Craig Richard Bradshaw	General Director (*)	25,157,139

- (*) Salary and bonus for the General Director of the Company for the year ended 31 December 2020 and 31 December 2019 are paid out by a subsidiary of the Company.
- (iii) In 2018, NPM has sold goods to a related company of a member of Member Council of NPM, also a member of BOD of the Company, and subsequently in 2019, NPM has purchased such goods from such related company. The transaction was approved by the Member Council of NPM on 25 March 2019.



Masan High-Tech Materials 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)

34. Comparative information

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

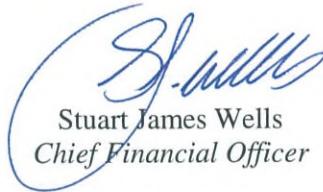
5 March 2021

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Stuart James Wells
Chief Financial Officer

Approved by:



CÔNG TY
CỔ PHẦN
MASAN
HIGH-TECH
MATERIALS

Craig Richard Bradshaw
General Director



889-C
TY
AN
N
ECH
ALS
CHIN



T.C.P. HNH



CH