



**Masan High-Tech Materials Corporation
and its subsidiaries**

Consolidated quarterly financial statements
for the period ended 31 December 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 14 December 2020. The Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City. The first Business Registration Certificate No. 0309966889 was issued on 27 April 2010.

Investment Certificate No. 41122000131 2 August 2013

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

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

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

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

Masan High-Tech Materials Corporation and its subsidiaries
Balance sheets as at 31 December 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	31/12/2020 VND'000	1/1/2020 VND'000
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		9,689,657,703	7,581,595,985
Cash and cash equivalents	110	6	761,930,286	1,723,204,606
Cash	111		705,930,286	941,446,956
Cash equivalents	112		56,000,000	781,757,650
Short-term financial investments	120		-	5,900,000
Held to maturity investments	123		-	5,900,000
Accounts receivable – short-term	130		2,598,217,131	1,735,574,636
Accounts receivable from customers	131		993,786,297	280,413,823
Prepayments to suppliers	132		139,861,845	204,604,439
Loan receivables	135	7	1,143,479,452	1,000,000,000
Other receivables	136	8	321,089,537	250,556,374
Inventories	140	9	4,986,394,798	3,139,024,753
Inventories	141		5,099,556,194	3,139,024,753
Allowance for inventories	149		(113,161,396)	-
Other current assets	150		1,343,115,488	977,891,990
Short-term prepaid expenses	151		56,241,220	41,186,774
Deductible value added tax	152		1,286,793,842	936,705,216
Taxes and other receivables from State Treasury	153		80,426	-

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 31 December 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	31/12/2020 VND'000	1/1/2020 VND'000
Long term assets (200 = 210 + 220 + 240 + 250 + 260)	200		31,327,147,347	22,193,123,896
Accounts receivable – long-term	210		1,298,310,451	1,303,868,898
Other long-term receivables	216	8	1,298,310,451	1,303,868,898
Fixed assets	220		23,761,106,649	16,568,909,156
Tangible fixed assets	221	10	19,803,187,250	16,103,772,445
<i>Cost</i>	222		30,481,056,217	21,906,539,480
<i>Accumulated depreciation</i>	223		(10,677,868,967)	(5,802,767,035)
Finance lease tangible fixed assets	224	11	-	-
<i>Cost</i>	225		67,300,000	67,300,000
<i>Accumulated depreciation</i>	226		(67,300,000)	(67,300,000)
Intangible fixed assets	227	12	3,957,919,399	465,136,711
<i>Cost</i>	228		4,693,664,166	696,680,717
<i>Accumulated amortisation</i>	229		(735,744,767)	(231,544,006)
Long-term work in progress	240		1,467,480,229	1,694,487,259
Construction in progress	242	13	1,467,480,229	1,694,487,259
Long-term financial investments	250		202,627,868	-
Investment in associates and joint venture	252		195,227,868	-
Held to maturity investments	255		7,400,000	-
Other long-term assets	260		4,597,622,150	2,625,858,583
Long-term prepaid expenses	261	14	2,905,894,138	2,625,858,583
Deferred tax assets	262	19	1,691,728,012	-
TOTAL ASSETS (270 = 100 + 200)	270		41,016,805,050	29,774,719,881

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Masan High-Tech Materials Corporation and its subsidiaries
Consolidated balance sheets as at 31 December 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	31/12/2020 VND'000	1/1/2020 VND'000
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		26,842,925,321	17,304,897,615
Current liabilities	310		7,420,262,582	11,219,362,163
Accounts payable to suppliers	311		879,700,182	324,870,571
Advances from customers	312		952,168,808	1,105,603,346
Taxes payable to State Treasury	313	15	155,639,268	199,721,483
Payables to employees	314		16,064,491	6,220
Accrued expenses	315	16	940,623,272	704,901,206
Other short-term payables	319	17	306,683,463	1,126,975,596
Short-term borrowings and financial lease liabilities	320	18(a)	4,162,866,240	7,757,283,741
Provisions - short-term	321		6,516,858	-
Long-term liabilities	330		19,422,662,739	6,085,535,452
Other long-term payables	337		500,170	-
Long-term borrowings, bonds and financial lease liabilities	338	18(b)	9,220,442,520	4,969,653,657
Deferred tax liabilities	341		2,744,343,647	586,978,688
Provisions – long-term	342	19	7,457,376,402	528,903,107
EQUITY (400 = 410)	400		14,173,879,729	12,469,822,266
Equity	410	20	14,173,879,729	12,469,822,266
Share capital	411	21	10,991,554,200	9,892,398,780
- Ordinary shares with voting rights	411a		10,991,554,200	9,892,398,780
Share premium	412	21	1,098,259,892	145,709,384
Other capital	414		(295,683,347)	(295,683,347)
Foreign exchange differences	417		(241,051,088)	-
Other equity funds	420		(329,830,585)	-
Undistributed profit after tax	421		2,878,034,180	2,727,397,449
- Undistributed profit brought forward	421a		2,727,397,449	2,375,003,634
- Undistributed profit for the current year	421b		150,636,731	352,393,815
Non-controlling interest	429		72,596,477	-
TOTAL RESOURCES (440 = 300 + 400)	440		41,016,805,050	29,774,719,881

29 January 2021

Prepared by:


Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:


Stuart James Wells
Chief Financial Officer

Approved by:

Craig Richard Bradshaw
General Director

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

Masan High-Tech Materials Corporation and its subsidiaries
Consolidated statements of income for the period ended 31 December 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 1/10/2020 to 31/12/2020 VND'000	From 1/10/2019 to 31/12/2019 VND'000	From 1/1/2020 to 31/12/2020 VND'000	From 1/1/2019 to 31/12/2019 VND'000
Revenue from sales of goods	01	23	2,418,776,459	1,020,854,527	7,497,622,798	4,706,129,858
Revenue deductions	02		65,712,208	-	71,370,668	-
Net revenue (10 = 01 - 02)	10		2,353,064,251	1,020,854,527	7,426,252,130	4,706,129,858
Cost of sales	11		2,375,092,897	961,876,660	7,264,819,114	3,971,145,298
Gross profit/(loss) (20 = 01 - 11)	20		(22,028,646)	58,977,867	161,433,016	734,984,560
Financial income	21	24	58,734,295	198,822,418	646,482,348	931,680,260
Financial expenses	22	25	453,760,859	303,765,913	1,652,967,999	1,290,661,189
Loss sharing in jointly controlled entities and associates	24		(16,294,066)	-	(29,488,203)	-
Selling expenses	25		85,577,483	24,660,073	226,214,933	104,782,370
General and administration expenses	26		3,748,428	64,077,428	271,431,261	142,007,143
Net operating (loss)/ profit (30 = 20 + 21 - 22 - 25 - 26)	30		(522,675,187)	(134,703,129)	(1,372,187,032)	129,214,118
Other income	31	26	519,472,587	12,016,857	1,426,754,287	1,230,029,410
Other expenses	32		22,119,638	(17,636,262)	55,160,222	893,457,185
Results of other activities (40 = 31 - 32)	40		497,352,949	29,653,119	1,371,594,065	336,572,225
Accounting profit before tax (50 = 30 + 40)	50		(25,322,238)	(105,050,010)	(592,967)	465,786,343
Income tax expense – current	51		19,383,186	22,337,290	20,654,658	138,562,148
Income tax benefit – deferred	52		(150,538,496)	(7,223,378)	(189,895,845)	(25,169,620)
Net profit after tax (60 = 50 – 51 - 52) (carried to next page)	60		105,833,072	(120,163,922)	168,648,220	352,393,815

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Masan High-Tech Materials Corporation and its subsidiaries
Consolidated statements of income for the period ended 31 December 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 1/10/2020 to 31/12/2020 VND'000	From 1/10/2019 to 31/12/2019 VND'000	From 1/1/2020 to 31/12/2020 VND'000	From 1/1/2019 to 31/12/2019 VND'000
Net profit/(losses) after tax (60 = 50 – 51 - 52) (brought from previous page)	60		105,833,072	(120,163,922)	168,648,220	352,393,815
Net profit/(loss) attributable to:						
Equity holders of the Company	61		82,169,235	(120,163,922)	150,636,731	352,393,815
Non-controlling interest	62		23,663,837	-	18,011,489	-
			VND	VND	VND	VND
Earnings per share						
Basic earnings per share	70	27	82	(121)	151	356

29 January 2021

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Stuart James Wells
Chief Financial Officer

Approved by:



Craig Richard Bradshaw
General Director

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

Masan High-Tech Materials Corporation and its subsidiaries
Consolidated statements of cash flows for the period ended 31 December 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 31/12/2020 VND'000	From 1/1/2019 to 31/12/2019 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	01	(592,967)	465,786,343
Adjustments for			
Depreciation and amortisation	02	1,582,899,759	1,206,383,561
Negative goodwill arising from business combination	02	(1,397,673,594)	-
Allowances and provisions	03	194,823,022	39,749,622
Exchange gain/loss arising from revaluation of monetary items denominated in foreign currencies	04	2,888,194	(6,976,590)
Profits from investing activities	05	(24,693,195)	(40,014,585)
Interest expense and borrowing fees	06	1,278,848,458	1,161,519,606
Operating profit before changes in working capital	08	1,636,499,677	2,826,447,957
Change in receivables and other current assets	09	(263,917,841)	487,538,695
Change in inventories	10	(159,974,383)	(1,493,010,616)
Change in payables and other liabilities	11	(576,700,512)	773,365,144
Change in prepaid expenses	12	(209,068,013)	4,220,162
		426,838,928	2,598,561,342
Interest paid	14	(1,248,770,678)	(1,127,738,800)
Income tax paid	15	(142,496,061)	(39,142,971)
Net cash flows from operating activities	20	(964,427,811)	1,431,679,571
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(1,474,237,256)	(888,223,637)
Compensation to finalize previously constructed fixed assets	21	-	984,161,905
Proceeds from disposals of fixed assets and other long-term assets	22	12,765,546	977,273
Payments for term deposit and granting loans to other parties	23	(1,931,153,425)	(1,000,000,000)
Collection of term deposit and loans to other parties	24	1,787,321,421	-
Payments for investments in subsidiaries	25	-	(8,525,794)
Business combination, net of cash combined	25	(1,053,739,472)	-
Receipt of interest	27	34,978,361	37,731,636
Net cash flows from investing activities	30	(2,624,064,825)	(873,878,617)

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 31 December 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 31/12/2020 VND'000	From 1/1/2019 to 31/12/2019 VND'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity issued	31	2,094,330,737	-
Proceeds from borrowings	33	13,350,232,314	7,908,523,055
Payments to settle loan principals and bond issuance related costs	34	(12,814,978,565)	(7,206,551,527)
Net cash flows from financing activities	40	2,629,584,486	701,971,528
Net cash flows during the period (50 = 20 + 30 + 40)	50	(958,908,150)	1,259,772,482
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	(2,366,170)	(3,788,136)
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61) (Note 5)	70	761,930,286	1,723,204,606

29 January 2021

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Stuart James Wells
Chief Financial Officer



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 31 December 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 (“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
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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	
			31/12/2020	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 %	-

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Name	Registration country	Principal activity	Percentage of economic interests at	
			31/12/2020	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
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Name	Registration country	Principal activity	Percentage of economic interests at	
			31/12/2020	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 31 December 2020
(continued)

Form B 09a – DN/HN
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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 31 December 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 31 December 2020
(continued)

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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 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.

Masan High-Tech Materials Corporation and its subsidiaries
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(continued)

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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:

As at 31/12/2020 and 1/1/2020

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 15 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 VND1,967,452 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'000 (*)	Fair value adjustments VND'000 (*)	Recognised value on acquisition VND'000
Cash and cash equivalents	940,189,999	-	940,189,999
Inventories – net	1,801,499,299	(27,102,920)	1,774,396,379
Other current assets	802,499,722	-	802,499,722
Tangible fixed assets – net	1,644,135,046	2,426,234,824	4,070,369,870
Intangible fixed assets – net	68,441,660	3,372,981,832	3,441,423,492
Other long-term asset	1,061,461,026	199,528,207	1,260,989,233
Current liabilities	(1,256,973,815)	-	(1,256,973,815)
Long-term liabilities	(5,947,132,544)	(1,671,344,182)	(7,618,476,726)
Non-controlling interests	50,670,274	(99,962,179)	(49,291,905)
Total net identifiable asset/(liabilities) from business combination	(835,209,333)	4,200,335,582	3,365,126,249
Share of net assets from business combination			3,365,126,249
Negative goodwill from acquisition of a subsidiary (Note 26)			(1,397,673,594)
Total net consideration			1,967,452,655
In which:			
<i>Considerations transferred</i>			<i>1,855,868,321</i>
<i>Transaction cost</i>			<i>138,061,150</i>
<i>Receivable for a reduction of consideration (Note 8)</i>			<i>(26,476,816)</i>
Cash increase from business combination			(940,189,999)
Net cash outflow			1,053,739,472

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

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The Group comprises the following main business segments:

From 1/1/2020 to 31/12/2020	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment revenue	749,991,344	1,566,466,964	5,130,780,965	50,383,525	7,497,622,798
Segment gross profit/ (loss)	(258,933,157)	1,007,455,054	(506,472,902)	(80,615,979)	161,433,016
Unallocated expenses					497,646,194
Financial income					646,482,348
Financial expenses					1,652,967,999
Share of loss in jointly controlled entities and associates					(29,488,203)
Results from operating activities					(1,372,187,032)
Other income					1,426,754,287
Other expenses					55,160,222
Income tax expenses					(169,241,187)
Net profit after tax					168,648,220

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

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As at 31 December 2020	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment assets	153,242,533	757,149,316	9,407,654,444	963,525,139	11,281,571,432
Unallocated assets					29,735,233,618
					<hr/>
Total assets					41,016,805,050
					<hr/>
Total liabilities					26,842,925,321
					<hr/>
As at 1 January 2020	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
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
					<hr/>
Total assets					29,774,719,881
					<hr/>
Total liabilities					17,304,897,615
					<hr/>

Masan High-Tech Materials Corporation and its subsidiaries

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

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From 1/1/2020 to 31/12/2020	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Capital expenditure	-	(85,520)	95,552,600	83,181,309	178,648,389
Unallocated capital expenditure					1,295,588,867
Depreciation	13,783,364	68,957,589	468,824,448	87,699,306	639,264,707
Unallocated depreciation					943,635,052
Unallocated amortisation					231,291,861

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

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6. Cash and cash equivalents

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

7. 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

	31/12/2020	1/1/2020
	VND'000	VND'000
Short-term receivables		
Receivable for mining rights fee (a)	239,835,807	239,835,807
Receivable for a reduction of consideration (Note 4)	26,476,816	-
Others	54,776,914	10,720,567
	<hr/>	<hr/>
	321,089,537	250,556,374
	<hr/>	<hr/>
Long-term receivables		
Land compensation receivable from Thai Nguyen People's Committee (b)	1,234,392,503	1,249,999,696
Others (c)	63,917,948	53,869,202
	<hr/>	<hr/>
	1,298,310,451	1,303,868,898
	<hr/>	<hr/>

- (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

	31/12/2020		1/1/2020	
	VND'000 Cost	VND'000 Allowance	VND'000 Cost	VND'000 Allowance
Goods in transit	71,956,654	-	54,194,593	-
Raw materials	1,227,609,054	-	237,723,007	-
Tools and supplies	686,047,326	(24,545,947)	572,289,604	-
Work in progress	690,410,574	(37,066,262)	139,145,869	-
Finished goods	2,366,452,559	(51,549,187)	1,259,545,121	-
Merchandise inventories	3,034,189	-	739,273,589	-
Goods on consignment	54,045,838	-	136,852,970	-
	5,099,556,194	(113,161,396)	3,139,024,753	-

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10. Tangible fixed assets

	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
Cost						
Opening balance	4,930,775,651	11,821,423,653	42,227,092	16,186,948	5,095,926,136	21,906,539,480
Increases from business combination (Note 4)	2,636,129,079	4,840,579,657	-	-	-	7,476,708,736
Addition	-	31,603,499	-	-	-	31,603,499
Transfer from construction in progress (Note 13)	200,001,653	647,211,246	706,082	1,104,000	-	849,022,981
Disposals	(17,114,899)	(115,095,369)	-	(807,551)	-	(133,017,819)
Currency translation differences	127,828,764	222,370,577	-	-	-	350,199,341
Closing balance	7,877,620,248	17,448,093,262	42,933,174	16,483,397	5,095,926,136	30,481,056,217
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	2,819,693,719	-	-	-	3,406,338,865
Charge for the period	372,255,593	846,030,300	1,574,793	2,170,330	212,669,058	1,434,700,074
Disposals	(7,226,526)	(114,095,248)	-	(807,551)	-	(122,129,325)
Currency translation differences	26,921,231	129,271,087	-	-	-	156,192,318
Closing balance	2,051,760,438	7,233,272,724	39,870,202	12,966,186	1,339,999,417	10,677,868,967
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	5,825,859,810	10,214,820,538	3,062,972	3,517,211	3,755,926,719	19,803,187,250

At 31 December 2020, tangible fixed assets with a carrying value of VND10,832 billion were pledged with banks as security for long-term bonds issued by NPM and the Company (1/1/2020: VND10,977 billion) (Note 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 31 December 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 VND'000	Software VND'000	Mining rights VND'000	Development cost VND'000	Customer relationship VND'000	Brand name VND'000	Technology VND'000	Other intangible assets VND'000	Total VND'000
Cost									
Opening balance	-	108,309,899	588,370,818	-	-	-	-	-	696,680,717
Increases from business combination (Note 4)	68,425,536	286,893,361	-	649,265,674	218,306,487	1,062,970,311	1,466,260,807	25,257,122	3,777,379,298
Addition	-	10,836,616	-	-	-	-	-	-	10,836,616
Transfer from construction in progress (Note 13)	-	3,693,341	-	1,404,438	-	-	-	-	5,097,779
Disposal	-	(746,069)	-	-	-	-	-	-	(746,069)
Currency translation differences	3,548,013	15,830,568	-	35,162,425	11,810,762	57,508,550	79,327,269	1,228,238	204,415,825
Closing balance	71,973,549	424,817,716	588,370,818	685,832,537	230,117,249	1,120,478,861	1,545,588,076	26,485,360	4,693,664,166
Accumulated amortisation									
Opening balance	-	73,423,648	158,120,358	-	-	-	-	-	231,544,006
Increases from business combination (Note 4)	-	280,310,256	-	53,616,472	-	-	-	2,029,078	335,955,806
Charge for the period	-	15,692,012	30,550,328	32,445,109	3,696,804	21,758,309	42,975,821	1,081,302	148,199,685
Disposal	-	(746,069)	-	-	-	-	-	-	(746,069)
Currency translation differences	-	15,185,479	-	3,732,808	94,804	557,987	1,102,105	118,156	20,791,339
Closing balance	-	383,865,326	188,670,686	89,794,389	3,791,608	22,316,296	44,077,926	3,228,536	735,744,767
Net book value									
Opening balance	-	34,886,251	430,250,460	-	-	-	-	-	465,136,711
Closing balance	71,973,549	40,952,390	399,700,132	596,038,148	226,325,641	1,098,162,565	1,501,510,150	23,256,824	3,957,919,399

At 31 December 2020, intangible fixed assets with a carrying value of VND422 billion were pledged with banks as security for long-term bonds issued by NPM and the Company (1/1/2020: VND465 billion) (Note 18(b)).

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13. Construction in progress

	From 1/1/2020 to 31/12/2020 VND'000
Opening balance	1,694,487,259
Increases from business combination (Note 4)	112,549,289
Additions during the period	554,779,318
Transfer to tangible fixed assets (Note 10)	(849,022,981)
Transfer to intangible fixed assets (Note 12)	(5,097,779)
Transfer to long-term prepaid expenses (Note 14)	(8,934,805)
Transfer to short-term prepaid expenses	(37,931,144)
Difference from the translation of foreign operations' financial statements to VND	6,651,072
Closing balance	<u>1,467,480,229</u>

During the year, borrowing costs capitalised into construction in progress amounted to VND37 billion (the year 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 and the Company.

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	-	130,679,345	356,106,072	486,785,417
Transfer from construction in progress (Note 13)	-	-	8,934,805	8,934,805
Transfer from long-term receivables	15,607,194	-	-	15,607,194
Amortisation for the period	(74,060,263)	(112,477,373)	(44,754,225)	(231,291,861)
Closing balance	<u>948,324,935</u>	<u>1,581,256,191</u>	<u>376,313,012</u>	<u>2,905,894,138</u>

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15. Taxes payable to State Treasury

	1/1/2020	Increases from business combination	Incurred	Paid/Offset	Foreign exchange difference	31/12/2020
	VND'000	VND'000	VND'000	VND'000	VND'000	VND'000
Tax payables inside Vietnam						
Value added tax	-	-	333,350,890	(333,350,890)	-	-
Import-export tax	-	-	666,641,059	(666,641,059)	-	-
Corporate income tax	134,400,473	-	(3,805,730)	(130,139,941)	-	454,802
Personal income tax	63,044,211	-	139,858,517	(194,121,425)	-	8,781,303
Environmental protection fee	-	-	28,888,859	(28,888,859)	-	-
Royalty tax	-	-	316,951,961	(316,951,961)	-	-
Other taxes	2,276,799	-	24,946,981	(23,360,462)	-	3,863,318
Tax payables outside Vietnam						
Corporate income tax	-	92,822,622	24,460,388	(12,356,120)	9,267,317	114,194,207
Other tax	-	89,618,155	-	(65,420,005)	4,147,488	28,345,638
	199,721,483	182,440,777	1,531,292,925	(1,771,230,722)	13,414,805	155,639,268

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16. Accrued expenses

	31/12/2020	1/1/2020
	VND'000	VND'000
Bonus	15,469,188	59,959,470
Accrued interest payable	228,436,211	239,049,923
Other financing costs	14,691,057	4,181,514
Natural resource taxes and fees	25,766,750	71,039,152
Accrual for construction work	10,576,562	14,187,389
Consultant fee	39,904,259	983,850
Operating costs	561,773,607	314,119,079
Share issuance fees	42,624,809	-
Other	1,380,829	1,380,829
	940,623,272	704,901,206

17. Other short-term payables

Other payables included the following amounts:

	31/12/2020	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	12,991,835	339,972
Contract termination (c)	47,056,004	-
	306,683,463	1,126,975,596

(a) Amounts due to related parties were unsecured, interest-free.

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

(c) Remaining termination fee due to a customer.

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

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

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

- (i) The loan from a local bank is secured by part of short-term receivables of NPM and 7.19% 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 4.93% and from 8.70% to 9.52% annum respectively.
- (ii) The loan from a local bank is secured by inventories, a part of short-term receivables and a part of certain long-term assets 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 7.0% 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 8.4% to 9.6% per annum respectively.
- (iv) The loan from a local bank drawdown in USD and VND bore interest ranging from 5.1% to 6.1% and from 7.7% to 9.3% per annum respectively.
- Both loans in (iii) and (iv) are secured by 10.01% 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 4.3% 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 3.08% to 4.57% and from 4.7% to 6.8% annum respectively.

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(b) Long-term bonds

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

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

	Currency	Interest rate per annum	Year of maturity	31/12/2020 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	497,829,434	496,989,214
Secured bond issuance	VND	(iv)	2021	998,222,222	995,555,556
Secured bond issuance	VND	(v)	2023	1,493,200,000	1,490,800,000
Secured bond issuance	VND	(vi)	2024	497,186,709	496,533,333
Secured bond issuance	VND	(vii)	2022	298,874,684	298,133,333
Secured bond issuance	VND	(viii)	2022	199,202,900	198,711,110
Secured bond issuance	VND	(ix)	2024	497,333,333	496,533,333
Secured bond issuance	VND	(x)	2022	99,488,774	99,288,889
Secured bond issuance	VND	(xi)	2022	189,028,670	188,648,889
Secured bond issuance	VND	(xii)	2022	209,000,349	208,460,000
Secured bonds issuance	VND	(xiii)	2023	1,577,600,000	-
Secured bonds issuance	VND	(xiv)	2023	986,000,000	-
Secured bonds issuance	VND	(xv)	2023	689,638,629	-
Secured bonds issuance	VND	(xvi)	2023	993,333,333	-
Secured bonds issuance	VND	(xvii)	2023	992,725,705	-
				10,218,664,742	9,538,080,318

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

- (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 was secured by 4.70% of the issued shared 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 a part of certain long-term assets of NPM.
- (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 14.09% of issued shares of the Company held by MH and a part of certain long-term assets of NPM.
- (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 was secured by 5.06% of the issued shared 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 was secured by 2.84% of the issued shared of the Company held by MH.
- (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 secured by 1.89% of the issued shared of the Company held by MH.
- (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 5.06% of issued shares of the Company held by MH and a part of certain long-term assets of NPM.
- (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 1.22% of issued shares of the Company held by MH.

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- (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 2.31% of issued shares of the Company held by MH and a part of certain long-term assets of NPM.
- (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 was secured by 2.48% 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 and secured by a part of certain long-term assets of NPM.
- (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 and secured by a part of certain long-term assets of NPM.
- (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 and secured by a part of certain long-term assets of NPM.
- (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 bond was secured by 12.38% of the issued shared of the Company held by MH.
- (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 bond was secured by 12.38% of the issued shared of the Company held by MH.

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19. 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 year	4,678,557	33,613,058	513,940,233	552,231,848
Provision used during the year	-	(73,145,651)	(69,944,569)	(143,090,220)
Currency translation difference	-	-	573,041,087	573,041,087
Closing balance	103,800,498	390,248,573	6,963,327,331	7,457,376,402

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20. Changes in equity

	Share capital	Share premium	Other capital	Foreign exchange differences	Other equity funds	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	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	-	-	-	-	-	352,393,815	352,393,815	-	352,393,815
Others (*)	-	-	-	-	-	(8,525,794)	(8,525,794)	-	(8,525,794)
Bonus share issuance	899,307,560	-	-	-	-	(899,307,560)	-	-	-
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	-	-	-	-	-	-	-	49,291,905	49,291,905
Net profit for the period	-	-	-	-	-	150,636,731	150,636,731	18,011,489	168,648,220
New share issuance	1,099,155,420	995,175,317	-	-	-	-	2,094,330,737	-	2,094,330,737
Transaction fee for new share issuance	-	(42,624,809)	-	-	-	-	(42,624,809)	-	(42,624,809)
Other movement	-	-	-	-	(329,830,585)	-	(329,830,585)	-	(329,830,585)
Foreign exchange differences	-	-	-	(241,051,088)	-	-	(241,051,088)	5,293,083	(235,758,005)
Balance at 31 December 2020	10,991,554,200	1,098,259,892	(295,683,347)	(241,051,088)	(329,830,585)	2,878,034,180	14,101,283,252	72,596,477	14,173,879,729

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

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21. Share capital

The Company's authorised and issued share capital comprised:

	31/12/2020		1/1/2020	
	Number of shares	VND'000	Number of shares	VND'000
Issued share capital				
Balance at the beginning of the year	989,239,878	9,892,398,780	899,309,122	8,993,091,220
New shares issuance (*)	109,915,542	1,099,155,420	89,930,756	899,307,560
Balance at the end of the year	1,099,155,420	10,991,554,200	989,239,878	9,892,398,780
Share premium				
Balance at the beginning of the year	-	145,709,384	-	145,709,384
New shares issuance (*)	-	952,550,508	-	-
Balance at the end of the year	-	1,098,259,892	-	145,709,384

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

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

- (*) 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 was completed in 24 November 2020. The proceeds from new shares issuance transactions was used for enhancing financial capability, expanding operation scale and increased competitiveness, forming a basic for the sustainable development, safety and efficiency of the Company and/or its subsidiaries through capital injection by the Company to its subsidiaries and paying for share issuance fee.

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22. Off balance sheet items

(a) Foreign currencies

	31/12/2020		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

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

23. Revenue from sales of goods

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

24. Financial income

	From 1/1/2020 to 31/12/2020 VND'000	From 1/1/2019 to 31/12/2019 VND'000
Interest income	52,304,346	848,762,312
Other finance income	406,554,613	78,308,024
Foreign exchange gains	187,623,389	4,609,924
	646,482,348	931,680,260

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25. Financial expenses

	From 1/1/2020 to 31/12/2020 VND'000	From 1/1/2019 to 31/12/2019 VND'000
Interest expense	1,199,925,907	1,079,224,166
Borrowing fees	78,922,551	82,295,440
Foreign exchange losses	230,948,527	54,140,686
Others	143,171,014	75,000,897
	<hr/>	<hr/>
	1,652,967,999	1,290,661,189

26. Other income

	From 1/1/2020 to 31/12/2020 VND'000	From 1/1/2019 to 31/12/2019 VND'000
Negative goodwill on acquisition of a subsidiary (Note 4)	1,397,673,594	-
Income incurred from arbitration settlement with Jacobs	-	1,212,834,666
Others	29,080,693	17,194,744
	<hr/>	<hr/>
	1,426,754,287	1,230,029,410

27. Earnings per share

Basic earnings per share

The calculation of basic loss per share for the year ended 31 December 2020 was based on the profit attributable to ordinary shareholders of VND150,637 million (for the year ended 31 December 2019: profit attributable to ordinary shareholders of VND352,394 million) and a weighted average number of ordinary shares outstanding of 1,000,651,874 shares (for the year ended 31 December 2019: 989,240,034 shares), calculated as follows:

	From 1/1/2020 to 31/12/2020	From 1/1/2019 to 31/12/2019
Issued ordinary shares at the beginning of the year	989,239,878	899,309,122
Effect of new share issuance in 24 November 2020	11,411,996	-
Effect of share issuance for dividend payment in 18 November 2019	-	89,930,912
	<hr/>	<hr/>
Weighted average number of ordinary shares for the year	1,000,651,874	989,240,034

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28. 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
		31/12/2020	to 31/12/2019
		VND'000	VND'000
Ultimate holding company			
Masan Group Corporation	Bond interest	-	120,429,756
	Loan received	2,181,000,000	-
	Loan paid	(2,181,000,000)	-
	Loan interest expense	13,773,529	-
	Loan granted	1,923,753,425	1,000,000,000
	Loan collected	(1,780,273,973)	-
	Loan interest income	46,098,803	-
Ultimate holding company's associate			
Vietnam Technological and Commercial Joint Stock Bank ("TCB") and its subsidiaries	Interest expenses and borrowing fees	91,904,512	73,109,464
	Bond issued	5,300,138,629	2,000,000,000
	Bond repurchased	1,900,979,224	-
	Loan received	38,823,600	1,367,341,337
	Loan paid	1,777,789,296	1,498,587,983
Ultimate holding company's subsidiary			
Masan Consumer Corporation	Purchase of goods	1,370,253	1,072,107
	Purchase of services	1,273,609	3,261,776
Key management personnel			
	Salary, bonus and other benefits (*)	32,975,982	31,123,186

(*) No board fees were paid to Board of Directors members for the period ended 31 December 2020 and 31 December 2019.

29 January 2021

Prepared by:

Reviewed by:



Nguyen Thi Thanh Mai
Chief Accountant



Stuart James Wells
Chief Financial Officer



Craig Richard Bradshaw
General Director