



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

Consolidated quarterly financial statements
for the period ended 30 September 2020

Masan High-Tech Materials Corporation Corporate Information

Enterprise Registration

Certificate No. 0309966889 27 April 2010

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

Investment Certificate No. 41122000131 2 August 2013

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

Board of Directors

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

Board of Management

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

Registered Office

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

Masan High-Tech Materials Corporation and its subsidiaries
Balance sheets as at 30 September 2020

Form B 01a – DN/HN

(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

| | Code | Note | 30/9/2020 VND'000 | 1/1/2020 VND'000 |
|--|------------|----------|----------------------|----------------------|
| ASSETS | | | | |
| Current assets (100 = 110 + 120 + 130 + 140 + 150) | 100 | | 8,401,537,568 | 7,581,595,985 |
| Cash and cash equivalents | 110 | 6 | 574,727,150 | 1,723,204,606 |
| Cash | 111 | | 565,927,150 | 941,446,956 |
| Cash equivalents | 112 | | 8,800,000 | 781,757,650 |
| Short-term financial investments | 120 | | - | 5,900,000 |
| Held to maturity investments | 123 | | - | 5,900,000 |
| Accounts receivable – short-term | 130 | | 2,009,698,129 | 1,735,574,636 |
| Accounts receivable from customers | 131 | | 980,053,523 | 280,413,823 |
| Prepayments to suppliers | 132 | | 131,603,558 | 204,604,439 |
| Loan receivables | 135 | 7 | 399,479,452 | 1,000,000,000 |
| Other receivables | 136 | 8 | 498,561,596 | 250,556,374 |
| Inventories | 140 | 9 | 4,511,987,186 | 3,139,024,753 |
| Inventories | 141 | | 4,544,302,290 | 3,139,024,753 |
| Allowance for inventories | 149 | | (32,315,104) | - |
| Other current assets | 150 | | 1,305,125,103 | 977,891,990 |
| Short-term prepaid expenses | 151 | | 79,456,935 | 41,186,774 |
| Deductible value added tax | 152 | | 1,166,862,791 | 936,705,216 |
| Taxes and other receivables from State Treasury | 153 | | 58,805,377 | - |

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

Masan High-Tech Materials Corporation and its subsidiaries
Consolidated balance sheets as at 30 September 2020 (continued)

Form B 01a – DN/HN

(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

| | Code | Note | 30/9/2020 VND'000 | 1/1/2020 VND'000 |
|---|------------|------|-----------------------|-----------------------|
| Long term assets (200 = 210 + 220 + 240 + 250 + 260) | 200 | | 30,233,077,354 | 22,193,123,896 |
| Accounts receivable – long-term | 210 | | 1,300,092,966 | 1,303,868,898 |
| Other long-term receivables | 216 | 8 | 1,300,092,966 | 1,303,868,898 |
| Fixed assets | 220 | | 23,449,746,182 | 16,568,909,156 |
| Tangible fixed assets | 221 | 10 | 19,726,251,304 | 16,103,772,445 |
| Cost | 222 | | 29,834,375,248 | 21,906,539,480 |
| Accumulated depreciation | 223 | | (10,108,123,944) | (5,802,767,035) |
| Finance lease tangible fixed assets | 224 | 11 | - | - |
| Cost | 225 | | 67,300,000 | 67,300,000 |
| Accumulated depreciation | 226 | | (67,300,000) | (67,300,000) |
| Intangible fixed assets | 227 | 12 | 3,723,494,878 | 465,136,711 |
| Cost | 228 | | 4,381,738,521 | 696,680,717 |
| Accumulated amortisation | 229 | | (658,243,643) | (231,544,006) |
| Long-term work in progress | 240 | | 1,586,796,676 | 1,694,487,259 |
| Construction in progress | 242 | 13 | 1,586,796,676 | 1,694,487,259 |
| Long-term financial investments | 250 | | 203,495,125 | - |
| Investment in associates and joint venture | 252 | | 196,095,125 | - |
| Held to maturity investments | 255 | | 7,400,000 | - |
| Other long-term assets | 260 | | 3,692,946,405 | 2,625,858,583 |
| Long-term prepaid expenses | 261 | 14 | 2,717,381,449 | 2,625,858,583 |
| Deferred tax assets | 262 | | 975,564,956 | - |
| TOTAL ASSETS (270 = 100 + 200) | 270 | | 38,634,614,922 | 29,774,719,881 |

Masan High-Tech Materials Corporation and its subsidiaries
Consolidated balance sheets as at 30 September 2020 (continued)

Form B 01a – DN/HN

(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

| | Code | Note | 30/9/2020 VND'000 | 1/1/2020 VND'000 |
|---|------------|-----------|-----------------------|-----------------------|
| RESOURCES | | | | |
| LIABILITIES (300 = 310 + 330) | 300 | | 26,346,423,303 | 17,304,897,615 |
| Current liabilities | 310 | | 8,235,629,880 | 11,219,362,163 |
| Accounts payable to suppliers | 311 | | 775,329,684 | 324,870,571 |
| Advances from customers | 312 | | 606,984,865 | 1,105,603,346 |
| Taxes payable to State Treasury | 313 | 15 | 204,837,626 | 199,721,483 |
| Payables to employees | 314 | | 2,351,561 | 6,220 |
| Accrued expenses | 315 | 16 | 787,256,891 | 704,901,206 |
| Other short-term payables | 319 | 17 | 604,612,215 | 1,126,975,596 |
| Short-term borrowings and financial lease liabilities | 320 | 18(a) | 4,829,636,388 | 7,757,283,741 |
| Provisions - short-term | 321 | | 424,620,650 | - |
| Long-term liabilities | 330 | | 18,110,793,423 | 6,085,535,452 |
| Other long-term payables | 337 | | 549,805 | - |
| Long-term borrowings, bonds and financial lease liabilities | 338 | 18(b) | 9,219,049,523 | 4,969,653,657 |
| Deferred tax liabilities | 341 | 19 | 2,155,363,016 | 586,978,688 |
| Provisions – long-term | 342 | 20 | 6,735,831,079 | 528,903,107 |
| EQUITY (400 = 410) | 400 | | 12,288,191,619 | 12,469,822,266 |
| Equity | 410 | 21 | 12,288,191,619 | 12,469,822,266 |
| Share capital | 411 | 22 | 9,892,398,780 | 9,892,398,780 |
| - Ordinary shares with voting rights | 411a | | 9,892,398,780 | 9,892,398,780 |
| Share premium | 412 | 22 | 145,709,384 | 145,709,384 |
| Other capital | 414 | | (295,683,347) | (295,683,347) |
| Foreign exchange differences | 417 | | (239,023,537) | - |
| Undistributed profit after tax | 421 | | 2,795,864,945 | 2,727,397,449 |
| - Undistributed profit brought forward | 421a | | 2,727,397,449 | 2,375,003,634 |
| - Undistributed (loss)/profit for the current year | 421b | | 68,467,496 | 352,393,815 |
| Non-controlling interest | 429 | | (11,074,606) | - |
| TOTAL RESOURCES (440 = 300 + 400) | 440 | | 38,634,614,922 | 29,774,719,881 |

30 October 2020

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Stuart James Wells
Chief Financial Officer



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

Masan High-Tech Materials Corporation and its subsidiaries
Consolidated statements of income for the period ended 30 September 2020

Form B 02a – DN/HN

(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

| | Code | Note | From 1/7/2020 to 30/9/2020 VND'000 | From 1/7/2019 to 30/9/2019 VND'000 | From 1/1/2020 to 30/9/2020 VND'000 | From 1/1/2019 to 30/9/2019 VND'000 |
|--|-----------|------|--|--|--|--|
| Revenue from sales of goods | 01 | 24 | 2,507,334,100 | 995,262,050 | 5,078,846,339 | 3,685,275,331 |
| Revenue deductions | 02 | | 4,388,538 | - | 5,658,460 | - |
| Net revenue (10 = 01 - 02) | 10 | | 2,502,945,562 | 995,262,050 | 5,073,187,879 | 3,685,275,331 |
| Cost of sales | 11 | | 2,405,216,642 | 1,030,391,909 | 4,889,726,217 | 3,009,268,638 |
| Gross profit/(loss) (20 = 01 - 11) | 20 | | 97,728,920 | (35,129,859) | 183,461,662 | 676,006,693 |
| Financial income | 21 | 25 | 79,193,274 | 694,125,911 | 587,748,053 | 732,857,842 |
| Financial expenses | 22 | 26 | 429,502,718 | 347,137,205 | 1,199,207,140 | 986,895,276 |
| Loss sharing in jointly controlled entities and associates | 24 | | (12,962,039) | - | (13,194,137) | - |
| Selling expenses | 25 | | 63,659,195 | 31,051,789 | 140,637,450 | 80,122,297 |
| General and administration expenses | 26 | | 190,298,464 | 27,215,366 | 267,682,833 | 77,929,715 |
| Net operating (loss)/ profit (30 = 20 + 21 - 22 - 25 - 26) | 30 | | (519,500,222) | 253,591,692 | (849,511,845) | 263,917,247 |
| Other income | 31 | 27 | 902,748,140 | 1,216,923,808 | 907,281,700 | 1,218,012,553 |
| Other expenses | 32 | | 10,269,365 | 899,211,354 | 33,040,584 | 911,093,447 |
| Results of other activities (40 = 31 - 32) | 40 | | 892,478,775 | 317,712,454 | 874,241,116 | 306,919,106 |
| Accounting profit before tax (50 = 30 + 40) | 50 | | 372,978,553 | 571,304,146 | 24,729,271 | 570,836,353 |
| Income tax expense – current | 51 | | (45,455,490) | 104,498,964 | 1,271,472 | 116,224,858 |
| Income tax benefit – deferred | 52 | | (37,028,363) | (4,199,678) | (39,357,349) | (17,946,242) |
| Net profit after tax (60 = 50 – 51 - 52) (carried to next page) | 60 | | 455,462,406 | 471,004,860 | 62,815,148 | 472,557,737 |

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

Masan High-Tech Materials Corporation and its subsidiaries
Consolidated statements of income for the period ended 30 September 2020 (continued)

Form B 02a – DN/HN

(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

| | Code | Note | From 1/7/2020 to 30/9/2020 VND'000 | From 1/7/2019 to 30/9/2019 VND'000 | From 1/1/2020 to 30/9/2020 VND'000 | From 1/1/2019 to 30/9/2019 VND'000 |
|--|-----------|------|--|--|--|--|
| Net profit after tax (60 = 50 – 51 - 52) (brought from previous page) | 60 | | 455,462,406 | 471,004,860 | 62,815,148 | 472,557,737 |
| Net profit/(loss) attributable to: | | | | | | |
| Equity holders of the Company | 61 | | 457,878,903 | 471,004,860 | 68,467,496 | 472,557,737 |
| Non-controlling interest | 62 | | (2,416,497) | - | (5,652,348) | - |
| Earnings per share | | | VND | VND | VND | VND |
| Basic earnings per share | 70 | 28 | 463 | (Restated) 476 | 69 | (Restated) 478 |

30 October 2020

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Stuart James Wells
Chief Financial Officer

Approved by:



Craig Richard Bradshaw
General Director

Masan High-Tech Materials Corporation and its subsidiaries
Consolidated statements of cash flows for the period ended 30 September 2020
(Indirect method)

Form B 03a – DN/HN
(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

| | Code | From 1/1/2020 to 30/9/2020 VND'000 | From 1/1/2019 to 30/9/2019 VND'000 |
|--|-----------|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | 01 | 24,729,271 | 570,836,353 |
| Adjustments for | | | |
| Depreciation and amortisation | 02 | 1,089,009,809 | 915,246,422 |
| Negative goodwill arising from business combination | 02 | (880,818,280) | - |
| Allowances and provisions | 03 | (344,343,584) | 29,499,667 |
| Exchange loss arising from revaluation of monetary items denominated in foreign currencies | 04 | 11,652,293 | (7,341,472) |
| Profits from investing activities | 05 | 4,980,931 | (11,328,460) |
| Interest expense and borrowing fees | 06 | 954,930,072 | 862,255,610 |
| Operating profit before changes in working capital | 08 | 860,140,512 | 2,359,168,120 |
| Change in receivables and other current assets | 09 | (93,340,473) | 226,198,801 |
| Change in inventories | 10 | 318,818,726 | (1,314,201,134) |
| Change in payables and other liabilities | 11 | (742,272,811) | 538,584,882 |
| Change in prepaid expenses | 12 | (16,330,945) | (32,447,833) |
| | | 324,995,376 | 1,777,302,836 |
| Interest paid | 14 | (889,236,610) | (885,718,876) |
| Income tax paid | 15 | (105,872,183) | (39,134,370) |
| Net cash flows from operating activities | 20 | (668,093,784) | 852,449,590 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for additions to fixed assets and other long-term assets | 21 | (1,246,967,611) | 428,828,422 |
| Proceeds from disposals of fixed assets and other long-term assets | 22 | 481,818 | 977,273 |
| Payments for term deposit and granting loans to other parties | 23 | (831,153,425) | - |
| Collection of term deposit and loans to other parties | 24 | 1,431,321,421 | - |
| Payments for investments in subsidiaries | 25 | - | (8,525,794) |
| Business combination, net of cash combined | 25 | (1,052,093,520) | - |
| Receipt of interest | 27 | 20,690,220 | 5,824,100 |
| Net cash flows from investing activities | 30 | (1,677,721,097) | 427,104,001 |

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

Masan High-Tech Materials Corporation and its subsidiaries
Consolidated statements of cash flows for the period ended 30 September 2020
(Indirect method - continued)

Form B 03a – DN/HN
(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

| | Code | From 1/1/2020 to 30/9/2020 VND'000 | From 1/1/2019 to 30/9/2019 VND'000 |
|--|-------------|---|---|
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | 33 | 12,101,764,247 | 6,449,490,535 |
| Payments to settle loan principals and bond issuance related costs | 34 | (10,893,068,919) | (5,940,242,152) |
| Net cash flows from financing activities | 40 | 1,208,695,328 | 509,248,383 |
| Net cash flows during the period (50 = 20 + 30 + 40) | 50 | (1,137,119,553) | 1,788,801,974 |
| Cash and cash equivalents at the beginning of the period | 60 | 1,723,204,606 | 467,220,260 |
| Effect of exchange rate fluctuation on cash and cash equivalents | 61 | (11,357,903) | (177,767) |
| Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61) (Note 5) | 70 | 574,727,150 | 2,255,844,467 |

30 October 2020

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Stuart James Wells
Chief Financial Officer

Approved by:



Craig Richard Bradshaw
General Director

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

Masan High-Tech Materials Corporation and its subsidiaries
Notes to the consolidated financial statements for the period ended 30 September 2020

Form B 09a – DN/HN

*(Issued under Circular No. 200/2014/TT-BTC and 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. The principal activity of the Company is investment holding.

The consolidated quarterly 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.

Masan High-Tech Materials Corporation and its subsidiaries
Notes to the consolidated financial statements for the period ended 30 September 2020

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

| Name | Registration country | Principal activity | Percentage of economic interests at 30/9/2020 | 1/1/2020 |
|---|-----------------------------|---|--|-----------------|
| Subsidiaries: | | | | |
| Masan Thai Nguyen Resources Company Ltd (“MRTN”) | Vietnam | Investment holding | 100% | 100% |
| Thai Nguyen Trading and Investment Company Ltd (“TNTI”) | Vietnam | Investment holding | 100% | 100% |
| Nui Phao Mining Company Ltd (“NPM”) | Vietnam | Exploring and processing mineral | 100% | 100% |
| Masan Tungsten Limited Liability Company (“MTC”) | Vietnam | Deep processing of nonferrous metals and precious metals (Tungsten) | 100 % | 100 % |
| H.C. Starck Holding (Germany) GmbH | Germany | Investment holding | 100 % | - |
| H.C. Starck GmbH (Germany) | Germany | Investment holding | 100 % | - |
| H.C. Starck Infrastructure GmbH & Co. KG (Germany) | Germany | Deep processing of nonferrous metals and precious metals (Tungsten) | 100 % | - |

Masan High-Tech Materials Corporation and its subsidiaries
Notes to the consolidated financial statements for the period ended 30 September 2020

Form B 09a – DN/HN
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| Name | Registration country | Principal activity | Percentage of economic interests at 30/9/2020 | 1/1/2020 |
|--|-----------------------------|---|--|-----------------|
| Chemische Fabriken Oker und Braunschweig Aktiengesellschaft | Germany | Producing chemicals utilized in the manufacturing of paper and additives for the absorptive materials industry. | 100 % | - |
| Chemilytics GmbH & Co. KG | Germany | Chemical analysis and physical measurement data | 100 % | - |
| H.C. Starck Tungsten GmbH | Germany | Deep processing of nonferrous metals and precious metals (Tungsten) | 100 % | - |
| H.C. Starck Canada Inc. (Canada) | Canada | Deep processing of nonferrous metals and precious metals (Tungsten) | 100 % | - |
| H.C. Starck Tungsten GK (Japan) | Japan | Trading and distribution | 100 % | - |
| H.C. Starck Jiangwu Tungsten Specialities (Ganzhou) Co. Ltd. | China | Deep processing of nonferrous metals and precious metals (Tungsten) | 60 % | - |
| H.C. Starck Nonferrous Metals Trading (Shanghai) Co. Ltd. | China | Trading and distribution | 100 % | - |
| H.C. Starck Tungsten LLC (USA) | USA | Trading and distribution | 100 % | - |
| Chemilytics Beteiligungs GmbH (Germany) | Germany | Deep processing of nonferrous metals and precious metals (Tungsten) | 100 % | - |

Masan High-Tech Materials Corporation and its subsidiaries
Notes to the consolidated financial statements for the period ended 30 September 2020

Form B 09a – DN/HN
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| Name | Registration country | Principal activity | Percentage of economic interests at 30/9/2020 | 1/1/2020 |
|--|----------------------|---|--|----------|
| Associated company: | | | | |
| Jiangwu H.C. Starck Tungsten Products Co.,Ltd. | China | Deep processing of nonferrous metals and precious metals (Tungsten) | 30 % | - |

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

Masan High-Tech Materials Corporation and its subsidiaries
Notes to the consolidated financial statements for the period ended 30 September 2020
(continued)

Form B 09a – DN/HN
(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

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 Company's accounting currency is Vietnam Dong ("VND"). The consolidated financial statements are prepared and presented in VND rounded to the nearest thousand ("VND'000").

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Group and the Company 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 acquisition consists of the aggregate fair value at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group. Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity. When the excess is negative, it is recognised immediately in the statement of income.

Masan High-Tech Materials Corporation and its subsidiaries
Notes to the consolidated financial statements for the period ended 30 September 2020
(continued)

Form B 09a – DN/HN

*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

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.

(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) Associates (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Associates are accounted for in the consolidated financial statements using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

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

(iv) 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.

Masan High-Tech Materials Corporation and its subsidiaries
Notes to the consolidated financial statements for the period ended 30 September 2020
(continued)

Form B 09a – DN/HN
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(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. Unrealised gains and losses arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associate.

(b) *Foreign currency*

(i) *Foreign currency transactions*

Transactions in currencies other than VND during the period 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 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 interim financial statements, the assets and liabilities of foreign operations are translated to VND as follow:

- Assets and liabilities including goodwill and fair value adjustments arising on acquisition, are translated to VND at the account transfer buying rate (for assets) and the account transfer selling rate (for liabilities) at the end of the 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 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.

(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.

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(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. These investments are stated at costs.

(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 assess 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 recognise 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 recognise 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 recognizes 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.

(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 selling expenses.

The Group applies the perpetual method of accounting for inventories.

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(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 period 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.

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 over its mineral reserve on a unit-of-production basis. Mineral reserves are estimates of the amount of product that can be economically and legally extracted from the Group’s mining properties.

Machinery and equipment of a subsidiary directly related to production activities

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

| | <u>As at 30/9/2020 and 1/1/2020</u> |
|-----------|-------------------------------------|
| ST plant | 171,865 tonnes of tungsten |
| APT plant | 166,990 tonnes of tungsten |

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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 – 20 years |
| ▪ machinery and equipment | 3 – 15 years |
| ▪ office equipment | 3 – 10 years |
| ▪ motor vehicles | 3 – 6 years |
| ▪ other mining assets | 19 years |

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

(h) Finance lease tangible fixed assets

Leases in terms of which the Group 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 estimated useful lives of items of the leased assets which is five (5) years.

(i) Intangible fixed assets

(i) Land

Lands comprise those acquired in a legitimate transfer. Lands are stated at cost and is 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;
- 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 development activities to be capitalised will be finalised successfully and thus the intention to complete the development project should be given;
 - The Group will be able to implement and use the software after its development;
 - Adequate technical, financial and personnel resources should be available to complete the software development successfully;
 - The Group is able to measure expenditures attributable to the software development project reliably.

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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 is 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 period of 15 years which is 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 capitalized and treated 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 recognized as an intangible asset and is amortized on a straight-line basis ranging from 10 to 30 years.

(vi) Customer relationships

Customer relationships that are acquired by the Group on the acquisition of subsidiary is capitalized and presented as an intangible asset.

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. The fair value of customer relationship is amortized on a straight line basis ranging from 5 to 35 years.

(vii) Technology

Technology that are acquired by the Group in the acquisition of subsidiary are capitalized and presented as an intangible fixed asset.

The fair value of technology acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject assets are valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of technology is amortized on a straight line basis over their useful lives ranging over 5 - 30 years.

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(j) 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 mineral reserves, mineral resources and related development costs acquired in a business combination and subsequent 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 initially recognised at their fair values as part of business combination accounting and subsequent development expenditure 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.

(k) Long-term prepaid expenses

(i) Pre-operating expenses

Pre-operating expenses are recorded in the statement of income, except for establishment costs and expenditures on training, advertising and promotional activities incurred from the incorporation date to the commercial operation date. These expenses are recognised as long-term prepaid expenses, initially stated at cost, and are amortised on a straight line basis over three (3) years starting from the date of commercial operation.

(ii) Land compensation costs

Land compensation costs comprise prepaid land lease rentals and other costs incurred in conjunction with securing the use of leased land for its mining activities. These costs are recognised in the 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;

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- 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.

(iv) 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.

(l) Accounts payable

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

(m) Provisions

A provision is recognised if, as a result of a past event, the Group or the Company 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.

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(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 required and the associated costs are dependent on the requirements of 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 reporting date.

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 flow. 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, representing part of the cost of acquiring the future economic benefits of the operation. 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 capitalized 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.

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(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 pay 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 measurement of defined benefit obligation involves estimation of future cash flows, employee turnover, mortality and future increase in salaries.

For purpose of half-year reporting, the defined benefit obligation is estimated using the projection report by independent actuaries for the current year, using the same assumption used in the previous year.

(n) 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.

(o) 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, because they are entitled to fixed dividends and any discretionary dividends declared to ordinary shareholders and it participate 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.

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(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)).

(p) Taxation

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

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

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.

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.

(q) Revenue from the sale of goods

(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.

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(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 – tolling fee is recognised in the consolidated statement of income when the goods have been processed and accepted by the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(r) 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, facility fees, financing costs, transaction costs and foreign exchange losses.

(s) Operating lease payments

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

(t) Borrowing costs

Borrowings costs comprise interest expenses on borrowings, facility fees, financing costs and transaction costs. Borrowing costs are recognised as an expense in the period in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the fixed assets concerned.

(u) 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 period. To determine the profit or loss attributable to ordinary equity holders, profit or loss for the period 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. Dilutive potential ordinary shares does not include convertible instruments that are mandatorily convertible.

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(v) Segment reporting

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

(w) Related parties

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or 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 investors and their ultimate holding companies and their subsidiaries and associates.

4. Business combination

On 9 June 2020, MTC, a subsidiary indirectly owned by the Company, successfully acquired 100.0% equity interest in H.C Starck Holding (Germany) GmbH ("HCS"), a global manufacturer of tungsten metal powders and carbides (midstream tungsten products), for a total consideration of VND1,992,283 million including transactions costs but excluded receivable for a reduction. Such transaction resulted in HCS becoming a subsidiary indirectly owned by the Company.

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On the business combination date, the carrying amount of net identifiable assets and liabilities were as follows:

| | Pre-acquisition carrying amounts VND million (*) | Fair value adjustments VND million (*) | Recognised value on acquisition VND million |
|---|---|---|--|
| Cash and cash equivalents | 940,189,999 | - | 940,189,999 |
| Inventories – net | 1,687,580,763 | -26,387,570 | 1,661,193,193 |
| Other current assets | 930,123,299 | - | 930,123,299 |
| Tangible fixed assets – net | 1,650,906,740 | 2,365,231,788 | 4,016,138,528 |
| Intangible fixed assets – net | 68,934,602 | 3,283,955,880 | 3,352,890,482 |
| Construction in progress | 110,926,385 | - | 110,926,385 |
| Investments in associate | 13,364,724 | 194,261,890 | 207,626,614 |
| Deferred tax assets | 934,316,455 | - | 934,316,455 |
| Other long-term asset | 24,543,053 | - | 24,543,053 |
| Current liabilities | (1,291,778,636) | (235,329,912) | (1,527,108,548) |
| Long-term liabilities | (6,011,367,600) | - | (6,011,367,600) |
| Deferred tax liabilities | (470,640) | (1,934,551,739) | (1,935,022,379) |
| Non-controlling interests | 50,738,370 | (48,847,452) | 1,890,918 |
| Total net identifiable liabilities from business combination | (891,992,486) | 3,598,332,885 | 2,706,340,399 |
| Share of net assets from business combination | | | 2,706,340,399 |
| Negative goodwill from acquisition of a subsidiary (Note 27) | | | (880,818,280) |
| Total net consideration (*) | | | 1,825,522,119 |
| Receivable for a reduction of consideration (Note 8) | | | 166,761,400 |
| Cash increase from business combination | | | (940,189,999) |
| Net cash outflow | | | 1,052,093,520 |

(*) As at the issuance date of these consolidated quarterly financial statements, the fair value and the pre-acquisition carrying amounts of these assets and liabilities have not yet been finalised. In addition, total consideration has been under review for finalisation. Potential adjustments to these balance sheet items will be reflected in subsequent financial statements when these matters are finalized with potential impact to the consolidated balance sheet and statement of income.

For the period from the acquisition date to 30 September 2020, the acquired business contributed net revenue of VND1,860,332 million and net loss of VND170,114 million to the Group's results.

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5. Segment reporting

Business segments

The Group comprises the following main business segments:

| From 1/1/2020 to 30/9/2020 | Copper VND'000 | Fluorspar VND'000 | Tungsten VND'000 | Others VND'000 | Total VND'000 |
|---|---------------------------|------------------------------|-----------------------------|---------------------------|--------------------------|
| Segment revenue | 749,991,344 | 1,133,527,809 | 3,179,580,765 | 15,746,421 | 5,078,846,339 |
| Segment gross profit/ (loss) | (302,987,645) | 717,875,724 | (179,150,849) | (52,275,568) | 183,461,662 |
| Unallocated expenses | | | | | 408,320,283 |
| Financial income | | | | | 587,748,053 |
| Financial expenses | | | | | 1,199,207,140 |
| Share of loss in jointly controlled entities and associates | | | | | (13,194,137) |
| Results from operating activities | | | | | (849,511,845) |
| Other income | | | | | 907,281,700 |
| Other expenses | | | | | 33,040,584 |
| Income tax expenses | | | | | (38,085,877) |
| Net profit after tax | | | | | 62,815,148 |

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| From 1/1/2019 to 30/9/2019 | Copper VND'000 | Fluorspar VND'000 | Tungsten VND'000 | Others VND'000 | Total VND'000 |
|-----------------------------------|---------------------------|------------------------------|-----------------------------|---------------------------|--------------------------|
| Segment revenue | 34,116,482 | 1,206,043,013 | 2,372,537,129 | 72,578,707 | 3,685,275,331 |
| Segment gross profit | 10,452,034 | 770,744,551 | (45,033,428) | (60,156,464) | 676,006,693 |
| Unallocated expenses | | | | | 158,052,012 |
| Financial income | | | | | 732,857,842 |
| Financial expenses | | | | | 986,895,276 |
| Results from operating activities | | | | | 263,917,247 |
| Other income | | | | | 1,218,012,553 |
| Other expenses | | | | | 911,093,447 |
| Income tax expenses | | | | | 98,278,616 |
| | | | | | 472,557,737 |

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| As at 30 September 2020 | Copper VND'000 | Fluorspar VND'000 | Tungsten VND'000 | Others VND'000 | Total VND'000 |
|--------------------------------|---------------------------|------------------------------|-----------------------------|---------------------------|--------------------------|
| Segment assets | 156,799,431 | 774,983,339 | 9,007,001,171 | 986,203,770 | 10,924,987,711 |
| Unallocated assets | | | | | 27,709,627,211 |
| Total assets | | | | | 38,634,614,922 |
| Total liabilities | | | | | 26,346,423,303 |
| As at 1 January 2020 | | | | | |
| Segment assets | 167,025,898 | 826,106,905 | 1,874,331,657 | 1,051,224,444 | 3,918,688,904 |
| Unallocated assets | | | | | 25,856,030,977 |
| Total assets | | | | | 29,774,719,881 |
| Total liabilities | | | | | 17,304,897,615 |

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| From 1/1/2020 to 30/9/2020 | Copper VND'000 | Fluorspar VND'000 | Tungsten VND'000 | Others VND'000 | Total VND'000 |
|-----------------------------------|---------------------------|------------------------------|-----------------------------|---------------------------|--------------------------|
| Capital expenditure | - | 7,790 | 72,884,787 | 49,261,250 | 122,153,827 |
| Unallocated capital expenditure | - | - | - | - | 1,120,967,040 |
| Depreciation | 10,226,467 | 51,123,566 | 263,779,431 | 65,020,674 | 390,150,138 |
| Unallocated depreciation | - | - | - | - | 698,861,910 |
| Unallocated amortisation | - | - | - | - | 159,958,284 |

| From 1/1/2019 to 30/9/2019 | Copper VND'000 | Fluorspar VND'000 | Tungsten VND'000 | Others VND'000 | Total VND'000 |
|-----------------------------------|---------------------------|------------------------------|-----------------------------|---------------------------|--------------------------|
| Capital expenditure | 467,834 | 85,520 | 117,425,454 | 17,513,690 | 135,492,498 |
| Unallocated capital expenditure | - | - | - | - | 640,511,030 |
| Depreciation | 10,631,332 | 54,406,168 | 87,843,248 | 71,151,538 | 224,032,286 |
| Unallocated depreciation | - | - | - | - | 691,214,136 |
| Unallocated amortisation | - | - | - | - | 141,185,361 |

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6. Cash and cash equivalents

| | 30/9/2020 | 1/1/2020 |
|------------------|------------------|-----------------|
| | VND'000 | VND'000 |
| Cash on hand | 132,256 | 90,493 |
| Cash in banks | 565,794,894 | 941,356,463 |
| Cash equivalents | 8,800,000 | 781,757,650 |
| | 574,727,150 | 1,723,204,606 |
| | 574,727,150 | 1,723,204,606 |

7. Loans receivables

Loans receivables – short-term represent loans granted to Masan Group Corporation – ultimate parent company at the end of the period. The loan is unsecured and has interest rate of 8.2% per annum.

8. Other short-term and long-term receivables

| | 30/9/2020 | 1/1/2020 |
|--|------------------|-----------------|
| | VND'000 | VND'000 |
| Short-term receivables | | |
| Receivable for mining rights fee (a) | 239,835,807 | 239,835,807 |
| Receivable for a reduction of consideration (Note 4) | 166,761,400 | - |
| Others | 91,964,389 | 10,720,567 |
| | 498,561,596 | 250,556,374 |
| | 498,561,596 | 250,556,374 |
| Long-term receivables | | |
| Land compensation receivable from Thai Nguyen People's Committee (b) | 1,238,220,016 | 1,249,999,696 |
| Others (c) | 61,872,948 | 53,869,202 |
| | 1,300,092,964 | 1,303,868,898 |
| | 1,300,092,964 | 1,303,868,898 |

- (a) Receivable for mining rights fee (“MRF”) represents additional mining rights fee of NPM – a subsidiary for the year 2018 and 2019 and relevant administrative charges that NPM has 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 Company’s management is of the opinion that it is unreasonable and does not comply with current regulation. For example:

- Based on current regulation, the requirement on MRF payment for the year 2018 has to be notified to the Company before 31 December 2017 (NPM received the notification on 28/12/2018); and

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- 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 on 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 the Official Letter 3724 has been deemed as receivable from advance payment. NPM has sent letters to different level 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) Long-term receivables 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) NPM – a subsidiary is required to deposit for obligation to mine closure and environment rehabilitation obligation to Environment Protection. In accordance with Decision 1536/QD-BTMMT 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 30 June 2015.

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9. Inventories

| | 30/9/2020 | | 1/1/2020 | |
|-------------------------|-----------------|----------------------|-----------------|----------------------|
| | VND'000 Cost | VND'000 Allowance | VND'000 Cost | VND'000 Allowance |
| Goods in transit | 58,363,731 | - | 54,194,593 | - |
| Raw materials | 1,121,380,164 | - | 237,723,007 | - |
| Tools and supplies | 674,285,627 | (5,330,240) | 572,289,604 | - |
| Work in progress | 602,478,664 | (3,288,305) | 139,145,869 | - |
| Finished goods | 2,080,947,324 | (23,696,559) | 1,259,545,121 | - |
| Merchandise inventories | - | - | 739,273,589 | - |
| Goods on consignment | 6,846,780 | - | 136,852,970 | - |
| | 4,544,302,290 | (32,315,104) | 3,139,024,753 | - |

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10. Tangible fixed assets

| Cost | Buildings and structures VND'000 | Machinery and equipment VND'000 | Office equipment VND'000 | Motor vehicles VND'000 | Other assets VND'000 | Total VND'000 |
|--|---|--|---------------------------------|-------------------------------|-----------------------------|-----------------------|
| 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 (Note 4) | 2,602,896,132 | 4,819,581,260 | - | - | - | 7,422,477,392 |
| Transfer from construction in progress (Note 13) | 19,639,573 | 597,899,874 | - | - | - | 617,539,447 |
| Disposals | (13,624,715) | (131,088,145) | - | (807,551) | - | (145,520,411) |
| Currency translation differences | 13,300,840 | 37,211,653 | - | - | - | 50,512,493 |
| Other movements | (13,326,409) | (3,846,744) | - | - | - | (17,173,153) |
| Closing balance | 7,539,661,072 | 17,141,181,551 | 42,227,092 | 15,379,397 | 5,095,926,136 | 29,834,375,248 |
| 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 (Note 4) | 586,645,146 | 2,819,693,718 | - | - | - | 3,406,338,864 |
| Charge for the period | 239,639,195 | 601,324,501 | 1,223,840 | 1,627,748 | 157,719,605 | 1,001,534,889 |
| Disposals | (4,365,915) | (131,088,145) | - | (807,551) | - | (136,261,611) |
| Currency translation differences | 5,702,746 | 28,042,021 | - | - | - | 33,744,767 |
| Closing balance | 1,900,786,166 | 6,870,344,961 | 39,519,249 | 12,423,604 | 1,285,049,964 | 10,108,123,944 |
| 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 | 5,638,874,906 | 10,270,836,590 | 2,707,843 | 2,955,793 | 3,810,876,172 | 19,726,251,304 |

At 30 September 2020, tangible fixed assets with a carrying value of VND10,871 billion were pledged with banks as security for long-term bonds issued by NPM (1/1/2020: VND10,977 billion) (Note 18(b)).

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11. Finance lease tangible fixed assets

| | Machinery and equipment VND'000 |
|---------------------------------|--|
| Cost | |
| Opening and closing balances | 67,300,000 |
| Accumulated depreciation | |
| Opening and closing balances | 67,300,000 |
| Net book value | |
| Opening and closing balances | - |

The Company's subsidiary - NPM leases laboratory equipment for assay testing. This laboratory equipment is considered to be a finance lease based on the lease's terms and conditions. The leased equipment secures lease obligations.

Included in the cost of finance lease tangible fixed assets of the Group were assets costing VND67.3 billion which were fully depreciated as at 30 September 2020 (1/1/2020: VND67.3 billion), but which are still in active use.

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12. Intangible fixed assets

| | Land use right | Software | Mining rights | Development cost | Customer relationship | Brand name | Technology | Other intangible assets | Total |
|--|-------------------|--------------------|--------------------|--------------------|-----------------------|----------------------|----------------------|-------------------------|----------------------|
| | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 |
| Cost | | | | | | | | | |
| Opening balance | - | 108,309,899 | 588,370,818 | - | - | - | - | - | 696,680,717 |
| Increases from business combination (Note 4) | 66,441,446 | 286,847,270 | - | 633,963,619 | 212,544,540 | 1,034,914,440 | 1,427,560,550 | 26,574,422 | 3,688,846,287 |
| Currency translation differences | 382,134 | 2,806,522 | - | 676,553 | - | - | - | 157,929 | 4,023,138 |
| Other movements | (7,451,668) | (313,773) | - | 1,387,134 | - | - | - | (1,433,314) | (7,811,621) |
| Closing balance | 59,371,912 | 397,649,918 | 588,370,818 | 636,027,306 | 212,544,540 | 1,034,914,440 | 1,427,560,550 | 25,299,037 | 4,381,738,527 |
| Accumulated amortisation | | | | | | | | | |
| Opening balance | - | 73,423,648 | 158,120,358 | - | - | - | - | - | 231,544,006 |
| Increases from business combination (Note 4) | - | 280,834,624 | - | 53,616,472 | - | - | - | 1,504,709 | 335,955,805 |
| Charge for the period | - | 10,094,182 | 22,912,746 | 18,539,124 | 1,918,036 | 11,148,897 | 22,297,411 | 564,524 | 87,474,920 |
| Currency translation differences | - | 2,759,676 | - | 494,885 | - | - | - | 14,351 | 3,268,912 |
| Closing balance | - | 367,112,130 | 181,033,104 | 72,650,481 | 1,918,036 | 11,148,897 | 22,297,411 | 2,083,584 | 658,243,647 |
| Net book value | | | | | | | | | |
| Opening balance | - | 34,886,251 | 430,250,460 | - | - | - | - | - | 465,136,711 |
| Closing balance | 59,371,912 | 30,537,788 | 407,337,714 | 563,376,825 | 210,626,504 | 1,023,765,543 | 1,405,263,139 | 23,215,453 | 3,723,494,871 |

At 30 September 2020, intangible fixed assets with a carrying value of VND432 billion were pledged with banks as security for long-term bonds issued by NPM (1/1/2020: VND465 billion) (Note 18(b)).

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13. Construction in progress

| | From 1/1/2020 to 30/9/2020 VND'000 |
|--|---|
| Opening balance | 1,694,487,259 |
| Increases from business combination (Note 4) | 110,926,385 |
| Additions during the period | 419,525,834 |
| Transfer to tangible fixed assets (Note 10) | (617,539,447) |
| Transfer to long-term prepaid expenses (Note 14) | (2,145,438) |
| Transfer to short-term prepaid expenses | (19,309,043) |
| Difference from the translation of foreign operations' financial statements to VND | 851,126 |
| | 1,586,796,676 |
| Closing balance | 1,586,796,676 |

During the period, borrowing costs capitalised into construction in progress amounted to VND23 billion (the period from 1/1/2019 to 30/9/2019: VND26 billion). As at the reporting date, construction in progress of NPM, which mainly represents machinery cost, the 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.

14. Long-term prepaid expenses

| | Land compensation costs VND'000 | Other mining costs 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 | - | 85,060,107 | 152,495,925 | 237,556,032 |
| Transfer from construction in progress (Note 13) | - | - | 2,145,438 | 2,145,438 |
| Transfer from long-term receivables | 11,779,680 | - | - | 11,779,680 |
| Amortisation for the period | (55,495,578) | (82,121,107) | (22,341,599) | (159,958,284) |
| | 963,062,106 | 1,565,993,219 | 188,326,124 | 2,717,381,449 |
| Closing balance | 963,062,106 | 1,565,993,219 | 188,326,124 | 2,717,381,449 |

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15. Taxes payable to State Treasury

| | 1/1/2020 | Increases from business combination | Incurred | Paid/Offset | Foreign exchange difference | 30/9/2020 |
|-------------------------------------|--------------------|---|----------------------|------------------------|-----------------------------------|--------------------|
| | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 |
| Tax payables inside Vietnam | | | | | | |
| Value added tax | - | - | 234,912,712 | (234,912,712) | - | - |
| Import-export tax | - | - | 635,689,871 | (635,689,871) | - | - |
| Corporate income tax | 134,400,473 | - | (4,211,159) | (103,197,073) | - | 26,992,241 |
| Personal income tax | 63,044,211 | - | 113,890,488 | (151,075,729) | - | 25,858,970 |
| Environmental protection fee | - | - | 23,444,019 | (23,444,019) | - | - |
| Royalty tax | - | - | 222,956,301 | (222,956,301) | - | - |
| Other taxes | 2,276,799 | - | 9,065,788 | (11,034,724) | - | 307,863 |
| Tax payables outside Vietnam | | | | | | |
| Corporate income tax | - | 92,822,629 | 5,482,632 | (2,675,110) | (1,162,936) | 94,467,215 |
| Other tax | - | 89,618,145 | 10,298,915 | (45,825,575) | 3,119,852 | 57,211,337 |
| | 199,721,483 | 182,440,774 | 1,251,529,567 | (1,430,811,114) | 1,956,916 | 204,837,626 |

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16. Accrued expenses

| | 30/9/2020 | 1/1/2020 |
|---------------------------------|--------------------|--------------------|
| | VND'000 | VND'000 |
| Bonus | - | 59,959,470 |
| Accrued interest payable | 270,357,002 | 239,049,923 |
| Other financing costs | 14,447,751 | 4,181,514 |
| Natural resource taxes and fees | 11,337,268 | 71,039,152 |
| Accrual for construction work | 22,445,141 | 14,187,389 |
| Consultant fee | 14,667,907 | 983,850 |
| Operating costs | 452,620,992 | 314,119,079 |
| Others | 1,380,830 | 1,380,829 |
| | 787,256,891 | 704,901,206 |

17. Other short-term payables

Other payables included the following amounts:

| | 30/9/2020 | 1/1/2020 |
|---|--------------------|----------------------|
| | VND'000 | VND'000 |
| Amounts due to Masan Group Corporation | | |
| (“MSN”) – the ultimate holding company | | |
| Financial expenses – short-term (a) | 244,123,839 | 1,124,123,839 |
| Amounts due to Masan Horizon Co., Ltd (“MH”) – the | | |
| intermediate holding company | | |
| Non-trade – short-term (b) | 2,511,785 | 2,511,785 |
| Other payable to third parties | | |
| Other payables – short-term | 357,976,591 | 339,972 |
| | 604,612,215 | 1,126,975,596 |

- (a) Amounts due to related parties were unsecured, interest-free and repayable in December 2020.
- (b) Amounts due to related parties were unsecured, interest-free and repayable based on agreement between the parties.

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18. Borrowings, bonds and finance lease liabilities

(a) Short-term borrowings and finance lease liabilities

| | Carrying amount VND'000 | 1/1/2020 Amount within repayment capacity VND'000 | Additions VND'000 | Payments VND'000 | Movements during the period Reclassification from long-term borrowings VND'000 | Unrealised foreign exchange loss VND'000 | Carrying amount VND'000 | 30/9/2020 Amount within repayment capacity VND'000 |
|---|----------------------------|---|----------------------|-------------------------|--|---|-------------------------------|--|
| Short-term borrowings | 3,188,857,080 | 3,188,857,080 | 6,792,574,105 | (6,148,638,607) | - | (711,746) | 3,832,080,832 | 3,832,080,832 |
| Current portion of long-term borrowings (Note(b)) | 4,568,426,661 | 4,568,426,661 | 27,312,927 | (4,595,739,588) | 997,555,556 | - | 997,555,556 | 997,555,556 |
| | 7,757,283,741 | 7,757,283,741 | 6,819,887,032 | (10,744,378,195) | 997,555,556 | (711,746) | 4,829,636,388 | 4,829,636,388 |

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

| | Currency | 30/9/2020 VND'000 | 1/1/2020 VND'000 |
|--------------------------|-----------------|------------------------------|-----------------------------|
| Secured bank loan (i) | USD | 974,522,815 | 864,314,359 |
| Secured bank loan (i) | VND | 277,149,000 | 150,308,000 |
| Secured bank loan (ii) | USD | - | 15,908,877 |
| Secured bank loan (ii) | VND | 799,294,708 | 1,082,810,380 |
| Secured bank loan (iii) | USD | - | - |
| Secured bank loan (iii) | VND | 375,814,000 | 150,245,000 |
| Secured bank loan (iv) | USD | 410,336,912 | 164,877,248 |
| Secured bank loan (iv) | VND | 349,000,000 | 504,905,811 |
| Secured bank loan (v) | USD | 79,131,600 | 41,814,000 |
| Unsecured bank loan (vi) | VND | 251,665,515 | 155,757,627 |
| Unsecured bank loan (vi) | USD | 89,166,282 | 57,915,778 |
| Related party loan (vii) | VND | 226,000,000 | - |
| | | <hr/> | <hr/> |
| | | 3,832,080,832 | 3,188,857,080 |

- (i) The loan from a local bank is secured by part of short-term receivables of NPM and 4.55% of the issued shares of the Company held by Masan Horizon Co., Ltd (“MH”). Loans drawdown in USD and VND bore interest ranging from 3.45% to 4.46% and from 8.95% to 9.52% annum respectively.
- (ii) The loan from a local bank is secured by inventories and part of short-term receivables of NPM. Loans drawdown in USD bore interest ranging from 4.5% to 5.5% per annum, loans drawdown in VND bore interest ranging from 7.3% to 7.5% per annum respectively.
- (iii) The loan from a local bank drawdown in USD and VND bore interest of 6.1% and from 9.2% to 9.5% per annum respectively.
- (iv) The loan from a local bank drawdown in USD and VND bore interest ranging from 5.6% to 6.1% and from 8.36% to 9.3% per annum respectively.
- Both loans in (iii) and (iv) are secured by 11.12% of the issued shares of the Company held by MH.
- (v) The USD denominated loan from a foreign bank bore interest within range from 2.22% to 4% per annum. As at reporting date, this loan is secured by part of short-term receivables and all operating bank accounts of MTC opened at the bank.
- (vi) The uncommitted loan from a subsidiary of a foreign bank branch in Vietnam guaranteed to pay on demand unconditionally and irrevocably by the Company. Loans drawdown in USD and VND bore interest ranging from 3.5% to 4.57% and from 5.5% to 6.8% annum respectively.
- (vii) The loan in VND is granted from Masan Group Corporation – ultimate parent company. The loan is unsecured and has interest rate of 8.2% per annum.

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(b) Long-term bonds

| | 30/9/2020 | 1/1/2020 |
|---|------------------|-----------------|
| | VND'000 | VND'000 |
| Long-term bonds issued | 10,216,605,079 | 9,538,080,318 |
| Repayable within twelve months (Note (a)) | (997,555,556) | (4,568,426,661) |
| | 9,219,049,523 | 4,969,653,657 |

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

| | Currency | Interest rate per annum | Year of maturity | 30/9/2020 VND'000 | 1/1/2020 VND'000 |
|------------------------|----------|----------------------------|---------------------|----------------------|---------------------|
| Secured bond issuance | VND | (i) | 2020 | - | 3,570,177,119 |
| Secured bond issuance | VND | (ii) | 2020 | - | 998,249,542 |
| Secured bond issuance | VND | (iii) | 2023 | 497,619,380 | 496,989,214 |
| Secured bond issuance | VND | (iv) | 2021 | 997,555,556 | 995,555,556 |
| Secured bond issuance | VND | (v) | 2023 | 1,492,600,000 | 1,490,800,000 |
| Secured bond issuance | VND | (vi) | 2024 | 496,975,712 | 496,533,333 |
| Secured bond issuance | VND | (vii) | 2022 | 298,663,687 | 298,133,333 |
| Secured bond issuance | VND | (viii) | 2022 | 199,062,235 | 198,711,110 |
| Secured bond issuance | VND | (ix) | 2024 | 497,133,333 | 496,533,333 |
| Secured bond issuance | VND | (x) | 2022 | 99,412,090 | 99,288,889 |
| Secured bond issuance | VND | (xi) | 2022 | 188,882,971 | 188,648,889 |
| Secured bond issuance | VND | (xii) | 2022 | 208,857,541 | 208,460,000 |
| Secured bonds issuance | VND | (xiii) | 2023 | 1,578,591,238 | - |
| Secured bonds issuance | VND | (xiv) | 2023 | 989,712,707 | - |
| Secured bonds issuance | VND | (xv) | 2023 | 687,538,629 | - |
| Secured bonds issuance | VND | (xvi) | 2023 | 992,000,000 | - |
| Secured bonds issuance | VND | (xvii) | 2023 | 992,000,000 | - |
| | | | | 10,216,605,079 | 9,538,080,318 |

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

- (i) The VND denominated non-convertible bonds issued by NPM with a five-year term bore interest rate of 8% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum is adjusted every three months and calculated as the average twelve-month saving deposit rate of related reference banks plus 3%. The bond was fully repaid as of the date of the financial statements.
- (ii) The VND denominated non-convertible bonds issued by NPM with a two-year term bore interest rate of 9.5% per annum. The bond was fully repaid as of the date of the financial statements.

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- (iii) The VND denominated non-convertible 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 5.22% of the issued shares of the Company held by MH.
- (iv) The VND denominated non-convertible bonds issued by the Company with a three-year term bore interest rate of 9.8% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every six months and calculated as the average twelve-month saving deposit rate of related reference banks plus 3.2%. The bond was secured by 10.58% of issued shares of the Company held by MH.
- (v) The VND denominated non-convertible bonds issued by the Company with a five-year term bore interest rate of 10% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every six months and calculated as the average twelve-month saving deposit rate of related reference banks plus 3.25%. The bond was secured by 15.65% of issued shares of the Company held by MH.
- (vi) The VND denominated non-convertible 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 proceeds were used by NPM and secured by 5.62% of the issued shares of the Company held by MH.
- (vii) The VND denominated non-convertible 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 proceeds were used by NPM and secured by certain long term assets of NPM, which will be finalized by 31 December 2020.
- (viii) The VND denominated non-convertible 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 proceeds were used by NPM and secured by certain long term assets of NPM which will be finalized by 31 December 2020.
- (ix) The VND denominated non-convertible 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 5.62% of issued shares of the Company held by MH.

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- (x) The VND denominated non-convertible 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 1.35% of issued shares of the Company held by MH.
- (xi) The VND denominated non-convertible 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 2.57% of issued shares of the Company held by MH.
- (xii) The VND denominated non-convertible 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 proceeds were used by NPM and secured by 2.75% of the issued shared of the Company held by MH.
- (xiii) The VND denominated non-convertible 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 bonds are guaranteed by Masan Group Corporation.
- (xiv) The VND denominated non-convertible 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 bonds are guaranteed by Masan Group Corporation.
- (xv) The VND denominated non-convertible 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 bonds are guaranteed by Masan Group Corporation.
- (xvi) The VND denominated non-convertible 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 bonds are guaranteed by Masan Group Corporation.
- (xvii) The VND denominated non-convertible 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 bonds are guaranteed by Masan Group Corporation.

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19. Deferred tax liabilities and unrecognised deferred tax assets

(i) Recognised deferred tax assets

| | 30/9/2020 | 1/1/2020 |
|---|------------------|-----------------|
| | VND'000 | VND'000 |
| Tax losses | 22,384,346 | - |
| Deferred tax from pension and temporary differences | 953,180,610 | - |
| | 975,564,956 | - |

(ii) Recognised deferred tax liabilities

| | 30/9/2020 | 1/1/2020 |
|---|------------------|-----------------|
| | VND'000 | VND'000 |
| Mineral reserves and mineral resources | 560,094,711 | 583,078,428 |
| Deferred tax incurred from fair value adjustments of asset acquired from business combination | 1,907,314,961 | - |
| Origination of temporary differences | 48,806,013 | 3,900,260 |
| | 2,516,215,685 | 586,978,688 |

(iii) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the past years' tax losses of a certain entities within the Group, which could be carried forward for up to 5 years:

| | Tax losses available |
|----------------------------------|-----------------------------|
| | VND'000 |
| Accumulated five year tax losses | 135,634,621 |

(*) This amount has not finalized with tax authority and may change subsequent to the tax authorities' review.

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20. Provisions – long-term

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

| | Mine rehabilitation VND'000 | Mining rights VND'000 | Pension liabilities VND'000 | Total VND'000 |
|---|--|--------------------------------------|--|--------------------------|
| Opening balance | 99,121,941 | 429,781,166 | - | 528,903,107 |
| Increases from business combination (Note 4) | - | - | 5,946,290,580 | 5,946,290,580 |
| Provision made during the period | 3,508,917 | 25,209,794 | 56,007,919 | 84,726,630 |
| Provision used during the period | - | - | (104,724,721) | (104,724,721) |
| Currency translation difference | - | - | 280,635,483 | 280,635,483 |
| Closing balance | 102,630,858 | 454,990,960 | 6,178,209,261 | 6,735,831,079 |

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21. Changes in equity

| | Share capital | Share premium | Other capital | Foreign exchange differences | Undistributed profit after tax | Equity attributable to equity holders of the Company | Non-controlling interest | Total equity |
|-------------------------------------|---------------|---------------|---------------|------------------------------|--------------------------------|--|--------------------------|----------------|
| | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 |
| Balance at 01 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 period | - | - | - | - | 472,557,737 | 472,557,737 | - | 472,557,737 |
| Others (*) | - | - | - | - | (8,525,794) | (8,525,794) | - | (8,525,794) |
| Balance at 30 September 2019 | 8,993,091,220 | 145,709,384 | (295,683,347) | - | 3,746,868,931 | 12,589,986,188 | - | 12,589,986,188 |
| Balance at 01 January 2020 | 9,892,398,780 | 145,709,384 | (295,683,347) | - | 2,727,397,449 | 12,469,822,266 | - | 12,469,822,266 |
| Changes from business combination | - | - | - | - | - | - | (1,890,918) | (1,890,918) |
| Net profit for the period | - | - | - | - | 68,467,496 | 68,467,496 | (5,652,348) | 62,815,148 |
| Foreign exchange differences | - | - | - | (239,023,537) | - | (239,023,537) | (3,531,340) | (242,554,877) |
| Balance at 30 September 2020 | 9,892,398,780 | 145,709,384 | (295,683,347) | (239,023,537) | 2,795,864,945 | 12,299,266,225 | (11,074,606) | 12,288,191,619 |

(*) This cost related to acquisition of non-controlling interest in 2018.

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22. Share capital

The Company's authorised and issued share capital comprised:

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

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

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

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23. Off balance sheet items

(a) Foreign currencies

| | 30/9/2020 | | 1/1/2020 | |
|-------|-------------------|--------------------|-------------------|--------------------|
| | Original currency | VND'000 equivalent | Original currency | VND'000 equivalent |
| USD | 13,197,476 | 304,782,514 | 30,746,796 | 710,558,466 |
| EUR | 4,714,659 | 126,810,193 | - | - |
| JPY | 286,426,978 | 61,894,006 | - | - |
| Other | | 36,222,822 | - | - |

(b) Bad debts written off

| | 30/9/2020 VND'000 | 1/1/2020 VND'000 |
|-----------------------|----------------------|---------------------|
| Bad debts written off | 21,507,965 | 21,507,965 |

24. Revenue from sales of goods

Total revenue of the Group represents the gross value of goods sold exclusive of value added tax,

25. Financial income

| | From 1/1/2020 to 30/9/2020 VND'000 | From 1/1/2019 to 30/9/2019 VND'000 |
|------------------------|--|--|
| Interest income | 41,974,960 | 10,351,187 |
| Other finance income | 406,512,733 | 634,773,438 |
| Foreign exchange gains | 139,260,360 | 87,733,217 |
| | 587,748,053 | 732,857,842 |

26. Financial expenses

| | From 1/1/2020 to 30/9/2020 VND'000 | From 1/1/2019 to 30/9/2019 VND'000 |
|-------------------------|--|--|
| Interest expense | 899,241,242 | 800,478,778 |
| Borrowing fees | 55,688,830 | 61,776,832 |
| Foreign exchange losses | 145,436,041 | 68,553,640 |
| Others | 98,841,027 | 56,086,026 |
| | 1,199,207,140 | 986,895,276 |

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27. Other income

| | From 1/1/2020 to 30/9/2020 VND'000 | From 1/1/2019 to 30/9/2019 VND'000 |
|---|---|---|
| Negative goodwill on acquisition of a subsidiary (Note 4) | 880,818,280 | - |
| Income incurred from arbitration settlement with Jacobs | - | 1,212,834,666 |
| Others | 26,463,420 | 5,177,887 |
| | 907,281,700 | 1,218,012,553 |

28. Earnings per share

Basic earnings per share

The calculation of basic loss per share for the period ended 30 September 2020 was based on the profit attributable to ordinary shareholders of VND 68,467 million (for the period ended 30 September 2019: profit attributable to ordinary shareholders of VND 472,558 million) and a weighted average number of ordinary shares outstanding of 989,239,878 shares (restated for the period ended 30 September 2019: 989,239,878 shares), calculated as follows:

| | From 1/1/2020 to 30/9/2020 VND'000 | From 1/1/2019 to 30/9/2019 VND'000 (Restated) |
|--|---|--|
| Issued ordinary shares at the beginning of the period | 989,239,878 | 899,309,122 |
| Effect of share issuance for dividend payment in 18 November 2019 | - | 89,930,756 |
| Weighted average number of ordinary shares for the period | 989,239,878 | 989,239,878 |

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29. Significant transactions with related parties

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

| Related Party | Nature of transactions | From 1/1/2020 to | From 1/1/2019 |
|--|--------------------------------------|------------------|---------------|
| | | 30/9/2020 | to 30/9/2019 |
| | | VND'000 | VND'000 |
| Ultimate holding company | | | |
| Masan Group Corporation | Bond interest | - | 92,876,331 |
| | Loan received | 2,181,000,000 | - |
| | Loan paid | (1,955,000,000) | - |
| | Loan interest expense | 9,293,184 | - |
| | Loan lent | (823,753,425) | - |
| | Loan collected | 1,424,273,973 | - |
| | Loan interest income | 38,370,368 | - |
| Ultimate holding company's associate | | | |
| Vietnam Technological and Commercial Joint Stock Bank ("TCB") and its subsidiaries | Interest expenses and borrowing fees | 73,572,480 | 52,201,657 |
| | Bond issued | 5,309,190,142 | 1,790,000,000 |
| | Bond repurchased | 1,312,514,808 | 1,219,001,565 |
| | Loan received | 38,823,600 | - |
| | Loan paid | 1,074,731,854 | 1,147,206,886 |
| Ultimate holding company's subsidiary | | | |
| Masan Consumer Corporation | Purchase of goods | 762,982 | 1,072,231 |
| | Purchase of services | 1,626,659 | 1,881,783 |
| Key management personnel | | | |
| | Salary, bonus and other benefits (*) | 27,289,260 | 20,292,363 |

(*) No board fees were paid to Board of Directors members for the period ended 30 September 2020 and 30 September 2019.

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30. Subsequent events

On 26 October 2020, the Company signed an agreement with Mitsubishi Materials Corporation (the "Investor") to issue 109,915,542 of the Company ordinary shares for a total cash consideration of VND2,094,330,737,268. As a result of this transaction, the Investor will hold 10% of the Company's equity interest. The deal is subject to regulatory approval. And in relation to this transaction, the Company granted the put option to the Investor with circumstance for the put option to 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 from closing date of this transaction or (ii) if a change in control in the Company. The put price is at the amount equal to 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 Investor, subject to customary adjustments from dilutive events. The deadline for closing the put option is 18 months from the date that the Company receives the put option notice from the Investor.

30 October 2020

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Stuart James Wells
Chief Financial Officer

Approved by:



Craig Richard Bradshaw
General Director

