



Masan Resources Corporation

Separate Financial Statements
for the year ended 31 December 2019



Masan Resources Corporation Corporate Information

Enterprise Registration

Certificate No. 0309966889 27 April 2010

The Company's Enterprise Registration Certificate has been amended several times, the most recent of which was dated 20 May 2019. 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 ("BOD")

Mr. Danny Le	Chairman (<i>appointed and approved by General Meeting of Shareholders (GMS) on 19/4/2019</i>)
Mr. Chetan Prakash Baxi	Chairman (<i>resigned on 16/4/2019 and approved by GMS on 19/4/2019</i>)
Mr. Nguyen Thieu Nam	First Vice Chairman (<i>appointed and approved by BOD on 19/4/2019</i>)
Dr. Nguyen Dang Quang	Member (<i>resigned on 13 December 2019</i>)
Mr. Nguyen Van Thang	Member
Mr. Craig Richard Bradshaw	Member (<i>appointed and approved by GMS on 19/4/2019</i>)
Mr. Dominic John Heaton	Member (<i>resigned on 26/7/2018 and approved by GMS on 19/4/2019</i>)

Board of Management

Mr. Craig Richard Bradshaw	General Director
Mr. Stuart James Wells	Chief Financial Officer (<i>from 7/3/2019</i>)
Ms. Nguyen Thi Thanh Mai	Chief Accountant

Registered Office

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

Auditor

KPMG Limited
Vietnam

Masan Resources Corporation Statement of the Board of Management

The Board of Management of Masan Resources Corporation (“the Company”) presents this statement and the accompanying separate financial statements of the Company for the year ended 31 December 2019.

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

- (a) the separate financial statements set out on pages 5 to 22 give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2019, and of the unconsolidated results of operations and the unconsolidated cash flows of the Company for the year then ended in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Management



Craig Richard Bradshaw
General Director

Ho Chi Minh City, 9 March 2020



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders Masan Resources Corporation

We have audited the accompanying separate financial statements of Masan Resources Corporation ("the Company"), which comprise the separate balance sheets as at 31 December 2019, the related separate statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 9 March 2020, as set out on pages 5 to 22.

Management's Responsibility

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

Auditor's Responsibility

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

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

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



Auditor's Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial positions of the Company as at 31 December 2019 and of its unconsolidated results of operations and their unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited

Vietnam

Audit Report No: 19-02-00167-20-2



Dam Xuan Lam

Practicing Auditor Registration

Certificate No.: 0861-2018-007-1

Deputy General Director

Hanoi, 9 March 2020

Wang Toon Kim

Practicing Auditor Registration

Certificate No.: 0557-2018-007-1

Masan Resources Corporation
Separate balance sheet as at 31 December 2019

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

	Code	Note	31/12/2019 VND'000	1/1/2019 VND'000
ASSETS				
Current assets (100 = 110 + 130 +150)	100		711,706,777	47,959,283
Cash and cash equivalents	110	4	4,273,418	3,288,566
Cash	111		273,418	234,588
Cash equivalents	112		4,000,000	3,053,978
Accounts receivable – short-term	130		707,433,359	44,670,717
Other receivables	136	5	707,433,359	44,670,717
Long term assets (200 = 210 + 220 + 250)	200		12,454,770,460	12,495,844,635
Accounts receivable – long-term	210		3,000,000,000	7,355,509,062
Receivables on long-term lending loans	215	6	-	3,945,518,100
Other long-term receivables	216	5	3,000,000,000	3,409,990,962
Fixed assets	220		-	-
Intangible fixed assets	227		-	-
Cost	228		137,950	137,950
Accumulated amortisation	229		(137,950)	(137,950)
Long-term financial investments	250		9,454,770,460	5,140,335,573
Investment in a subsidiary	251	7	9,454,770,460	5,140,335,573
TOTAL ASSETS (270 = 100 + 200)	270		13,166,477,237	12,543,803,918

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

Masan Resources Corporation
Separate balance sheet as at 31 December 2019 (continued)

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

	Code	Note	31/12/2019 VND'000	1/1/2019 VND'000
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		3,068,983,519	3,098,253,712
Current liabilities	310		68,983,519	57,179,537
Accounts payable to suppliers	311		330,000	-
Taxes payable to State Treasury	313		6,860,237	136,840
Accrued expenses	315	8	48,986,812	41,014,278
Other short-term payables	319	9	12,806,470	16,028,419
Long-term liabilities	330		3,000,000,000	3,041,074,175
Other long-term payables	337	9	-	541,074,175
Long-term borrowings and bonds	338	10	3,000,000,000	2,500,000,000
EQUITY (400 = 410)	400		10,097,493,718	9,445,550,206
Equity	410	11	10,097,493,718	9,445,550,206
Share capital	411	12	9,892,398,780	8,993,091,220
- Ordinary shares with voting rights	411a		9,892,398,780	8,993,091,220
Share premium	412	12	145,709,384	145,709,384
Retained profits after tax	421		59,385,554	306,749,602
- Retained profits brought forward	421a		-	304,991,903
- Retained profit for the current year	421b		59,385,554	1,757,699
TOTAL RESOURCES (440 = 300 + 400)	440		13,166,477,237	12,543,803,918

9 March 2020

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Stuart James Wells
Chief Financial Officer

Approved by:



Craig Richard Bradshaw
General Director

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

Masan Resources Corporation
Separate statement of income for the year ended 31 December 2019

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

	Code	Note	2019 VND'000	2018 VND'000
Financial income	21	13	941,356,833	44,669,471
Financial expenses	22	14	279,184,198	40,756,034
General and administration expenses	26		3,368,886	2,165,738
Net operating profit (30 = 21 - 22 - 26)	30		658,803,749	1,747,699
Other income	31		-	10,000
Other expenses	32		501,547	-
Results of other activities (40 = 31 - 32)			(501,547)	10,000
Accounting profit before tax (50 = 30 + 40)	50		658,302,202	1,757,699
Income tax expense – current	51	15	6,358,690	-
Net profit after tax (60 = 50 - 51)	60		651,943,512	1,757,699

9 March 2020

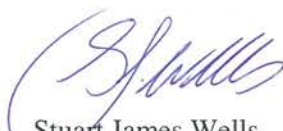
Prepared by:

Reviewed by:

Approved by:



Nguyen Thi Thanh Mai
Chief Accountant



Stuart James Wells
Chief Financial Officer



Craig Richard Bradshaw
General Director

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

Masan Resources Corporation
Separate statement of cash flows for the year ended 31 December 2019
(Indirect method)

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

	Code	Note	2019 VND'000	2018 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		658,302,202	1,757,699
Adjustments for				
Profits from investing activities	05		(941,356,833)	(44,669,471)
Interest expense and borrowing fees	06		279,184,198	40,619,178
Operating loss before changes in working capital	08		(3,870,433)	(2,292,594)
Change in receivables	09		-	2,242,378
Change in payables and other liabilities	11		(2,527,342)	2,800,367
			(6,397,775)	2,750,151
Interest paid	14		(271,211,564)	-
Net cash flows from operating activities	20		(277,609,339)	2,750,151
CASH FLOWS FROM INVESTING ACTIVITIES				
Contribution for Business Cooperation Contract (“BCC”)	23		(500,000,000)	(2,500,000,000)
Receipts from collecting loans	24		3,945,518,100	-
Capital contribution to a subsidiary	25		(4,314,434,887)	-
Receipts of interests and dividends	27		647,510,978	54,796
Net cash flows from investing activities	30		(221,405,809)	(2,499,945,204)

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

Masan Resources Corporation
Separate statements of cash flows for the year ended 31 December 2019
(Indirect method - continued)

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

	Code	Note	2019 VND'000	2018 VND'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	33		500,000,000	2,500,000,000
Net cash flows from financing activities	40		500,000,000	2,500,000,000
Net cash flows during the year (50 = 20 + 30 + 40)	50		984,852	2,804,947
Cash and cash equivalents at the beginning of the year	60		3,288,566	483,619
Cash and cash equivalents at the end of the year (70 = 50 + 60)	70	4	4,273,418	3,288,566

9 March 2020

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Stuart James Wells
Chief Financial Officer

Approved by:



Craig Richard Bradshaw
General Director

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

Masan Resources Corporation
Notes to the separate financial statements for the year ended 31 December 2019

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

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

1. Reporting entity

Ownership and company structure

Masan Resources Corporation (“the Company” or “MSR”) is incorporated as a joint stock company in Vietnam. The principal activity of the Company is investment holding.

As at 31 December 2019, the Company had 3 employees (1/1/2019: 2 employees).

2. Basis of preparation

(a) Statement of compliance

The separate 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.

The Company prepares and issues its consolidated financial statements separately. For a comprehensive understanding of the consolidated financial position of the Company and its subsidiaries (collectively referred to as “the Group”), and their consolidated results of operations and their consolidated cash flows for the year then ended, these separate financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2019.

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting and presentation currency

The Company’s accounting currency is Vietnam Dong (“VND”). The separate 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 Company in the preparation of these separate financial statements.

(a) Foreign currency transactions

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

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

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

(b) Cash and cash equivalents

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

(c) Investments in a subsidiary

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

(d) Accounts receivable

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

(e) Intangible fixed assets

Software

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

Masan Resources Corporation
Notes to the separate financial statements for the year ended 31 December 2019
(continued)

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

(f) Accounts payable

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

(g) Business cooperation contract

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

(h) Bonds issued

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

(i) Equity

Ordinary shares

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

(j) Taxation

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

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

Masan Resources Corporation
Notes to the separate financial statements for the year ended 31 December 2019
(continued)

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

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.

(k) Financial income and financial expenses

(i) Financial income

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

(ii) Financial expenses

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

(l) Income from distributed profits

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

(m) Borrowing costs

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

(n) Related parties

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

Masan Resources Corporation
Notes to the separate financial statements for the year ended 31 December 2019
(continued)

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

4. Cash and cash equivalents

	31/12/2019	1/1/2019
	VND'000	VND'000
Cash in banks	273,418	234,588
Cash equivalents	4,000,000	3,053,978
	<hr/>	<hr/>
	4,273,418	3,288,566
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5. Other short-term and long-term receivables

	31/12/2019	1/1/2019
	VND'000	VND'000
Short-term receivables		
Distribution of profit receivable from BCC (a)	49,962,111	44,598,599
Profit distribution (b)	657,409,101	-
Others	62,147	72,118
	<hr/>	<hr/>
	707,433,359	44,670,717
	<hr/>	<hr/>
Long-term receivables		
Borrowing cost granted to NPM (c)	-	909,990,962
Receivables under BCC (d)	3,000,000,000	2,500,000,000
	<hr/>	<hr/>
	3,000,000,000	3,409,990,962
	<hr/>	<hr/>

(a) The distribution of profit receivables were due to accrual of the current year's operating results as distribution of profit receivable from BCC which the Company contracted with its subsidiaries, Nui Phao Mining Co., Ltd ("NPM") and Masan Tungsten LLC ("MTC") (Note 5(d)).

(b) This amount represents distributed profits receivable from subsidiary.

(c) Borrowing cost granted to a related party are unsecured and interest free. In 2019, the Company, Masan Group Corporation – Ultimate parent company ("MSN") and NPM have entered into a three-parties agreement to offset the payable and receivable due among them amounting to VND541,074 million (Note 9(b)). The remaining balance amounting to VND368,917 million was fully settled by a related party during the year.

Masan Resources Corporation
Notes to the separate financial statements for the year ended 31 December 2019
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
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- (d) The other long-term receivables under BCC represents contribution to NPM under Business Cooperation Contracts (“BCCs”) dated 21 September 2018 and amended four times thereafter according to which the Company use the bond proceeds of VND1,000 billion, VND500 billion and VND500 billion respectively for business cooperation activities with NPM. The BCCs have cooperation terms of thirty-six (36) months, sixty (60) months and sixty (60) months respectively from when NPM received the proceeds from business cooperation contract in September 2018, November 2018 and May 2019 respectively. The sharing of profit is based on the agreed rate as stipulated in the BCC.

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

6. Receivables on long-term lending loans

Receivables on long-term lending loans as at 1 January 2019 represent the loan receivables from MRTN – a subsidiary, which were unsecured and interest free. As defined in the convertible contract, the Company has the rights to convert the loans into contributed capital prior to or on maturity date of the loans. In 2019, the long-term lending loans were fully settled by the subsidiary in cash.

7. Long-term financial investments

	31/12/2019		1/1/2019	
	Cost VND'000	Fair value VND'000	Cost VND'000	Fair value VND'000
Investment in a subsidiary				
Investment in Masan Thai Nguyen Resources Company Limited (“MRTN”)	9,454,770,460	(*)	5,140,335,573	(*)

MRTN is an investment holding company, incorporated in Vietnam. The direct and indirect percentage of economic interests of the Company at MRTN is 100% as at 31 December 2019 (1/1/2019: 100%).

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

Masan Resources Corporation
Notes to the separate financial statements for the year ended 31 December 2019
(continued)

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

8. Accrued expenses

	31/12/2019	1/1/2019
	VND'000	VND'000
Accrued interest payable	48,591,812	40,619,178
Others	395,000	395,100
	<hr/>	<hr/>
	48,986,812	41,014,278

9. Other short-term and long-term payables

Other payables included the following amounts:

	31/12/2019	1/1/2019
	VND'000	VND'000
Short-term:		
Amounts due to Masan Horizon Company Limited (“MH”) – the immediate parent company		
Non-trade – short-term (a)	2,511,785	2,511,785
Amount due to Nui Phao Mining Co., Ltd. – a subsidiary		
Non-trade – short-term (a)	10,294,685	10,294,685
Other payable to other parties		
Other payables – short-term	-	3,221,949
	<hr/>	<hr/>
	12,806,470	16,028,419
Long-term:		
Amounts due to Masan Group Corporation (“MSN”) – the ultimate parent company		
Financial expenses – long-term (b)	-	541,074,175

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

(b) Amounts due to the ultimate parent company was unsecured, interest-free and repayable in December 2020. As disclosed in Note 5(c), in 2019, the Company, MSN and NPM have entered into a three-parties agreement to offset the payable and receivable due among them.

Masan Resources Corporation
Notes to the separate financial statements for the year ended 31 December 2019
(continued)

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

10. Long-term borrowings and bonds

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

		Year of maturity	31/12/2019 VND'000	1/1/2019 VND'000
Long-term bonds issued				
▪ Secured bond issued	(a)	2021	1,000,000,000	1,000,000,000
▪ Secured bond issued	(b)	2023	1,500,000,000	1,500,000,000
▪ Secured bond issued	(c)	2024	500,000,000	-
			3,000,000,000	2,500,000,000

- (a) The VND denominated non-convertible bonds issued by the Company with a three-year term bore interest rate of 9.8% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every six months and calculated as the average twelve-month saving deposit rate of related reference banks plus 3.2%. The bond was secured by 10.58% of issued shares of the Company held by MH. The representatives of the bondholders is Techcom Securities Company JSC. The bond proceeds were used for the business cooperation activities with NPM (Note 5(d)).
- (b) The VND denominated non-convertible bonds issued by the Company with a five-year term bore interest rate of 10% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every six months and calculated as the average twelve-month saving deposit rate of related reference banks plus 3.25%. The bond was secured by 15.65% of issued shares of the Company held by MH. The representatives of the bondholders is Techcom Securities Company JSC. The bond proceeds were used for the business cooperation activities with NPM and MTC (Note 5(d)).
- (c) The VND denominated non-convertible bonds issued by the Company with a five-year term bear interest rate of 10.2% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every six months and calculated as the average twelve-month saving deposit rate of related reference banks plus 3.3%. The bond was secured by 5.62% of issued shares of the Company held by MH. The representatives of the bondholders is Techcom Securities Company JSC. The bond proceeds were used for the business cooperation activities with NPM (Note 5(d)).

Masan Resources Corporation
Notes to the separate financial statements for the year ended 31 December 2019
(continued)

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

11. Changes in equity

	Share capital VND'000	Share premium VND'000	Retained profits after tax VND'000	Total VND'000
Balance at 1 January 2018	7,194,473,280	1,944,327,324	304,991,903	9,443,792,507
Net profit for the year	-	-	1,757,699	1,757,699
Bonus share issuance	1,798,617,940	(1,798,617,940)	-	-
Balance at 1 January 2019	8,993,091,220	145,709,384	306,749,602	9,445,550,206
Net profit for the year	-	-	651,943,512	651,943,512
Bonus share issuance	899,307,560	-	(899,307,560)	-
Balance at 31 December 2019	9,892,398,780	145,709,384	59,385,554	10,097,493,718

12. Share capital

The Company's authorised and issued share capital comprised:

	31/12/2019		1/1/2019	
	Number of shares	VND'000	Number of shares	VND'000
Authorised share capital	989,239,878	9,892,398,780	899,309,122	8,993,091,220
Issued share capital				
Ordinary shares	989,239,878	9,892,398,780	899,309,122	8,993,091,220
Shares in circulation				
Ordinary shares	989,239,878	9,892,398,780	899,309,122	8,993,091,220
Share premium	-	145,709,384	-	145,709,384

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

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

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Movements in share capital during the year was as follows:

	2019		2018	
	Number of shares	VND'000	Number of shares	VND'000
Issued share capital				
Balance at the beginning of the year	899,309,122	8,993,091,220	719,447,328	7,194,473,280
Bonus shares issuance	89,930,756	899,307,560	179,861,794	1,798,617,940
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Balance at the end of the year	989,239,878	9,892,398,780	899,309,122	8,993,091,220
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Share premium				
Balance at the beginning of the year	-	145,709,384	-	1,944,327,324
Bonus shares issuance	-	-	-	(1,798,617,940)
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Balance at the end of the year	-	145,709,384	-	145,709,384
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On 4 November 2019, the Company announced its plan for the issuance of bonus shares by increasing share capital from retained profit as approved by AGM Resolution No. 75/2019/NQ-DHDCD. On the shareholder book closing date, 18 November 2019, a current ordinary shareholder whom holds 100 shares received 10 bonus shares. On 22 November 2019, the Company's Board of Directors issued Resolution to approve bonus share issuance for increasing share capital from the owner equity by VND899,307,560,000 for 89,930,756 shares. On 12 December 2019, Hanoi Stock Exchange issued Decision No.845/QD-SGDHN which approved the increasing share capital from owner equity for 89,930,756 shares.

13. Financial income

	2019	2018
	VND'000	VND'000
Interest income	138,714	70,872
Income from distributed profits	657,409,101	-
Distribution of profit from BCC	283,809,018	44,598,599
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	941,356,833	44,669,471
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14. Financial expenses

	2019	2018
	VND'000	VND'000
Interest expense	278,460,274	40,619,178
Borrowing fee	723,924	136,856
	279,184,198	40,756,034

15. Income tax

(a) Reconciliation of effective tax rate

	2019	2018
	VND'000	VND'000
Profit before tax	658,302,202	1,757,699
Tax at the Company tax rate	131,660,440	351,540
Non-deductible expenses	100,309	-
Under provision in prior year	6,079,761	-
Tax exempt income	(131,481,820)	-
Tax losses utilised	-	(351,540)
	6,358,690	-

(b) Applicable tax rates

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

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16. Significant transactions with related parties

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

(a) Related party balances

As at and for the year ended 31 December 2019, the Company have current and term deposit accounts at Vietnam Technological and Commercial Joint Stock Bank (“TCB”) at normal commercial terms.

As at 31 December 2019, an associate of the ultimate holding company and the ultimate holding company held VND146,358 million (1/1/2019: VND282,090 million) and VND750,000 million (1/1/2019: VND1,499,990 million) of the issued bonds of the Company respectively.

(b) Related party transactions

Related Parties	Nature of transactions	2019 VND'000	2018 VND'000
Ultimate parent company			
Masan Group Corporation ("MSN")	Bond interest	89,829,756	17,260,159
	Offset payable due to MSN and receivable due from NPM	541,074,175	-
Ultimate parent company's associate			
TCB and its subsidiaries	Bond interest	6,052,234	-
	Bond proceeds received (*)	500,000,000	2,500,000,000
Subsidiaries			
Masan Thai Nguyen Resources Company Limited	Capital contribution	4,314,434,887	-
	Collection of long-term loan receivables	3,945,518,100	-
	Collection of borrowing cost	368,916,787	-
	Distributed profits	657,409,101	-
	Transfer receivable due from NPM to receivable due from MRTN	368,916,787	-
	Nui Phao Mining Co., Ltd ("NPM")	Distribution of profit from BCC	182,341,639
	BCC contribution	500,000,000	1,500,000,000
	Transfer receivable due from NPM to receivable due from MRTN	368,916,787	-
	Offset receivable due from NPM and payable due to MSN	541,074,175	-
Masan Tungsten LLC	Distribution of profit from BCC	101,467,379	11,675,698
	BCC contribution	-	1,000,000,000

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

17. Non-cash investing activities

	2019 VND'000	2018 VND'000
Offset payable due to MSN and borrowing cost receivable due from NPM	541,074,175	-



18. Corresponding figures

Corresponding figures as at 1 January 2019 were derived from the balances and amounts reported in the Company's separate financial statements as at and for the year ended 31 December 2018.

9 March 2020

Prepared by:

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Approved by:



Craig Richard Bradshaw
General Director

