

DOHACO<sup>®</sup>



**DONG HAI JOINT STOCK COMPANY OF BEN TRE**  
**ANNUAL REPORT**  
**2020**

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# 1

## **GENERAL INFORMATION**

GENERAL INFORMATION

LOCAL BUSINESS AND INDUSTRY

MANAGEMENT STRUCTURE

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RISKS





## GENERAL INFORMATION

Trading name	: <b>CÔNG TY CỔ PHẦN ĐÔNG HẢI BẾN TRE</b>
English	: <b>DONG HAI JOINT STOCK COMPANY OF BENTRE</b>
Certificate of business registration No.	: 1300358260, first issued 02/04/2003, changed 18 <sup>th</sup> dated 18/02/2020
Charter capital	: 559.957.830.000 VND
Address	: Lot AIII, Giao Long Industrial Zone, An Phuoc Ward, Chau Thanh District, Ben Tre Province
Tel	: 0275.3611.666 - 0275.3611.777
Fax	: 0275.3635.222 - 0275.3611.222
Website	: <a href="http://www.dohacobentre.com.vn">www.dohacobentre.com.vn</a>
Securities code	: DHC



# THE PROCESS OF FORMATION AND DEVELOPMENT

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## 2003

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Dong Hai was established according to the decision of 4278/QD-UB Ben Tre province. The predecessor of the company was the packaging plant, State enterprise in Ben Tre Fishery Sector.

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## 2008

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Dong Hai became public company according to the announcements of the State Securities Committee.

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## 2009

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Dong Hai was officially listed and traded on the HO CHI MINH CITY Stock Exchange with the stock code DHC.

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## 2011

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Dong Hai held ceremony and officially put into operation of Giao Long paper factory (phase I) and Packaging Factory 02.

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## 2015

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Dong Hai moved the company's headquarters to Lot AIII Giao Long Industrial Zone, An Phuoc Ward, Chau Thanh District, Ben Tre Province.

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## 2016

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The company is implementing the project of Giao Long phase 2 with a capacity of 660 tons per day. Expected to be completed and go into operation in 2019.

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## 2017

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Increased charter capital from 255.846.030.000 VND to 344.597.690.000 VND by issuing shares to pay dividends and shares to existing shareholders.

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## 2019

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Dong Hai put Giao Long factory Phase 2 into official operation.

Increased charter capital to 447.975.260.000 VND by issuing shares to existing shareholders.

Increased charter capital to 537.567.830.000 VND by by issuing shares to pay 20% dividends in 2018.

At the end of the year, Dong Hai issued ESOP 2.239.000 shares, raising its charter capital up to 559.957.830.000 VND.

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## 2020

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Approved the Resolution of the Board of Director No. 08/NQ-HĐQT dated 23/03/2020 to set up Ben Tre Packaging One Member Company Limited as a subsidiary, under Dong Hai Joint Stock Company of Ben Tre to implement the project of Packaging Factory No. 1.

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## 2018

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Increased charter capital from 344.597.690.000 VND to 413.515.490.000 VND by issuing shares to pay dividends in 2017.



## TYPICAL ACHIEVEMENTS

- Certificate of Vietnamese brand product integration into WTO
- Gold Cup for Vietnamese brand products into WTO
- Certificate of top 100 leading brands in Vietnam - 2008
- Gold Cup for leading brands in Vietnam - Vietnam Brand Magazine
- Certificate of Prestige Quality Brand - 2009
- Gold Medal Title: Vietnamese Quality - Standard Conformity - 2013
- Certificate of trusted supplier in Vietnam - 2009
- Gold Cup Brand - Products - Prestige - Quality - 2008
- The Government's emulation flag is the Excellent Unit in the emulation movement in 2018
- Top 50 most effective businesses in 2019 - Investment Bridge
- The Government's emulation flag is the Excellent Unit in the emulation movement in 2019







## Lines of Business

NO.	Industry Name	Industry Code
1	Manufacture pulp, paper and paperboard	1701 (Main)
2	Manufacture corrugated paper, packaging from paper and paperboard	1702
3	Printing and services related to printing	1811; 1812

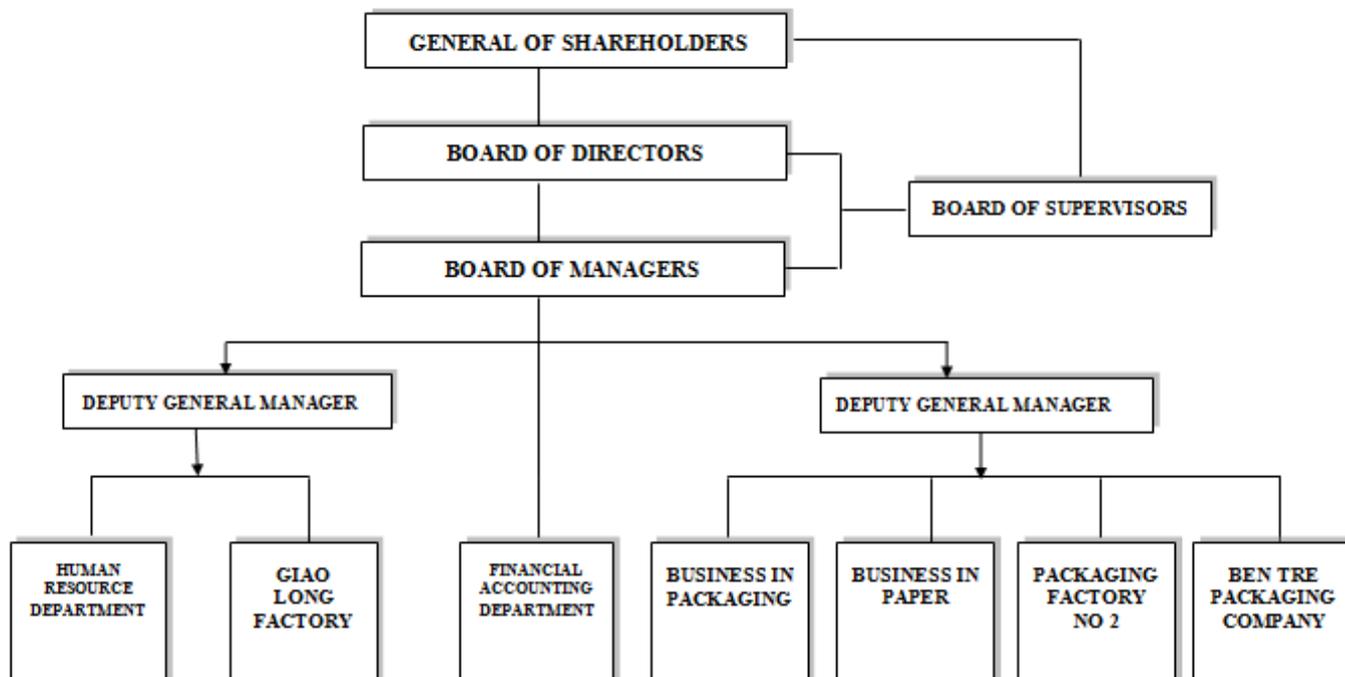
## Area of operation

The company operates mainly in the southern region, especially the three key economic regions of the country, namely the Mekong Delta South, Ho Chi Minh City and the Southeast. This is a region with rapid economic growth, with many manufacturing and processing industries, leading to a high demand for paper and packaging.





## MANAGEMENT STRUCTURE



### Subsidiary/Associated company

#### Associated company:

Giao Long New Port Joint Stock Company  
Address: 126 Long Thanh Hamlet, Giao Long Ward, Chau Thanh District, Ben Tre Province.  
Certificate of Business Registration No.: 13009990134  
Capital contribution: 2.600.000.000 VND, equivalent to 26% of the voting right.

#### Subsidiary:

Ben Tre Packaging One Member Company Limited  
Address: Lot AIV-8, AIV-9, Giao Long Industrial Zone, An Phuoc Ward, Chau Thanh District, Ben Tre Province.  
Certificate of Business Registration No.: 1301091115 first issued 28/04/2020, changed 1<sup>st</sup> dated 15/01/2021.  
Capital contribution: 50.000.000.000 VND, equivalent to 100% of the voting right.

## The main goals of the company



The main goals: “Develop into a large enterprise to take 02 kraft paper - carton packages as a development center”. Looking for new partners to expand the market and increase market share in the industrial paper segment. Motto of action: "Close production process develop capacity scale - improve business efficiency".

## Medium and long term development strategy

In the long term, the company aims to improve production technology, improve product quality, reduce production costs, lower production costs. In addition, the company also focuses on researching the development of environmentally-friendly recyclable prod while meeting the consumption trend and contributing to consolidating the company's development foundation. Promote the expansion of the



domestic market, promote and build the DOHACO brand in order to increase the competitiveness of the product to domestic and foreign competitors. In addition, the company also focused on finding opportunities to export to the markets in the region. Build human resources development strategy through recruitment and training, improve skills for workers, develop management skills.



Board of Directors and the Board of Managements are especially interested, always well behaved and take practical actions with environment, social and community issues.

## Targets Sustainable Development

Improve the system of compensation, remuneration, social policies to improve the quality of life for employees of the Company. Encourage the participation of all individuals in volunteerism as well as the direction and promotion of thinking towards sustainable development.

Compliance with Environment Protection Law and other requirements related to the Company's environment impacts.

Developed in parallel with the responsibility of protecting the environment and rational use of natural resources.

Invest in a high-quality wastewater treatment system to protect the living environment for living creatures and communities around.

Concern for the lives of employees, organization of emulation movements, mass organizations, social activities.

Actively supporting and participating in social activities, volunteering and local charity activities, contributing to Truong Sa, Hoang Sa

## Economic risk

The Covid-19 had a serious impact on world economic growth, according to the International Monetary Fund (IMF), the world's GDP growth rate in 2020 was - 4.4%. However, Vietnam is one of the few countries in the world and is the only country in the ASEAN to achieve positive growth. According to the General Statistics Office in 2020, Vietnam's gross domestic product (GDP) will grow 2.91% compared to 2019, the total paper consumption of the whole industry is estimated at 5,448 million tons, a slight growth 0, 2%. Paper export reached 1.75 million tons, in value reached nearly 2.0 billion USD and grew by 76.5%, achieving a high growth in both quantity and value in the period 2015 - 2020. This is positive signals for businesses operating in the paper industry. However, due to the complicated developments of the Covid-19, in order to limit economic risks, Dong Hai Joint Stock Company of Ben Tre must always update and grasp the domestic and international situation in time, to be able to track the changes from which to propose suitable strategies for each period.

## Competitive risk

In the period of 2019-2025, many projects of some enterprises in the same industry such as Tan Mai Paper Joint Stock Company, Miza Joint Stock Company, Hoang Ha Paper Joint Stock Company,... will put into operation, leading to the whole industry output of kraft paper can reach 2.31 million tons/year by 2026. In addition, more and more FDI inflows into Vietnam's paper industry in recent years will make competition among businesses becomes more fierce. DHC's advantage is that Giao Long phase 2 goes into operation earlier than competitors, but in the long run, its market share may be narrowed because other projects can operate more efficiently and at a more reasonable price. In order to limit the competitive risk of the paper industry, Dong Hai Joint Stock Company of Ben Tre needs to be proactive in managing the operation system, always updating the consumption trends of customers, thereby improving product quality, maximize profits for the company.



## Legal risk

As a public company, DHC's activities are directly influenced by the Enterprise Law, Securities Law as well as the Labor Code and a number of other relevant legal documents. The Securities Law (2019) and the Enterprise Law (2020) were enacted by the National Assembly and officially came into effect on January 1, 2021. Public companies will have to change a lot in corporate governance, information disclosure to increase transparency to ensure the legitimate rights and interests of investors.

Along with global integration, Vietnam has been and will participate in many world economic organizations, leading to change in the legal system of our country to conform to international practices. To minimize legal risks, the Company needs to continuously update and comply with legal regulations to avoid violations leading to damage to the Company.





## RISKS

### Raw material risks

In 2021, China will impose a complete ban on imports of solid waste, including recovered paper (RCP), which will change the global pulp, paper and paper industry structure. Manufacturers are forced to change their access policy for recovered paper (RCP) and recycled pulp, leading to an increase in costs. From the Americas and Europe to India, Vietnam, Indonesia and Thailand, every market is affected. It can be seen that the paper manufacturing industry depends heavily on input materials, but the price of OCC paper accounts for over 50% of the total production and business costs of the Company. To be able to operate effectively the company needs a huge source of raw materials when the Giao Long phase 2 has to operate at full capacity to ensure the payback.

To limit the risk of input materials, the company needs to have specific plans to supply raw materials for each factory. Besides, the Company also needs to find more sources of purchasing foreign materials to ensure timely supply when there is a shortage of domestic materials.



### Exchange rate risks

The most important raw material for paper production is OCC paper, which accounts for over 50% of the total production and business costs, but DHC is still having to buy from abroad, because domestic demand is not enough (only about 50% - 60%). Therefore, the Company's production costs will be affected by exchange rates.

By the end of 2020, the VND / USD exchange rate is still stable, but with the fact that Vietnam is included in the list of currency manipulation countries by the US Department of Commerce, it will partly affect the exchange rate of VND compared to US dollars in the near future. Therefore, in order to minimize the exchange rate risk, DHC needs to continuously monitor and analyze the exchange rates, giving suitable strategies in each period of the Company.



### **Interest rate risk**

The structure of DHC's liabilities is mainly from short-term and long-term financial lease loans and liabilities, accounting for nearly 48.93% of total liabilities. It can be seen that any small fluctuation in interest rates will affect DHC's production and business activities. Although the current lending interest rate is not high, as well as DHC's financial leverage is at a safe level, the Company needs to continuously monitor interest rates to avoid risks of interest rate fluctuations affecting its operations.

### **Other risks**

In addition to the mentioned risks, other unpredictable risks that can affect the company's production and profits such as fire, disease, flood, ... Especially when the Covid-19 pandemic is still complicated, the company always has to be proactive in preventing and formulating security and medical measures. The company regularly propagates the company's employees to grasp and take timely preventive measures to reduce damage to people and property.



## **YEARLY OPERATIONS**

SITUATION OF PRODUCTION AND BUSINESS OPERATIONS

ORGANIZATION AND HUMAN RESOURCE

INVESTMENT ACTIVITIES, PROJECT IMPLEMENTATION

FINANCIAL SITUATION

SHAREHOLDERS STRUCTURE, CHANGE IN THE OWNER'S  
EQUITY

RESPONSIBILITY WITH ENVIRONMENT, COMMUNITY

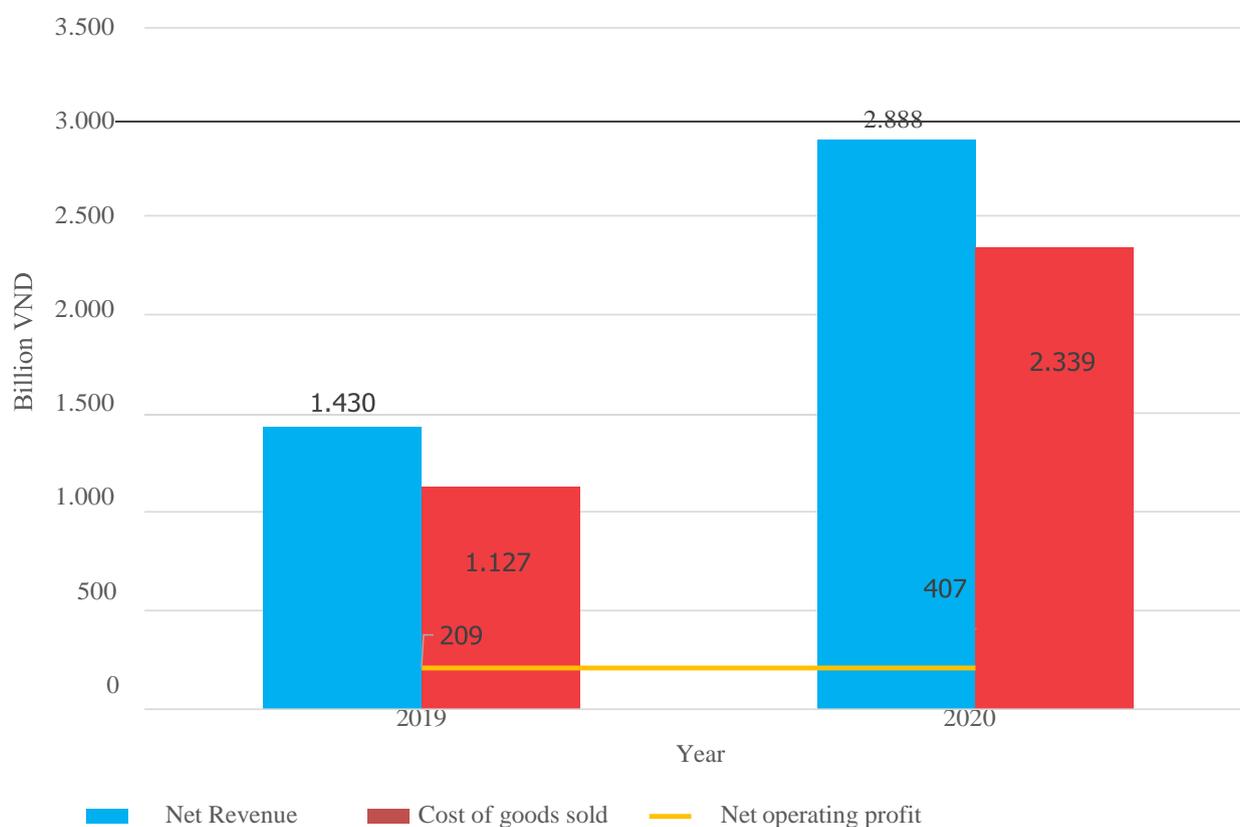


## SITUATION OF PRODUCTION AND BUSINESS OPERATIONS

Unit: Million VND

TARGET	2019	2020	% up and down
Net Revenue	1.429.886	2.887.571	101,94%
Cost of goods sold	1.126.524	2.339.353	107,66%
Net operating profit	208.992	406.819	94,66%
Profit after tax	182.403	391.924	114,87%

In 2020, the Covid-19 pandemic had a negative impact on the whole economy in general and DHC itself in particular. Overcoming all difficulties and challenges, all employees and the Executive Board of the Company have achieved encouraging results. Specifically, net revenue recorded a growth of 101.94% compared to 2019. Profit after tax increased by 114.87% compared to 2019.



## THE EXECUTIVE BOARD

### Mr. Le Ba Phuong

Date of birth	20/11/1964
Nationality	Vietnamese
Qualification	Bachelor of Economics

Time	Position
11/1987 - 07/2012	Worked at Ben Tre Seafood Import-Export Joint Stock Company
08/2012 - 07/2013	Member of the Board of Directors / Deputy General Director of Dong Hai Ben Tre
07/2013 - 06/2014	Member of the Board of Directors / General Director of Dong Hai Ben Tre
06/2014 - 31/07/2020	Chairman of the Board of Directors / General Director of Dong Hai Ben Tre
01/08/2020 - now	Vice Chairman of the Board of Directors / General Director of Dong Hai Ben Tre

### Ms. Ho Thi Song Ngoc

Date of birth	11/02/1983
Nationality	Vietnamese
Qualification	Bachelor of Economics

Time	Position
09/2005 - 08/2006	Clerical - administrative staff of the HCNS - Dong Hai Joint Stock Company of Ben Tre
09/2006 - 03/2008	Receiving and deploying orders from the Department of Planning and Investment of Dong Hai Ben Tre
04/2008 - 08/2010	Deputy General Director - Dong Hai Joint Stock Company of Ben Tre
09/2010 - 04/2012	Sales Director - Dong Hai Joint Stock Company of Ben Tre
05/2012 - 05/2017	Member of the Board of Directors / Deputy General Director of Dong Hai Ben Tre
05/2017 - 04/2020	Deputy General Director of Dong Hai Ben Tre
04/2020 - now	- Deputy General Director of Dong Hai Ben Tre - Director of Ben Tre Packaging One Member Company Limited

## Mr. Luong Van Thanh

Date of birth	12/11/1962
Nationality	Vietnamese
Qualification	Bachelor of Economics

Time	Position
11/1986 - 09/1999	Deputy Head of Technical Planning Department of Construction and Construction Materials Company
09/2003 - 10/2003	Development Investment Manager - District 2 Housing Development and Management Company, Ho Chi Minh City
11/2003 - 07/2012	Head of Management - District 2 Housing Development and Management Company, Ho Chi Minh City
08/2012 - 06/2014	Deputy General Director of Dong Hai Ben Tre
06/2014 - 05/2017	Member of the BOD/Deputy General Director of Dong Hai Ben Tre
05/2017 - 31/07/2020	Vice Chairman of the Board of Directors / Deputy General Director of Dong Hai Ben Tre
08/2020 - now	Chairman of the Board of Directors / Deputy General Director of Dong Hai Ben Tre

## Ms. Le Thi Hoang Hue

Date of birth	09/03/1973
Nationality	Vietnamese
Qualification	Bachelor of Economics

Time	Position
1994 - 1996	Credit Officer of Ben Tre Industry and Trade Bank
1996 - 2003	Deputy Director of accounting department of Ben Tre Frozen Seafood Export Company
2003 - 2009	Chief Accountant of Ben Tre Seafood Joint Stock Company
2009 - 05/2013	Head of Accountant Department of Saigon Thuong Tin Commercial Joint Stock Bank
07/2013 - now	Chief Accountant of Dong Hai Ben Tre

## THE BOARD OF DIRECTORS

(As of 31/12/2020)

No.	Member	Position	Number of shares	Ownership ratio
1	Mr. Luong Van Thanh	Chairman	3.988.000	7,12%
2	Mr. Le Ba Phuong	Vice Chairman	4.500.008	8,04%
3	Mr. Le Quang Hiep	Member	2.895.308	5,17%
4	Mr. Nguyen Thanh Nghia	Member	2.150.007	3,84%
5	Mr. Macro Martinelli	Member	130.000	0,23%

### Mr. Luong Van Thanh

(The Board of Directors profile)

### Mr. Le Ba Phuong

(The Board of Directors profile)

### Mr. Le Quang Hiep

Date of Birth 22/08/1955

Nationality Vietnamese

Qualification Bachelor

Time	Position
1983 - 1985	Deputy Head of Technical Department of Ho Chi Minh City plastic State-owned enterprise
1985 - 1994	Director of Ho Chi Minh City plastic State-owned enterprise
1994 - 2004	Director of Ho Chi Minh City Do Thanh Plastic Company
2004 - now	Chairman of the Board of Director/ General Director of Do Thanh Technology Corporation
2007 - now	Member of the Board of Directors of Dong Hai Ben Tre

## Mr. Nguyen Thanh Nghia

Date of birth	27/11/1963
Nationality	Vietnamese
Qualification	Bachelor

Time	Position
1987 - 03/1992	Officer of Seaprodex Credit Finance Company
04/1992 - 11/1993	Officer of Ho Chi Minh City Seafood Import and Export Company
12/1993 - 04/2001	Deputy Head, Head of Department of Ho Chi Minh City Seafood Import and Export Company
2001 - 05/2007	President of the Board of Members / Director of Dai Thien Loc Steel One Member Limited Company
06/2012 - 08/2013	Member of the Board of Directors of Ben Tre Seafood Import-Export Joint Stock Company.
06/2007 - now	Chairman of the Board of Directors/ General Director of Dai Thien Loc Corporation
05/2012 - 05/2017	Vice Chairman of the Board of Directors of Dong Hai Ben Tre
05/2017 - now	Member of the Board of Directors of Dong Hai Ben Tre

## Mr. Macro Martinelli

Date of birth	11/12/1978
Nationality	Swiss
Qualification	Bachelor

Time	Position
08/1998 - 12/1999	Officer of Credit Suisse Bank Switzerland
01/2000 - 09/2000	Portfolio management of Generale du Luxembourg Bank
10/2000 - 07/2013	Director of Turicum Investment Management AG
08/2013 - 04/2016	Portfolio management of Daragon Capital Group
05/2016 - now	Director of Turicum Investment Management AG

## THE BOARD OF SUPERVISORY

(As of 31/12/2020)

No.	Member	Position	Number of shares	Ownership ratio
1	Ms. Doan Thi Bich Thuy	Head of Supervisory Board	15.480	0,03%
2	Ms. Doan Hong Lan	Member	2.060	0,004%
3	Mr. Le Hoang Phong	Member	0	0,00%

### Ms. Doan Thi Bich Thuy

Date of birth	11/05/1985
Nationality	Vietnamese
Qualification	Bachelor of Accounting

Time	Position
12/2005 - 11/2007	Accountant of Dai Thien Loc Steel Limited Company
12/2007 - 3/2011	Accountant of Dai Thien Loc Corporation
04/2011 - now	Head of Supervisory Board of Dai Thien Loc Corporation 05/2017
05/2017 - now	Head of Supervisory Board of Dong Hai Ben Tre

### Ms Doan Hong Lan

Date of birth	17/04/1986
Nationality	Vietnamese
Qualification	Bachelor of Business Administration

Time	Position
11/2006 - 01/2009	Officer of Planning Department of Dong Hai Joint Stock Company of Ben Tre
01/2009 - now	Pesonnal officer of Dong Hai Joint Stock Company of Ben Tre 04/2012
04/2012 - now	Member of the Supervisory Board

## Mr Le Hoang Phong

Date of birth	01/01/1985
Nationality	Vietnamese
Qualification	Master

Time	Position
2008-2014	Project Management Consultant of 3 Consultant And Construction Joint Stock Company - Vietnam Electricity
09/2015 - now	Lecturer, Deputy Head of Department in charge of the Faculty of Business Administration, Ho Chi Minh City University of Law
12/2020 - now	Member of the Supervisory Board

## CHANGED IN THE EXECUTIVE BOARD

No.	Member	Position	Appointment date	Resignation date
01	Mr. Tatsuyuki Ota	Member of BOD	25/06/2016	15/07/2020
02	Mr. Nguyen Phan Dung	Member of BOD	20/05/2017	15/07/2020
03	Mr. Marco Martinelli	Member of BOD	26/06/2020	
04	Ms. Mai Huyen Ngoc	Member of BOS	24/05/2019	10/12/2020
05	Mr. Le Hoang Phong	Member of BOS	10/12/2020	

## ORGANIZATION AND HUMAN RESOURCE

The company's personnel situation is relatively stable. The number of employees as of 31/12/2020 is 540 people, an increase of 51 people compared to 2019 (Mainly increasing staff for Giao Long 2).

No.	Classification properties	Number	Rate (%)
A	By level	540	100
1	Post-graduate	1	0,19
2	University, college	145	26,85
3	Intermediate	40	7,41
4	Worker	34	6,30
5	Unskilled labor	320	59,26
B	By type of contract	540	100,00
1	Indefinite term	230	42,59
2	Under 01 year	04	0,74
3	01 - 03 years	306	56,67
C	By gender	540	100,00
1	Male	480	88,89
2	Female	60	11,11

# HUMAN RESOURCES



## Welfare benefit policy

Social insurance, health insurance, and unemployment insurance are deducted and paid by the Company in accordance with the provisions of law. The company also organizes annual tours for its employees.

## HR policy

The company works 48 hours / week, the regime of overtime work, holidays, leave and other leave must comply with the State's regulations.

Employees are provided with uniforms, computers and office support equipment, business trip, lunch, ...

Depending on the job position, employees are equipped with a laptop, along with many other regime.

## Employee performance assessment policy

The employee performance assessment is done periodically and according to three criteria: Job performance - Skills - Attitude.

Through performance assessment, management identifies potential employees to include in the succession team planning, and at the same time plans training for employees. This is also the basis for building a career development roadmap for employees.

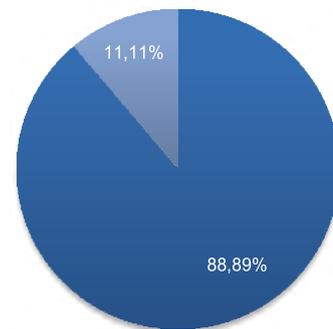
## Salary and bonus policy

DHC develops a policy of salary for employees in accordance with working capacity and position in charge. In addition, the Board of Directors of the Company regularly checks, monitors, and evaluates the productivity of employees; from there, there is an assessment and adjustment of the salary rate for the employees throughout the Company.

Bonus policy is applied in association with work results, production and business efficiency in order to motivate employees to work positively. Basically, the Company has the following bonuses:

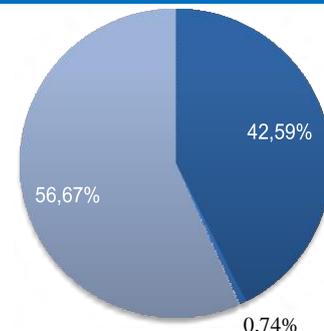
- Bonus for technical innovations
- Bonus for good people, good deeds
- Outstanding and outstanding individual and collective rewards
- Bonus for new product construction
- Bonus for outstanding completion of assigned tasks in the period

BY GENDER



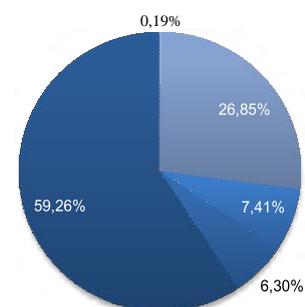
■ Male ■ Female

BY TYPE OF CONTRACT



■ Indefinite term  
 ■ Under 01 year  
 ■ 03 years

BY LEVEL



■ Post-graduate  
 ■ Intermediate  
 ■ Unskilled labor  
 ■ University, College  
 ■ Worker

## AVERAGE SALARY

No.	Year	Total number of employees (people)	Average salary (VND/person/month)
1	2017	403	7.301.366
2	2018	419	7.412.155
3	2019	489	7.589.887
4	2020	540	8.720.000

The Company focuses on good implementation of the regimes and policies for the employees according to the provisions of the Labor Code and the current regimes and policies of the State. The company also ensures to fully equip the necessary working facilities for its employees, build a salary policy suitable for each person. In 2020, the average income per employee reached more than 8.7 million VND/person/month, an increase of 14.89% compared to 2019.



## **INVESTMENT ACTIVITIES, PROJECT IMPLEMENTATION**

- In 2020, the company has put the production line of Giao Long Paper Factory 2 into stable operation. Quantity and quality of paper achieved as planned. Officers and employees step by step master the technology.
- For the construction of subsidiaries: Ben Tre Packaging One Member Company Limited:
  - + Dong Hai has approved the Resolution of the Board of Directors No. 26/NQ-HĐQT dated November 4th, 2020 on the additional capital contribution to the subsidiary. Accordingly, the total charter capital of the company after additional contribution is 50 billion dong.
  - + The company has completed legal procedures (business registration certificate, investment certificate, land use right certificate,...). At the same time, the company is also conducting basic construction and bidding to buy machinery and equipment for the Project.

# FINANCIAL SITUATIONS

## RECEIVABLES

The Company's short-term receivables recorded at 563,827 billion VND in 2020, increased by 45.56% compared to 2019. In which, receivables from customers accounted for the highest proportion in the structure of receivables of the Company and this item increased by 39.99% compared to 2019; short-term receivables of customers included: Box - Pak Vietnam Co., Ltd., YFY Ha Nam Packaging Co., Ltd., Vinh Hung Dat Production - Trading - Service Co., Ltd.; Total receivables of three companies accounts for 20.09% of the accounts receivable from customers, up 44.57%, 27.47% and 6.48% compared to 2019.

Other customer receivables increased sharply in 2020 with an increase of 42.86% compared to 2019, this item accounted for 79.91% of the customer receivables structure. In addition, short-term prepayments to sellers increased by 161.44% compared to 2019.

Unit: Million VND

Targets	31/12/2019	31/12/2020
Short-term receivables	387.341	563.827
Short-term trade receivables	377.627	528.622
Short-term advances to suppliers	15.063	39.381
Other short-term receivables	1.816	2.988
Provision for short-term doubtful debts	(7.165)	(7.164)



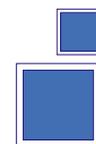
## LIABILITIES

Total debt in 2020 decreased by 105.56 billion VND, corresponding to a decrease of 10,61% compared to 2019, the decrease mainly comes from long-term debt items. In which, long-term loans and debts decreased by 67,05%, the main reason for the decrease was that the Company in the year paid a loan of 295 billion VND to the Bank for Foreign Trade of Vietnam, Tien Giang branch (this loan is subject to medium-term interest rate of 7.8% /year and is mortgaged with all assets attached to the land; main machinery and equipment of Giao Long paper factory and all assets of Giao Long paper factory phase 2).

In addition, short-term debt recorded an increase of 34.14% compared to 2019, the main reason is that short-term payables to sellers in the year increased by 77.81% due to the fact that the company purchases a large amount of materials and other assets to support the maximum operation of the new factory. As at 31/12/2020, the Company has no overdue short-term loan.

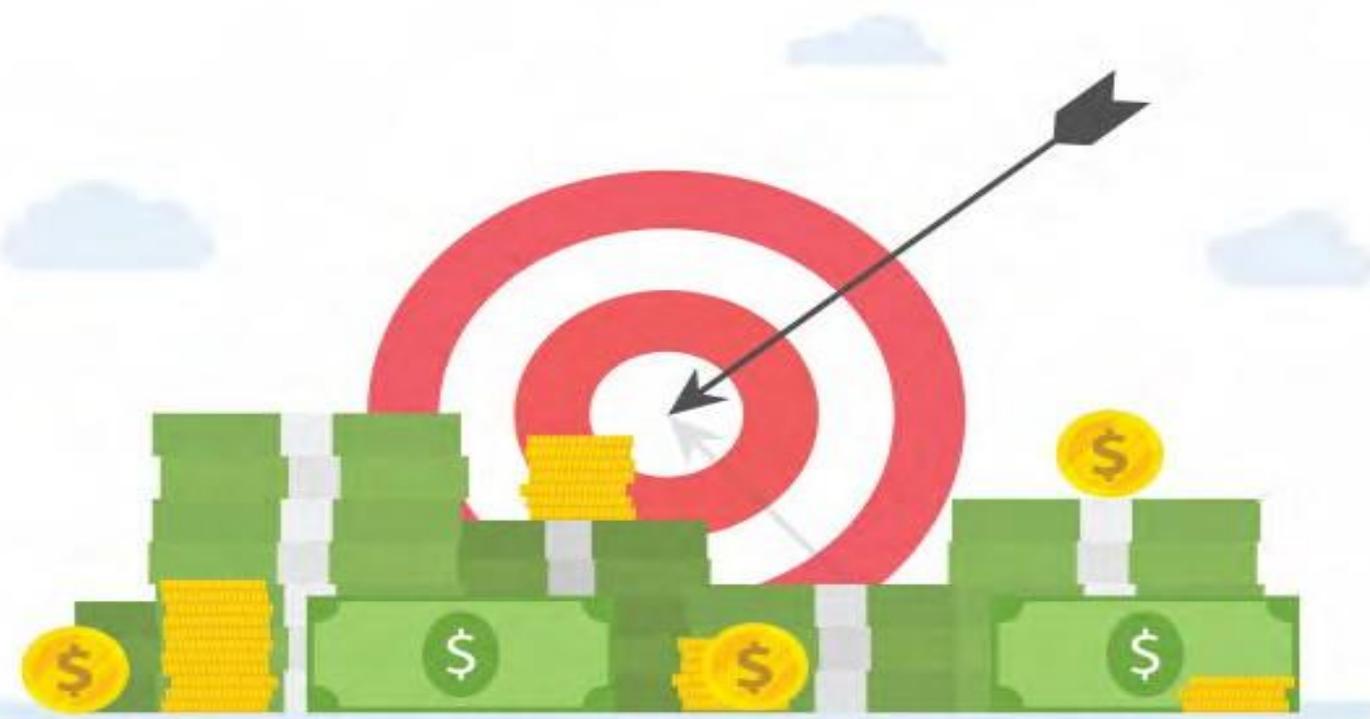
Unit: Million VND

Target	31/12/2019	31/12/2020
Short-term liabilities	554.942	744.385
Short-term trade payables	229.910	408.815
Short-term prepayments from customers	5.075	2.111
Taxes and other payables to government budget	31.882	14.752
Payables to employees	14.738	17.989
Short-term accrued expenses	11.724	7.803
Short-term unearned revenues	0	0
Other short-term payments	2.844	2.624
Short-term borrowings and finance lease liabilities	258.769	290.182
Bonus and welfare fund	0	0
Long-term liabilities	440.000	145.000
Long-term borrowings and liabilities	440.000	145.000

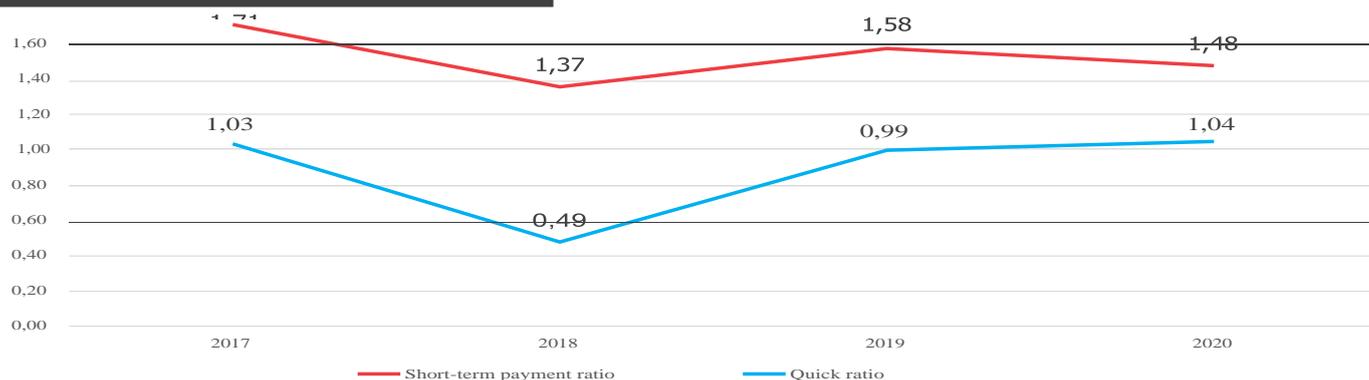


## MAJOR FINANCIAL TARGETS

Target	Unit	2019	2020
1. Solvency index			
Short-term payment ratio	Rolling	1,58	1,48
Quick ratio	Rolling	0,99	1,04
2. Criteria on capital structure			
Debt / Total Assets Ratio	%	47,06	38,93
Debt / Equity Ratio	%	88,90	63,76
3. Target on operational capacity			
Inventory Turnover	Loop	3,48	7,48
Asset Turnover	Loop	0,73	1,31
4. Target on profitability			
Profit after tax / net revenue ratio	%	12,76	13,57
Profit after tax / Owners' contributed capital Ratio	%	18,60	31,19
Profit after tax / Total assets Ratio	%	9,29	17,82
Profit from Operating Profit / Net Revenue	%	14,62	14,09



## SOLVENCY



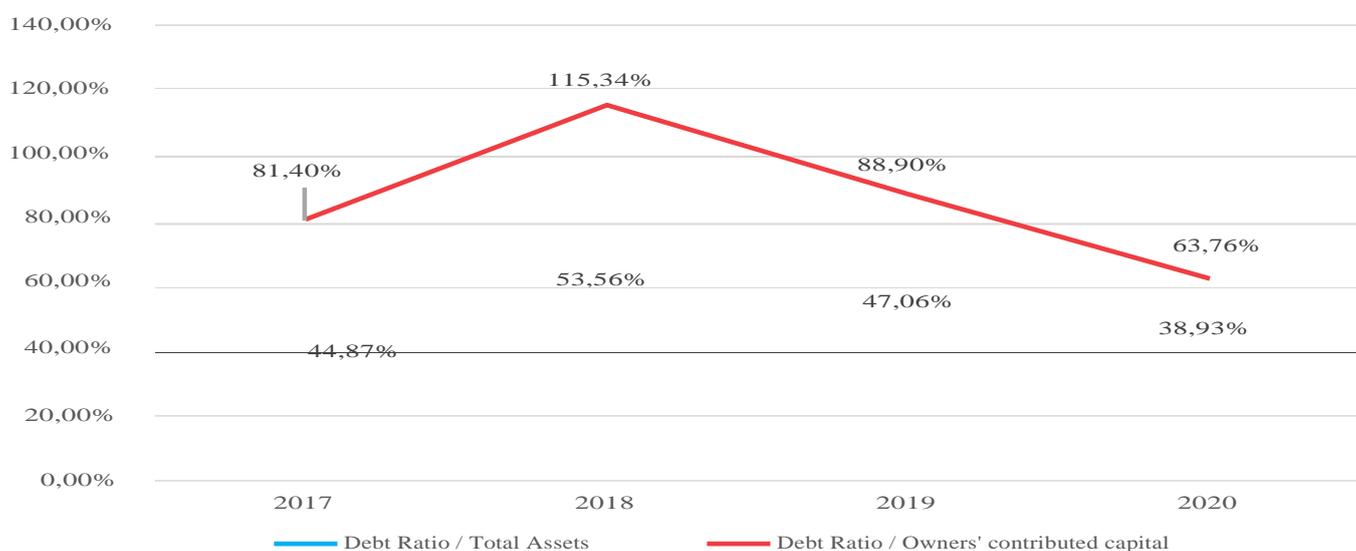
The short-term payment ratio in 2020 reached 1.48, a decrease compared to 2019. The main reason is the increase in short-term loans; Specifically, short-term payables to sellers increased by 178.9 billion VND compared to 2019.

Quick ratio in 2020 increased compared to 2019, reaching 1.04. The reason is that short-term assets in 2020 increasing 229 billion

VND compared to 2019 and this increase comes from cash - cash equivalents and a sharp increase in short-term receivables compared to 2019, this has contributed to an increase in the quick ratio.

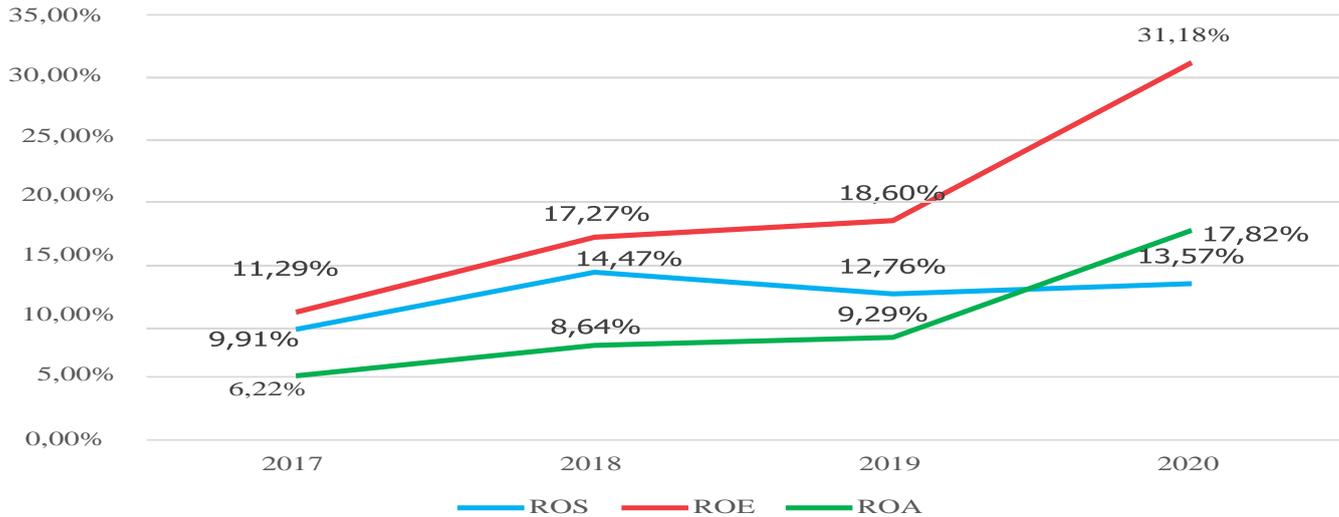
In general, the ratio of payment in 2020 is maintained above 1.00 to ensure the solvency of the Company's due debt obligations, as well as ensure DHC's ability to continuously operate.

## CAPITAL STRUCTURE



The debt/Total assets Ratio and debt/equity ratio continued to record reductions of 0.38 and 0.63 respectively by 2020. By the end of the year, liabilities decreased by 105.56 billion VND while equity and total assets recorded increases of 275.80 billion VND and 170.24 billion VND respectively compared to 2019. Debt ratio decreased because in previous years, DHC has used most of its debt to finance Giao Long 2 paper factory. By 2020, the Company only has to use debt to reserve raw materials to meet the production of kraft paper as well as finished packaging. In summary, the current capital structure of DHC is still at a reasonable level.

## PROFITABILITY



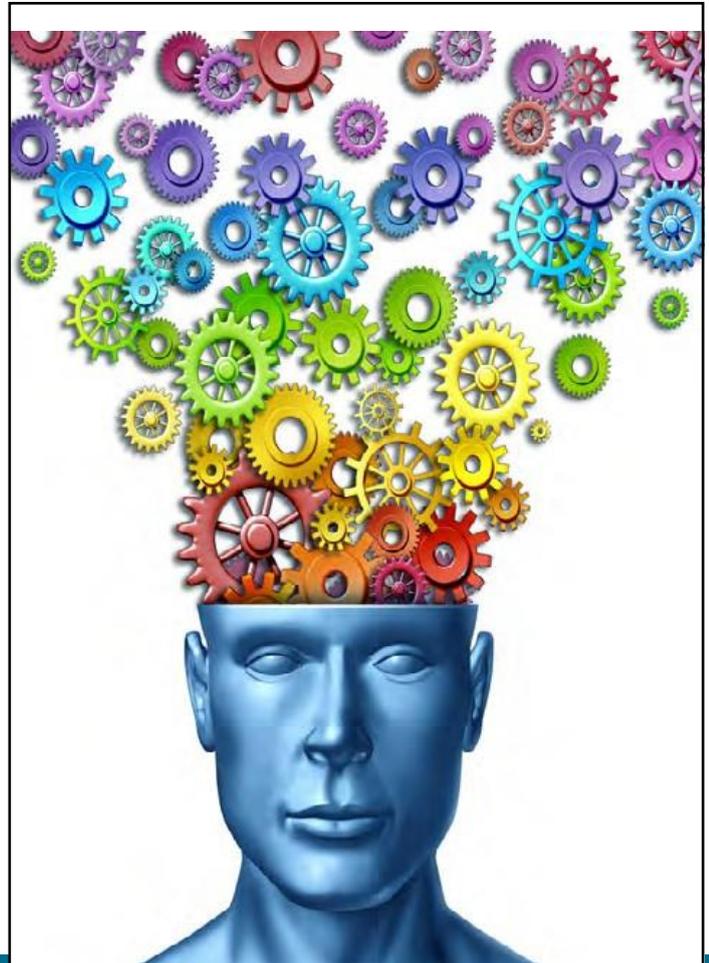
In 2020, faced with negative effects caused by the Covid-19 pandemic, the Company has overcome all difficulties to achieve positive growth. The indicators ROS, ROA and ROE, recorded increases respectively are: 13,57%,17,82% và 31,19%.

The operation of the Giao Long 2 paper factory has contributed to boosting production output, thereby increasing the sales volume of the Company. Besides, the control of raw material prices has helped the Company get positive results in 2020.

## OPERATIONAL CAPACITY

The year 2020 recorded the target on operational capacity of DHC increased significantly. In which, inventory turnover, total assets turnover were 7.48 and 1.31 respectively. Cost of goods sold increased sharply compared to 2019. The increase in raw material and material costs was the main reason for the increase in cost of goods sold of the Company. Besides, inventories in 2020 only increased slightly, which makes inventory turnover in 2020 increased sharply.

The operation of the Giao Long 2 paper factory has contributed to increasing the efficiency of using assets of the Company. Revenue in 2020 will increase 101.94% compared to 2019, from which total asset turnover in 2020 is recorded at 1.31 loop, an increase of 79.45% compared to 2019, which shows that the Company is using properties effectively compared to previous years.



## SHAREHOLDERS STRUCTURE, CHANGE IN THE OWNER'S EQUITY

As of 31/12/2020

No.	Type of shareholders	Number of shareholder	Number of shares	Value (VND)	Rate
I	Domestic shareholders	1.983	40.432.867	404.328.670.000	72,21%
1	Shareholder organization	48	1.542.860	15.428.600.000	2,76%
2	Individual shareholders	1.935	38.890.007	388.900.070.000	69,45%
II	Foreign shareholders	122	15.562.916	155.629.160.000	27,79%
1	Shareholder organization	39	14.806.683	148.066.830.000	26,44%
2	Individual shareholders	83	756.233	7.562.330.000	1,35%
III	Treasury shares	0	0	0	0
	Total	2.105	55.995.783	559.957.830.000	100,00%

Treasury shares transactions: No

Other securities: No

# RESPONSIBILITY WITH ENVIRONMENT, COMMUNITY

## About environmental resources

Solid waste management is implemented by investors and construction units in accordance with the instructions and provisions in Decree No. 38/2015/CP-NĐ dated April 14, 2015. Solid waste management is as follows:

### For domestic solid waste

The total number of workers working at the factory is 540 people. According to statistics, the volume of domestic waste is about 130 kg/day. The factory has arranged a full number of domestic trash in areas such as cafeterias, offices,... ensuring to collect all domestic waste. Besides, the factory has also signed a collection contract with a functional unit to collect and process according to regulations. The amount of domestic waste is collected together with non-hazardous production waste. In general, at the time of the survey, the factory campus is clean and beautiful. Up to now, the Company has signed a contract with Ben Tre Urban Construction Joint Stock Company to collect and process in accordance with regulations.

### For hazardous waste

The total amount of hazardous waste generated is about 505 kg / day. Currently, the hazardous waste generated at the factory is collected periodically 2 times / week, the uncollected hazardous waste to the hazardous waste warehouse is painted to classify each type of hazardous waste. In addition, the factory also regularly checks the warehouse, ensuring compliance with the guidance of Circular No. 36/2015/TT-BTNMT dated June 30, 2015.

The factory contracted No. 262020/ HDXL.CL-DH on March 9, 2020 with Veritas Environment Company Limited to collect and treat hazardous waste. This is a unit with full

### For production waste

According to Decree 38/2015/NĐ-CP, the amount of waste generated in production at the two factories is quite large. On average, 60 tons of ordinary industrial waste are generated per day. The collection and transportation of production waste from the production area to the warehouse is carried out regularly by employees, not to stagnate garbage at the workplace. The factory signed the Contract No. 26/VXQN-DHBT on January 1, 2020 with Viet Xanh Qn Construction Trade Services Company Limited to collect and treat the volume of non-hazardous production waste at two factories. In general, the collection and treatment of non-hazardous production waste at the factory is conducted regularly, the collection and treatment unit ensure full legality in accordance with current regulations.

functions in collecting - transporting - treating hazardous waste according to current regulations. In addition, the factory periodically reports to the management agency on the collection, storage and treatment of hazardous waste in accordance with regulations. The factory made statistics on types and volumes of waste according to the type of waste registered in the hazardous waste source owner book. In 2020, the production and business process will still take place as planned. There are no environmental violations and no complaints about noise, dust or health life within the scope of operation.

## For environment, labor and society

With the new paper factory officially put into operation, DHC has recruited a large number of workers to support the implementation of production activities. The salary payment is associated with each position, job performance and business efficiency of the company. The company ensures the health, safety and welfare of employees. The company also does not ignore the work of labor protection, equips with personal protective equipment according to the nature of the work; upgrades and replaces too old machinery and equipment to avoid dangers to workers. The company complies and fully complies with regulations on occupational safety and health; regularly organizes working environment testing as well as training to improve professional knowledge and ensure labor safety; fostering professional skills for production workers and general workers.

In addition to making a profit, the Company completely complies with the social security policies of the local with the desire to contribute a part of benefits to the general development of the society. In the past year, DHC has always cared and contributed to local development funds and local construction projects; actively participate in union activities, legal education on necessary knowledge for people; disease prevention; The company's officers and employees also participate in activities of green, clean, and hygienic activities in areas near factories; participate in charity activities, support Tet gifts for difficult circumstances, and mid-autumn gifts for children.





# 3

## **REPORT OF THE BOARD OF MANAGEMENT**

DEVELOPMENTS IN THE PAPER MARKET IN 2020

ASSESSMENT OF OPERATION RESULTS

FINANCIAL SITUATIONS

IMPROVEMENTS IN THE YEAR

DEVELOPMENT PLANS IN FUTURE



## GENERAL ASSESSMENT OF THE PAPER MARKET IN 2020

According to VPPA, total paper consumption of the whole industry is estimated at 5,448 million tons, up slightly by 0.2%. Paper export reached 1.75 million tons, in value reached nearly 2.0 billion USD and grew by 76.5%, achieving a high growth in both quantity and value in the period 2015 - 2020, of which, packaging paper and tissue paper export achieved high growth in both volume and high growth rate. Tissue consumption has the strongest growth in recent periods. However, printing, writing and copier paper will face significant challenges in 2020: consumption decreases -5.5% and also the strongest decline in the period 2015 - 2020, especially copier paper is estimated to decrease to -30% year-on-year and is also the first time to reduce growth in the period 2010 - 2020. The biggest challenge with printing paper and writing paper is the massive import from Indonesia, China, and Thailand and selling to the market at very low prices, at many times considered to be below cost, has created fierce competition and put great pressure on domestic firms producing this product. Paper imports of all kinds reached 2.06 million tons and increased by 2.2% over the same period in 2019.

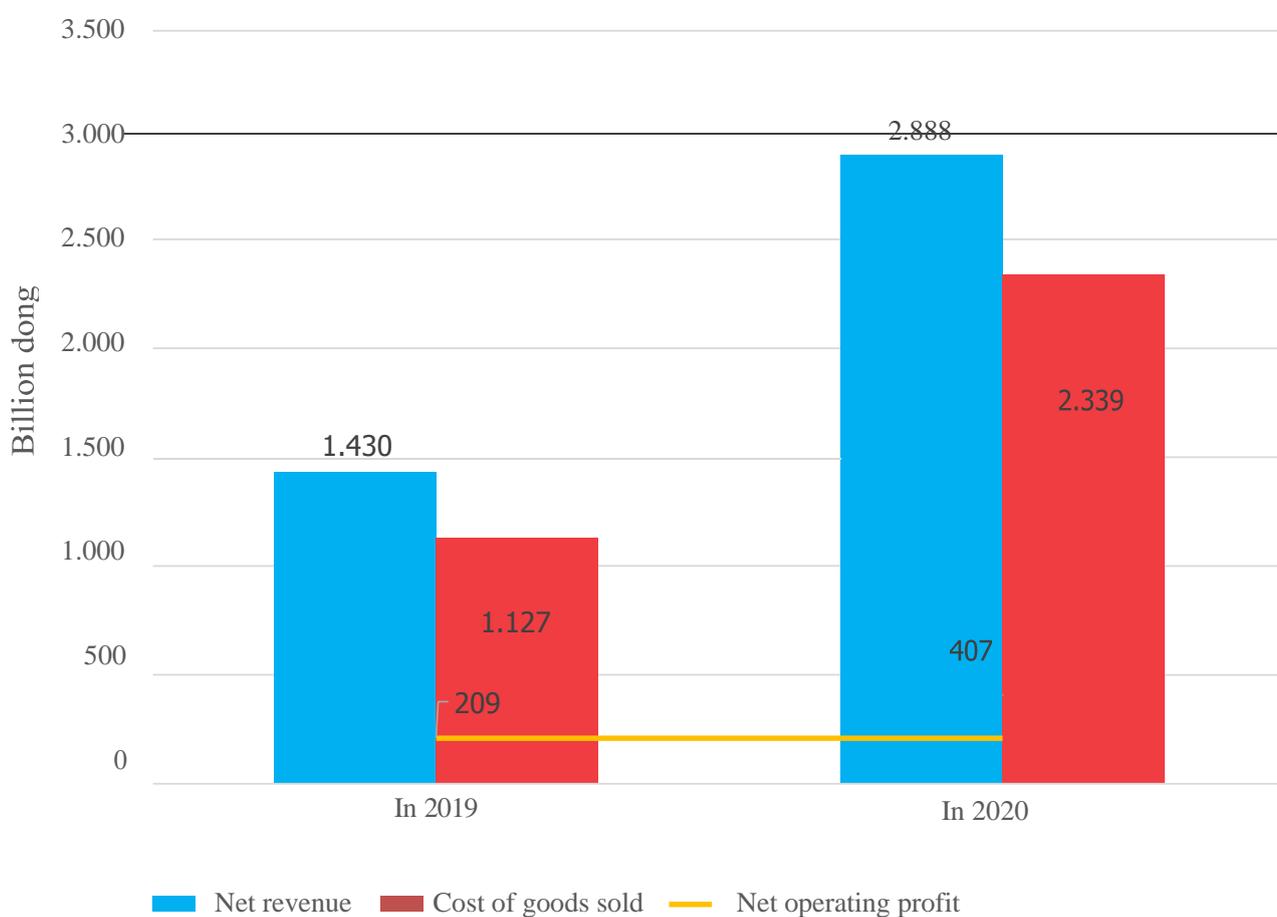


## ASSESSMENT OF OPERATION RESULTS

Unit: Million dong

Target	In 2019	In 2020	% up/down
Net revenue	1.429.886	2.887.571	101,94%
Cost of goods sold	1.126.524	2.339.353	107,66%
Net operating profit	208.992	406.819	94,66%
Profit after tax	182.403	391.924	114,87%

In 2020, the company's revenue reached 2,887 billion VND, an increase of 101.94% compared to 2019. This achievement is partly due to the operation of the Giao Long 2 paper factory in the third quarter of 2019, contributed to improving production output and creating a premise for the company to boost revenue this year. The raw material prices remained low for many consecutive months helped the Company improve its profit margin. In 2020, net profit from operating activities will reach 406,819 billion dong, up 94.66% compared to 2019. Profit after tax of the Company in 2020 reached 391,924 billion, up 114.87% compared to 2019.



# Advantages and Threats in 2020

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## Advantages

The EU-Vietnam Free Trade Agreement (EVFTA) officially coming into effect this year that made Vietnam's import rate of 3% will be removed, creating a significant competitive advantage for Vietnamese Packaging Enterprises when exporting to the EU Market.

DHC has established itself as a major paper and packaging manufacturer in the Mekong Delta region, where industrial and manufacturing industries are concentrated and highly developed, with the completion of the Giao Long 2 Factory Project. Packaging is required for the packaging and transportation of food, pharmaceutical, and agricultural products.

In comparison to the Southern key economic region (Ho Chi Minh City, Dong Nai, and Binh Duong), DHC's operating area has less competition because there are fewer large-scale packaging manufacturers.

## Threats

The Covid-19 pandemic has a negative impact on the Vietnamese Economy in general and on the Company particular in 2020. The epidemic has disrupted the global supply chain, resulting in a scarcity of raw materials for manufacturing.

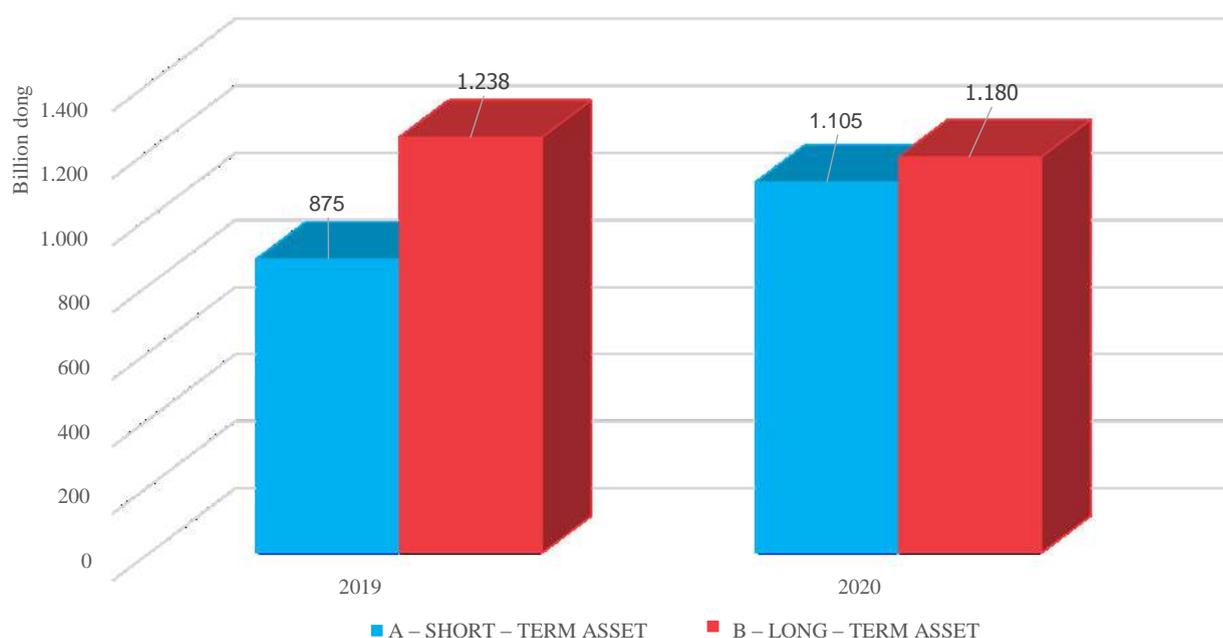
## Financial Status

### Status of Assets

Currency unit: million dong

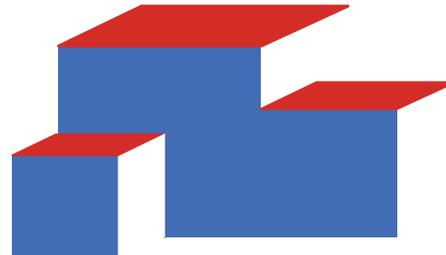
Items	2019		2020	
	Value	Weight (%)	Value	Weight (%)
Short-term assets	875.293	41,40%	1.104.660	48,36%
Long-term assets	1.238.800	58,60%	1.179.669	51,64%
Total assets	2.114.093	100%	2.284.329	100%

In 2020, total assets of the Company increase 8.05% compare to 2019. In particular, the Company's short-term assets increased by 26.20% this year compared to 2019. In 2020, the Company has increased non-fixed bank deposits and cash equivalents by 27,22% and 30,95%. Besides, customer's receivables has been increased 39,99% compared to 2019. These are the items that account for a large portion of short-term asset growth and are the primary reason for the increase in short-term assets in 2020 compared to 2019.



Long-term assets fell 4.77% in 2020 compared to 2019, owing primarily to 102.77 billion VND in depreciation of fixed assets. In which, buildings and equipment account for a large proportion of depreciation, affecting the Company's long-term assets in 2020. Because the Giao Long 2 Paper Factory Project is now complete and operational, the Company has begun to implement asset depreciation.

## Status of debt

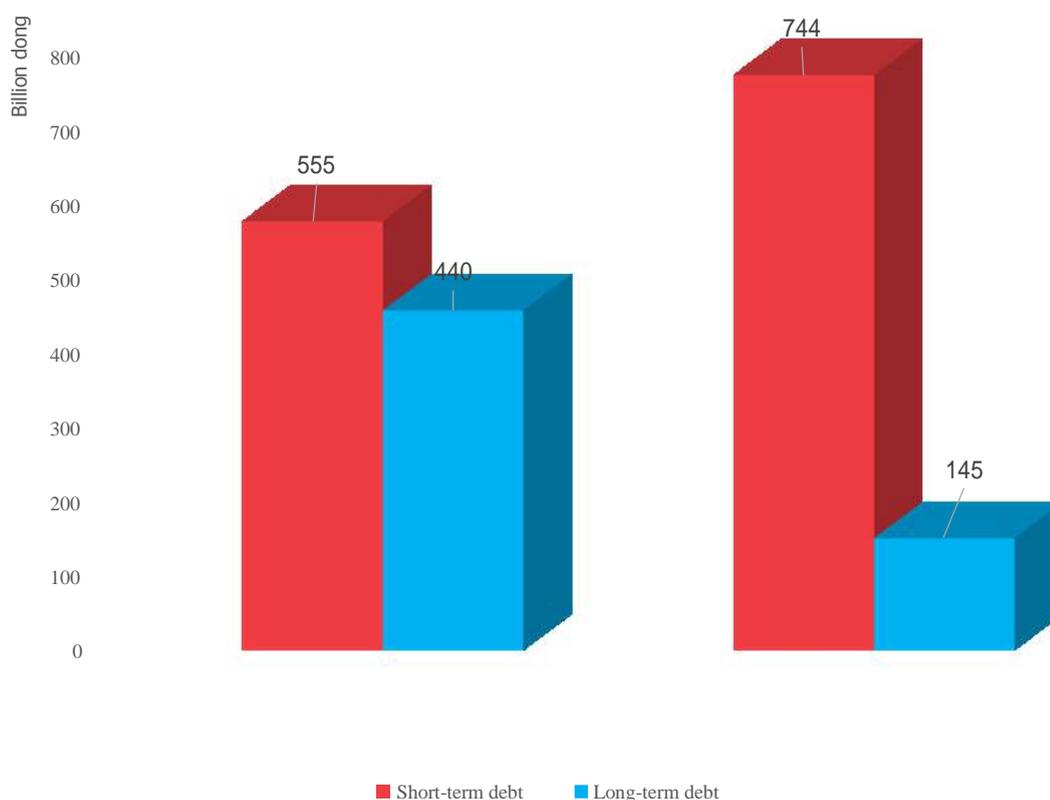


Total debt in 2020 will be 10.60 percent lower than in 2019. In which the Company's long-term debt decreased by 295 billion VND, a decrease of 67.05% compared to 2019. The reason for the decrease was that the Company paid a 295 billion dong loan to the Joint Stock Commercial Bank for Foreign Trade of Vietnam - Tien Giang Branch during the year, and the remaining loan for this bank was 145 billion dong.

Short-term debt increased by 189,443 billion dong in 2020 compared to 2019. Payables to sellers and short-term financial loans, in particular, increased by 178,906 billion dong and 31.41 billion dong, these accounts take a significant portion of the increase in short-term debts.

Currency Unit: Million Dong

Items	2019		2020	
	Value	Weight (%)	Value	Weight (%)
Short-term debt	554.942	55,78%	744.385	83,70%
Long-term debt	440.000	44,22%	145.000	16,30%
Total liabilities	994.942	100,00%	889.385	100,00%



## Improvements in this year

Maintaining the Quality Management System (ISO 9001:2015 and 14001:2015). The company trains employees to improve skills appropriate for each job position. Recruitment continues to ensure that the Company's demand for direct labor for production and business activities is fully met.

Creating a healthy, comfortable, safe, and caring working environment that cares for employees' material and spiritual lives, thereby creating a driving force to increase labor efficiency and contribute to the business's development.

## Development plan in the future

- Plans for 2021 of Dong Hai Joint Stock Company of Ben Tre
  - + Revenue: 3.500 billion dong
  - + Profit after tax: 399 billion dong
- Completed the construction and installation of machinery and equipments for Ben Tre Packaging One Member Company Limited. The machinery will be tested in 2021 and will be officially operational in early 2022.



## **Production and Business Plan in 2021**

### Production Operation:

- Improve product quality management to avoid customer complaints and feedback.
- Make a plan for machinery and equipment maintenance so that the machine can run smoothly.
- Manage the factory's raw material usage standards well.
- Plan for raw paper storage and proper paper preservation.



## **Works in 2020**

### Sales Operation:

- Identifying and capitalizing on potential new customers for Giao Long Factory. Selling goods is associated with debt collection, not with the creation of bad debts or the collection of bad debts.
- Maintain output and turnover of existing customers, increase output of existing customers, and avoid losing large customers.

### Purchasing Operation:

- Ensure that the raw material supply is never depleted.
- Backup equipments is always available when needed.



# 4

## **REPORTS OF THE BOARD OF DIRECTORS**

ASSESSMENT OF THE BOARD OF DIRECTORS ON THE  
COMPANY'S OPERATION

EVALUATION OF THE BOARD OF MANAGERS BY THE BOARD  
OF DIRECTORS

ORIENTATION PLAN OF THE BOARD OF DIRECTORS



# ASSESSMENT OF THE BOARD OF DIRECTORS ON THE COMPANY'S OPERATION

## General assessment

2020 will be a difficult and challenging year for the Vietnamese economy and the Vietnamese paper industry as a result of the COVID-19 epidemic. Market fluctuations and economic operating policies have changed as a result of the pandemic, which has had a significant impact on the Company's production and business activities.

To overcome this challenge, the Company's Board of Directors and Board of Managers are always committed to their assigned responsibilities, demonstrating all roles and responsibilities in leadership and management. Furthermore, the Company is always the focus and support of agencies, provincial departments, financial and credit institutions, business partners, and so on.

## Production and Business Results in 2020

	Achieve in 2019	Plan in 2020	Achieve in 2020	Percentage of Achieve in 2020/Plan in 2020	Percentage of Achieve in 2020/Achieve in 2019
Net Revenue	1.429.886	2.680.000	2.887.571	107,75%	202%
Profit after tax	182.403	300.000	391.924	130,64%	214%

Net revenue reached 2,887 billion VND as of December 31st 2020, a 102% increase over 2019 and a 7.75% increase over the year plan. This accomplishment is due in part to the operation of the Giao Long 2 Paper factory in the third quarter of 2019, which increased production output, laying the groundwork for the company to increase revenue this year.

Profit after tax in 2020 will be 114% higher than in 2019 and 30.64% higher than in the previous year. These are encouraging results for the Board of Directors as well as all Company employees who overcame obstacles and performed admirably during the Covid pandemic.



## EVALUATION OF THE BOARD OF MANAGERS BY THE BOARD OF DIRECTORS

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The Board of Directors oversees the General Director's operational activities on a regular and ongoing basis. The Board of Directors concentrated on monitoring compliance with the provisions of the Enterprise Law, the Company Charter, the Corporate Governance Regulations for the General Director's operations, monitoring the General Meeting of Shareholders and the Board of Directors' plan expenditures, the implementation of the 2020 plan for the market, customers, and goods consumption, the use of capital, the organization of company personnel,...

The company's activities will continue to grow steadily in 2020, with many positive changes. The Board of Directors emphasizes responsibility and enthusiasm for the assigned work, and has made significant efforts to overcome the difficult period.

## ORIENTATION PLAN OF THE BOARD OF DIRECTORS

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The Board of Directors strictly enforces corporate governance in accordance with the corporate governance regulations applicable to public companies, the Company's Charter and the Corporate Governance Regulations. Member of the Board of Directors carry out their duties and powers in accordance with the Corporate Governance Charter and Regulations, always acting in the best interests of the Company and its Shareholders.

The Board of Directors are directly supervise the Board of Managers's activities, ensuring that the Executive Board is able to carry out its responsibilities in accordance with the resolutions of the General Meeting of Shareholders and the Board of Directors.

Business Plan in details:

- + Revenue: 3.500 billion dong
- + Profit after tax: 399 billion dong



# 5

## **CORPORATE GOVERNANCE REPORT**

MEETINGS OF THE BOARD OF DIRECTORS

RESOLUTIONS/DECISIONS IN YEAR

MEETINGS OF THE BOARD OF SUPERVISORS

SUPERVISE ACTIVITIES OF THE BOS ABOUT THE BOD, THE  
BOM AND SHAREHOLDERS

COORDINATION OF THE BOS ACTIVITIES WHICH THOSE OF  
THE BOD, BOM AND OTHER MANAGERS



## Meetings of the Board of Directors

Members of the BOD	Number of Meetings has attended	Rate of Meetings has attended	Reason for not attended Meetings
Mr. Luong Van Thanh	14	14/14	
Mr. Le Ba Phuong	14	14/14	
Mr. Le Quang Hiep	14	14/14	
Mr. Nguyen Thanh Nghia	14	14/14	
Mr. Tatsuyuki Ota	7	7/14	Dismissed on July 15 <sup>th</sup> , 2020
Mr. Nguyen Phan Dung	6	6/14	Dismissed on July 15 <sup>th</sup> , 2020
Mr. Marco Martinelli	7	7/14	Appointed on June 26 <sup>th</sup> , 2020

## Resolutions/Decisions in year

No.	Number of Resolution/Decesion	Date	Content
1	01/NQ-HĐQT	16/01/2020	Approval of the Business Results Report for in the Fourth Quarter of 2019 Report and Plan's Goal for the First Quarter of 2020
2	02/NQ-HĐQT	16/01/2020	The contract signing with TAN CANG GIAO LONG JOINT STOCK COMPANY has been Approved.
3	03/NQ-HĐQT	16/01/2020	Approval of 01/TT-HĐQT Statement on 2 <sup>nd</sup> January about salary based on product's unit price
4	04/NQ-HĐQT	16/01/2020	Approved bonus list for the Board of Managers, the Board of Directors and the Board of Supervisors
5	05/NQ-HĐQT	16/01/2020	Approved 04/TT-HĐQT Statement on Suggestions for Rewarding for the Project Management Board of Giao Long Paper Phase 2
6	06/NQ-HĐQT	16/01/2020	Established Project Management Board of Ben Tre Packaging Factory No.01
7	07/NQ-HĐQT	23/03/2020	Approved to pay dividends in cash in the second phase of 2019
8	08/NQ-HĐQT	23/03/2020	Approval of the establishment Ben Tre Packaging One Member Company Limited, which is directly under Dong Hai Joint Stock Company of Ben Tre
9	09/NQ-HĐQT	26/03/2020	Approval of borrowing short-term capital to supplement working capital in accordance with the 2020 Business Plan at Joint Stock Commercial Bank for Foreign Trade of Viet Nam – Tien Giang Branch

No.	Number of Resolution/Decesion	Date	Content
10	10/NQ-HĐQT	26/03/2020	Approving the dismissal of the Project Management Board of Ben Tre Packaging Factory No.01
11	11/NQ-HĐQT	26/03/2020	Approval of the Business Result Report in the First Quarter of 2020 and the Plan's Goal in the Second Quarter of 2020
12	12/NQ-HĐQT	15/05/2020	Approval of the 2020 Annual General Meeting of Shareholders's organizing plan
13	13/NQ-HĐQT	15/05/2020	Approval of the content to be presented at the 2020 Annual General Meeting of Shareholders
14	14/NQ-HĐQT	03/06/2020	Approval of the detail estimate for the Phase 2 Giao Long Paper Project
15	15/NQ-HĐQT	03/06/2020	Approved the 01/TT-HĐQT on May 30 <sup>th</sup> 2020 about salary based on product unit price that effect from June 1 <sup>st</sup> 2020
16	16/NQ-HĐQT	10/06/2020	Approval of the content to be presented at the 2020 Annual General Meeting
17	17/NQ-HĐQT	26/06/2020	Approved the appointment of Ernst and Young Viet Nam Company Limited as auditor for the 2020 Financial Statements
18	18/NQ-HĐQT	28/07/2020	Approval of the Business Result Report in the Second Quarter of 2020 and the Plan's Goal for the Third Quarter of 2020
19	19/NQ-HĐQT	28/07/2020	Mr.Le Ba Phuong's Position as Chairman of the Board of Directors was approved for dismissal, as was Mr.Luong Van Thanh's Position as Vice Chairman of the Board of Directors Approval of the vote for Mr.Luong Van Thanh to become Chairman of the BOD in 2017-2017 term began on August 1 <sup>st</sup> 2020 Approval of the vote for Mr.Le Ba Phuong to become Vice Chairman of the BOD in 2017- 2017 term began on August 1 <sup>st</sup> 2020.
20	20/NQ-HĐQT	28/07/2020	The contract signing with Ben Tre Packaging One Member Company Limited has been approved
21	21/NQ-HĐQT	09/09/2020	Approval of borrowing short-term capital to supplement working capital in accordance with the 2020 Business Plan at Bank for Investment and Development of Viet Nam - Ben Tre Branch

No.	Number of Resolution/Decesion	Date	Content
22	22/NQ-HĐQT	05/10/2020	Approval of borrowing short-term capital to supplement working capital at Shinhan Viet Nam Bank Limited
23	23/NQ-HĐQT	28/10/2020	Approval of the content to be presented at the 2020 Extraordinary General Meeting of Shareholders
24	24/NQ-HĐQT	28/10/2020	Approval of the organization of the 2020 Extraordinary General Meeting of Shareholders.
25	25/NQ-HĐQT	04/11/2020	Approval of the plan to purchase Thanh Cong Energy Service Corporation shares
26	26/NQ-HĐQT	04/11/2020	Approval of a capital increase for Ben Tre Packaging One Member Company Limited
27	27/NQ-HĐQT	24/11/2020	Approval of the date, time and location of the Extraordinary General Meeting of Shareholders
28	28/NQ-HĐQT	24/11/2020	Approval of the content to be presented at the 2020 Extraordinary General Meeting of Shareholders
29	29/NQ-HĐQT	26/11/2020	Approval of borrowing short-term capital to supplement working capital in accordance with the 2020 Business Plan at Joint Stock Commercial Bank for Foreign Trade of Viet Nam – Tien Giang Branch
30	30/NQ-HĐQT	26/11/2020	Debt repayment guarantee on behalf of Ben Tre Packaging One Member Company Limited, for all debt repayment obligations related to a loan from Ben Tre Packaging One Member Company Limited at Joint Stock Commercial Bank for Foreign Trade of Vietnam - Tien Giang Branch.
31	31/NQ-HĐQT	10/12/2020	Approved to pay dividends in 2020 in cash to shareholders.

## Meetings of the Board of Supervisor

No.	Members of the BOS	Number of Meetings has attended	Rate of Meetings has attended	Rate of voted	Reason for not attended meetings
01	Mrs. Doan Thi Bich Thuy	4	4/4	100%	
02	Mrs. Doan Hong Lan	4	4/4	100%	
03	Mrs. Mai Huyen Ngoc	4	3/4	100%	Dismissed on December 10 <sup>th</sup> , 2020
04	Mr. Le Hoang Phong	1	1/4	100%	Appointed on December 10 <sup>th</sup> , 2020

## Supervise activities of the Board of Supervisors about the Board of Directors, the Board of Managers and Shareholders

The Board of Directors had held meetings throughout the provisions of Company's Charter. The Board of Supervisors determined that the BOD's activities has responded quickly to the requirements of the Company's Production and Business activities.

The Board of Directors has issued Resolution and Decisions within the scope of its responsibility and authority that have related with the Company's activities. The BOD's resolutions and decisions have been promulgated in the proper order, with the proper authority and in accordance with the legal

The Board of Managers have executed all of the BOD's Resolutions and Decisions, fully and seriously executed its authority and other missions in accordance with the provisions of law and the Charter of the Company.

## Coordination of the Board of Supervisors activities which those of the Board of Directors, the Board of Managers

Communication with the BOD and the BOM about production status, business status, fluctuation and recruitment manager status is frequent.

Participated in checking remains in the warehouse at the first six-months of 2020, the last six-months of 2020 and inventorying the fixed assets. Examined the Manage Warehouse Procedure, Purchasing Materials – Tools – Spare Parts Procedure.

Advisories and suggestions from the BOD are always considered by the BOD and General Director and are taken seriously by other related units.

## Training about Corporate Governance

Corporate Governance Training Courses provided by the policy on Corporate Governance, in which members of the BOD, members of the BOS, the General Director, Managers, and the Company's Secretary

**TRANSACTION, REMUNERATION AND BENEFIT OF THE BOARD OF DIRECTORS,  
THE BOARD OF MANAGERS AND THE BOARD OF SUPERVISORS**

Currency Unit: Dong

No.	Name	Position	Total Salary in 2020	Remuneration for BOD/BOS in 2020	Bonus for BOM/BOS	Bonus for BOM in 2020
01	Luong Van Thanh	Chairman of BOD/Vice General Director	939.345.293	126.000.000	200.000.000	150.000.000
02	Le Ba Phuong	Vice Chairman of BOD/General Director	1.254.104.623	125.000.000	190.000.000	216.000.000
03	Nguyen Thanh Nghia	Member of BOD		97.000.000	150.000.000	
04	Le Quang Hiep	Member of BOD		97.000.000	150.000.000	
05	Marco Martinelli	Member of BOD		55.000.000	75.000.000	
06	Nguyen Phan Dung	Member of BOD		42.000.000	75.000.000	
07	Tatsuyuki Ota	Member of BOD		42.000.000	75.000.000	
08	Ho Thi Song Ngoc	Vice General Director	626.066.937			100.000.000
09	Doan Thi Bich Thuy	Chief of BOS		56.000.000	30.000.000	
10	Doan Hong Lan	Member of BOS		27.000.000	22.000.000	
11	Le Hoang Phong	Member of BOS		3.000.000	10.000.000	
12	Mai Huyen Ngoc	Member of BOS		36.000.000	15.000.000	

Trade/Contract between Company and internal persons/related persons in 2020: None.





**FINANCIAL STATEMENTS**  
**2020**



**DongHai Joint Stock Company of BenTre**

Consolidated financial statements

For the year ended 31 December 2020



# DongHai Joint Stock Company of BenTre

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# DongHai Joint Stock Company of BenTre

## GENERAL INFORMATION

### THE COMPANY

DongHai Joint Stock Company of BenTre ("the Company"), is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Enterprise Registration Certificate ("ERC") No. 1300358260 issued by the Department of Planning and Investment ("DPI") of Ben Tre Province on 2 April 2003, as amended subsequently.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange ("HOSE") in accordance with the Decision No. 58/QĐ-SGDHCM issued by the HOSE on 18 June 2009.

The current principal activities of the Company are manufacturing and trading in pulp, kraft paper, paperboard, packaging made from paper and plastic.

The Company and its branch head office are located at Lot Allt, Giao Long Industrial Zone, An Phuoc Commune, Chau Thanh District, Ben Tre Province, Vietnam.

### BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

Mr. Luong Van Thanh	Chairman	
Mr. Le Ba Phuong	Vice Chairman	
Mr. Nguyen Thanh Nghia	Member	
Mr. Le Quang Hiep	Member	
Mr. Tatsuyuki Ota	Member	resigned on 15 July 2020
Mr. Nguyen Phan Dung	Member	resigned on 15 July 2020
Mr. Marco Marinelly	Member	appointed on 26 June 2020

### BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

Ms. Doan Thi Bich Thuy	Head of the Board of Supervisors	
Ms. Doan Hong Lan	Member	
Mr Le Hoang Phong	Member	appointed on 10 December 2020
Ms. Mai Huyen Ngoc	Member	resigned on 10 December 2020

### MANAGEMENT

Members of the Management during the year and at the date of this report are:

Mr. Le Ba Phuong	General Director
Mr. Luong Van Thanh	Deputy General Director
Ms. Ho Thi Song Ngoc	Deputy General Director

### LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Le Ba Phuong.

### AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

# DongHai Joint Stock Company of BenTre

## REPORT OF MANAGEMENT

Management of DongHai Joint Stock Company of BenTre ("the Company") is pleased to present this report and the consolidated financial statements of the Company and its subsidiary ("the Group") for the year ended 31 December 2020.

### MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Group and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing the consolidated financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- ▶ prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

For and on behalf of management:



Le Ba Phuong  
General Director

29 March 2021

Reference: 61519127/22047818-FN/HN

## INDEPENDENT AUDITORS' REPORT

**To: The Shareholders of DongHai Joint Stock Company of BenTre**

We have audited the accompanying consolidated financial statements of DongHai Joint Stock Company of BenTre ("the Company") and its subsidiary ("the Group") as prepared on 29 March 2021 and set out on pages 5 to 32, which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

### *Management's responsibility*

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

### *Auditors' responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Group's preparation and fair presentation of the consolidated 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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2020, and of the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

**Ernst & Young Vietnam Limited**



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Le Vu Truong  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 1588-2018-004-1



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Dinh Anh Thu  
Auditor  
Audit Practicing Registration Certificate  
No. 4635-2018-004-1

Ho Chi Minh City, Vietnam

29 March 2021

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CONSOLIDATED BALANCE SHEET  
as at 31 December 2020

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>1,104,660,314,544</b>	<b>875,293,334,198</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>202,090,986,015</b>	<b>156,334,923,342</b>
111	1. Cash		92,090,986,015	72,334,923,342
112	2. Cash equivalents		110,000,000,000	84,000,000,000
<b>120</b>	<b>II. Short-term investment</b>	<b>5</b>	<b>9,012,854,795</b>	<b>8,000,000,000</b>
123	1. Held-to-maturity investments		9,012,854,795	8,000,000,000
<b>130</b>	<b>III. Current accounts receivable</b>		<b>563,827,639,939</b>	<b>387,340,428,163</b>
131	1. Short-term trade receivables	6	528,621,938,967	377,627,043,422
132	2. Short-term advances to suppliers	7	39,381,158,252	15,062,525,635
136	3. Other short-term receivables		2,988,264,967	1,816,010,862
137	4. Provision for doubtful short-term receivables	6	(7,163,722,247)	(7,165,151,756)
<b>140</b>	<b>IV. Inventory</b>	<b>8</b>	<b>314,660,752,705</b>	<b>310,778,358,100</b>
141	1. Inventories		314,660,752,705	310,778,358,100
<b>150</b>	<b>V. Other current assets</b>		<b>15,068,081,090</b>	<b>12,839,624,593</b>
151	1. Short-term prepaid expenses	13	13,787,430,547	12,839,624,593
152	2. Value-added tax deductible		1,280,650,543	-
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>1,179,668,702,752</b>	<b>1,238,800,274,314</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>8,296,563,622</b>	<b>18,770,506,156</b>
211	1. Long-term trade receivables	6	7,796,563,622	12,270,506,156
212	2. Long-term advance to suppliers		500,000,000	6,500,000,000
<b>220</b>	<b>II. Fixed assets</b>		<b>1,135,508,658,285</b>	<b>1,197,445,635,146</b>
221	1. Tangible fixed assets	9	1,135,232,128,610	1,197,163,503,685
222	Cost		1,496,759,041,299	1,455,914,301,425
223	Accumulated depreciation		(361,526,912,689)	(258,750,797,740)
227	2. Intangible fixed assets	10	276,529,675	282,131,461
228	Cost		759,334,250	699,334,250
229	Accumulated amortisation		(482,804,575)	(417,202,789)
<b>240</b>	<b>III. Long-term asset in progress</b>		<b>18,342,150,678</b>	<b>4,749,466,998</b>
242	1. Construction in progress	11	18,342,150,678	4,749,466,998
<b>250</b>	<b>IV. Long-term investment</b>		<b>4,531,631,286</b>	<b>3,415,843,853</b>
252	1. Investments in an associate	12	4,531,631,286	3,415,843,853
<b>260</b>	<b>V. Other long-term asset</b>		<b>12,989,698,881</b>	<b>14,418,822,161</b>
261	1. Long-term prepaid expenses	13	12,989,698,881	14,418,822,161
<b>270</b>	<b>TOTAL ASSETS</b>		<b>2,284,329,017,296</b>	<b>2,114,093,608,512</b>

CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2020

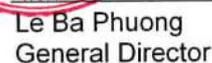
VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>889,384,700,833</b>	<b>994,941,561,611</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>744,384,700,833</b>	<b>554,941,561,611</b>
311	1. Short-term trade payables	14	408,814,919,189	229,909,361,250
312	2. Short-term advances from customers	15	2,110,769,973	5,075,258,490
313	3. Statutory obligations	16	14,752,240,513	31,882,257,679
314	4. Payables to employees		17,988,892,031	14,738,216,665
315	5. Short-term accrued expenses	17	7,803,334,674	11,723,914,866
318	6. Short-term unearned revenues		109,090,909	-
319	7. Other short-term payables	18	2,623,698,422	2,843,474,836
320	8. Short-term loans	19	290,181,755,122	258,769,077,825
<b>330</b>	<b>II. Non-current liability</b>		<b>145,000,000,000</b>	<b>440,000,000,000</b>
338	1. Long-term loan	19	145,000,000,000	440,000,000,000
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>1,394,944,316,463</b>	<b>1,119,152,046,901</b>
<b>410</b>	<b>I. Equity</b>	<b>20</b>	<b>1,394,944,316,463</b>	<b>1,119,152,046,901</b>
411	1. Share capital		559,957,830,000	559,957,830,000
411a	- Shares with voting rights		559,957,830,000	559,957,830,000
412	2. Share premium		235,247,935,803	235,247,935,803
418	3. Investment and development fund		39,241,141,068	30,161,760,258
421	4. Undistributed earnings		560,497,409,592	293,784,520,840
421a	- Undistributed earnings up to the end of prior year		168,573,821,706	111,381,060,782
421b	- Undistributed earnings of current year		391,923,587,886	182,403,460,058
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>2,284,329,017,296</b>	<b>2,114,093,608,512</b>

  
Pham The Tai  
Preparer

  
Le Thi Hoang Hue  
Chief Accountant



  
Le Ba Phuong  
General Director

29 March 2021

CONSOLIDATED INCOME STATEMENT  
for the year ended 31 December 2020

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenues from sale of goods	21.1	2,887,713,712,689	1,430,030,972,251
02	2. Deductions	21.1	(143,188,500)	(144,865,700)
10	3. Net revenues from sale of goods	21.1	2,887,570,524,189	1,429,886,106,551
11	4. Costs of goods sold	22	(2,339,353,334,338)	(1,126,524,279,929)
20	5. Gross profit from sale of goods		548,217,189,851	303,361,826,622
21	6. Financial income	21.2	9,949,607,631	3,809,918,583
22	7. Financial expenses	23	(40,710,822,367)	(30,207,216,323)
23	<i>In which: Interest expense</i>		(38,736,882,563)	(29,931,705,195)
24	8. Shares of profit of associate	12	1,115,787,433	815,843,853
25	9. Selling expenses	24	(87,998,170,475)	(49,009,092,405)
26	10. General and administration expenses	24	(23,754,855,757)	(19,778,850,170)
30	11. Operating profit		406,818,736,316	208,992,430,160
31	12. Other income	26	3,995,596,254	12,188,273,828
32	13. Other expenses	26	(753,786,831)	(29,511,039)
40	14. Other profit	26	3,241,809,423	12,158,762,789
50	15. Accounting profit before tax		410,060,545,739	221,151,192,949
51	16. Current corporate income tax expense	27.1	(18,136,957,853)	(38,747,732,891)
60	17. Net profit after tax		391,923,587,886	182,403,460,058
61	18. Net profit after tax attributable to shareholders of the parent		391,923,587,886	182,403,460,058
70	19. Basic earnings per share	20.4	6,999	3,193
71	20. Diluted earnings per share	20.4	6,999	3,193

  
Pham The Tai  
Preparer

  
Le Thi Hoang Hue  
Chief Accountant

  
Le Ba Phuong  
General Director

29 March 2021

CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2020

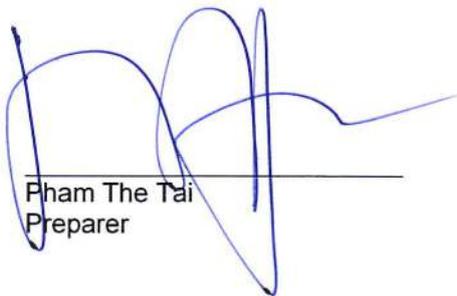
VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>Accounting profit before tax</b>		<b>410,060,545,739</b>	<b>221,151,192,949</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	9, 10	105,221,930,762	58,612,149,317
03	(Reversal of provision) provision		(1,429,509)	572,532,429
04	Foreign exchange losses (gains) arisen from revaluation of monetary accounts denominated in foreign currency		499,762,600	(164,532,515)
05	Profits from investing activities		(1,339,092,659)	(6,285,825,111)
06	Interest expenses	23	38,736,882,563	29,931,705,195
<b>08</b>	<b>Operating profit before changes in working capital</b>		<b>553,178,599,496</b>	<b>303,817,222,264</b>
09	Increase in receivables		(165,687,275,649)	(205,977,485,186)
10	(Increase) decrease in inventories		(3,882,394,605)	26,412,981,935
11	Increase in payables		171,576,370,257	128,816,079,817
12	Decrease (increase) in prepaid expenses		481,317,326	(13,432,067,147)
14	Interest paid		(37,542,000,245)	(25,520,066,687)
15	Corporate income tax paid	16	(35,026,674,753)	(19,146,553,346)
17	Other cash outflows for operating activities		(8,485,321,932)	(2,549,544,766)
<b>20</b>	<b>Net cash flow from operating activities</b>		<b>474,612,619,895</b>	<b>192,420,566,884</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases and construction of fixed assets		(61,429,951,877)	(25,042,493,641)
22	Proceeds from disposals of fixed assets		3,955,984,755	3,973,910,273
27	Bank interest received		1,957,379,535	2,234,252,615
<b>30</b>	<b>Net cash flow used in investing activities</b>		<b>(55,516,587,587)</b>	<b>(18,834,330,753)</b>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Capital contribution and issuance of shares		-	99,745,966,200
33	Drawdown of borrowings	19	1,689,935,305,400	919,525,914,184
34	Repayment of borrowings	19	(1,953,522,628,103)	(1,065,055,321,009)
36	Dividend paid	20.2	(109,752,566,000)	-
<b>40</b>	<b>Net cash flow used in financing activities</b>		<b>(373,339,888,703)</b>	<b>(45,783,440,625)</b>

CONSOLIDATED CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2020

VND

Code	ITEMS	Notes	Current year	Previous year
50	<b>Net increase in cash and cash equivalents for the year</b>		<b>45,756,143,605</b>	<b>127,802,795,506</b>
60	<b>Cash and cash equivalents at beginning of year</b>		<b>156,334,923,342</b>	<b>28,532,090,163</b>
61	Impact of exchange rate fluctuation		(80,932)	37,673
70	<b>Cash and cash equivalents at end of year</b>	<b>4</b>	<b>202,090,986,015</b>	<b>156,334,923,342</b>



Pham The Tai  
Preparer



Le Thi Hoang Hue  
Chief Accountant



Le Ba Phuong  
General Director

29 March 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
as at 31 December 2020 and for the year then ended

## 1. CORPORATE INFORMATION

DongHai Joint Stock Company of BenTre ("the Company"), is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Enterprise Registration Certificate ("ERC") No. 1300358260 issued by the Department of Planning and Investment ("DPI") of Ben Tre Province on 2 April 2003, as amended subsequently.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange ("HOSE") in accordance with the Decision No. 58/QĐ-SGDHCM issued by the HOSE on 18 June 2009.

The current principal activities of the Company are manufacturing and trading in pulp, kraft paper, paperboard, packaging made from paper and plastic.

The Company's head office is located at Lot AIII, Giao Long Industrial Zone, An Phuoc Commune, Chau Thanh District, Ben Tre Province, Vietnam.

The number of Group's employees as at 31 December 2020 was: 539 (31 December 2019: 489).

### *Corporate structure*

The Company invested in 1 subsidiary is Ben Tre Packaging One Member Company Limited.

Ben Tre Packaging One Member Company Limited is a one-member limited company incorporated under the Law on Enterprise of Vietnam pursuant to the ERC No. 1301091115 issued by the DPI of Ben Tre Province on 28 April 2020. The head office is located at Lot AIV8, AIV9, Giao Long Industrial Zone, An Phuoc Commune, Chau Thanh District, Ben Tre Province, Vietnam. The current principal activities of the Company are manufacturing and trading in pulp, kraft paper, paperboard, packaging made from paper and plastic.

As at 31 December 2020, the Company holds 100% voting rights in this subsidiary.

## 2. BASIS OF PREPARATION

### 2.1 *Accounting standards and system*

The consolidated financial statements of the Company and its subsidiary ("the Group") expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- Decision No. 149/2001/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- Decision No. 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## **2. BASIS OF PREPARATION (continued)**

### **2.1 Accounting standards and system (continued)**

Accordingly, the accompanying consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and consolidated results of operations and consolidated cash flows of the Company in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

### **2.2 Applied accounting documentation system**

The Company's applied accounting documentation system is the General Journal system.

### **2.3 Accounting currency**

The consolidated financial statements are prepared in VND which is also the Group's accounting currency.

### **2.4 Fiscal year**

The Group's fiscal year applicable for the preparation of its financial statements starts on 1 January and ends on 31 December.

### **2.5 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiary for the year ended 31 December 2020.

A subsidiary are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of the subsidiary are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses resulting from intra-company transactions are eliminated in full.

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in undistributed earnings.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **3.1 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in banks and short-term deposits, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

### **3.2 Accounts receivable**

Receivables are presented in the consolidated financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the consolidated balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expense in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.3 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Raw materials and merchandise - cost of purchase on a weighted average basis.

Finished goods and work-in process - cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on weighted average basis.

##### *Provision for obsolete inventories*

An inventory provision is created for the estimated loss arising due to the impairment (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Group, based on appropriate evidence of impairment available at the balance sheet date.

Increases or decreases to the provision balance are recorded into the cost of goods sold account in the consolidated income statement.

#### 3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of tangible fixed assets comprise its purchase prices and any directly attributable costs of bringing the tangible fixed assets to working condition for their intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

When tangible fixed assets are sold or retired, their cost and accumulated depreciation are removed from the consolidated balance sheet and any gain or loss resulting from their disposal is included in the consolidated income statement.

#### 3.5 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

The costs of intangible fixed assets comprise its purchase prices and any directly attributable costs of bringing the intangible fixed assets to working condition for their intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

When intangible fixed assets are sold or retired, their cost and accumulated amortisation are removed from the consolidated balance sheet and any gain or loss resulting from their disposal is included in the consolidated income statement.

#### 3.6 Depreciation and amortisation

Depreciation of tangible fixed assets and amortisation of intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	5 - 35 years
Machinery and equipment	3 - 20 years
Means of transportation	5 - 10 years
Office equipment	5 - 8 years
Computer software	5 years
Others	8 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.7 *Borrowing costs*

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and are recorded as expense during the year in which they are incurred, except to the extent that they are capitalised as explained in the following paragraph.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial year of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset.

#### 3.8 *Construction in process*

Construction in progress represents assets purchasing which have not yet been completed as at the balance sheet date.

#### 3.9 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet and amortised over the year for which the amounts are paid or the year in which economic benefits are generated in relation to these expenses.

##### *Prepaid for land rental*

The prepaid land rental represents the unamortised balance of advance payment made in accordance with lease contracts signed after 2003. Such prepaid rental is classified as long-term prepaid expenses for allocation to the consolidated income statement over the remaining lease year, according to Circular 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance.

#### 3.10 *Business combinations*

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

#### 3.11 *Investments*

##### *Investment in an associate*

The Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that is neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of an associate. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment. Goodwill is not amortised and subject to annual review for impairment. The consolidated income statement reflects the share of the post-acquisition results of operation of an associate.

The share of post-acquisition profit of an associate is presented on face of the consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividend receivable from an associate reduces the carrying amount of the investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.11 *Investments* (continued)

##### *Investment in an associate* (continued)

The financial statements of an associate are prepared for the same reporting year and use the same accounting policies as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

##### *Held-to-maturity investments*

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as expense in the consolidated financial statements and deducted against the value of such investments.

##### *Provision for diminution in value of investments*

Provision of the investment is made when there are reliable evidences of the diminution in value of those investments at the balance sheet date.

Increases and decreases to the provision balance are recorded as finance expense in the consolidated income statement.

#### 3.12 *Payables and accrued expenses*

Payables and accrued expenses are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

#### 3.13 *Foreign currency transactions*

Transactions in currencies other than the Group's reporting currency of (VND) are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection; and
- Transactions resulting in liabilities are recorded at the selling exchange rates of the transaction of commercial banks designated for payment.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the consolidated balance sheet dates which are determined as follows:

- Monetary assets are translated at buying exchange rate of the commercial bank where the Group conducts transactions regularly; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Group conducts transactions regularly.

All foreign exchange differences incurred during the year and arisen from the revaluation of monetary accounts denominated in foreign currency at year-end are taken to the consolidated income statement

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.14 Appropriation of net profit

Net profit after tax is available for appropriation to shareholders after approval by the shareholders at the Annual General Meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnamese regulatory requirements.

▶ *Investment and development fund*

This fund is set aside for use in the Group's expansion of its operation or in-depth investments.

▶ *Bonus and welfare fund*

This fund is set aside for the purpose of pecuniary rewarding and encouragement, common benefits and improvement of the employees' benefits, and presented as a liability on the consolidated balance sheet.

#### 3.15 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

*Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

*Interest*

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

#### 3.16 Taxation

*Current income tax*

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current tax assets against current tax liabilities and when the Group intends to settle its current tax assets and liabilities on a net basis.

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for consolidated financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.16 *Taxation* (continued)

##### *Deferred tax*

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Previously unrecognised deferred income tax assets are re-assessed at each consolidated balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

##### *Deferred tax*

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or when the Group intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### 3.17 *Earnings per share*

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Group (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Group (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

#### 3.18 *Related parties*

Parties are considered to be related parties of the Group if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Group and other party are under common control or under common significant influence. Related parties can be enterprises or individuals, including close members of their families.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 4. CASH AND CASH EQUIVALENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	94,386,350	26,149,900
Cash in banks	91,996,599,665	72,308,773,442
Cash equivalents (*)	<u>110,000,000,000</u>	<u>84,000,000,000</u>
<b>TOTAL</b>	<b><u>202,090,986,015</u></b>	<b><u>156,334,923,342</u></b>

(\*) Cash equivalents represent term deposits with original maturities of less than three months and earn interest at the rates from 2.9% to 3% p.a.

#### 5. SHORT-TERM INVESTMENT

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Held-to-maturity investments (*)	<u>9,012,854,795</u>	<u>8,000,000,000</u>

(\*) Held-to-maturity investments represent short-term deposits at commercial banks with original maturity of more than three months and less than one year; and earn interest at the rates ranging from 3.9% to 4.9% p.a.

The Group pledged a part of its held-to-maturity investments to secure the short-term loans obtained from banks (Note 19).

#### 6. SHORT-TERM TRADE RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>		
- Box-Pak Vietnam Co., Ltd	55,320,591,810	38,266,566,525
- YFY Packaging (Ha Nam) Co., Ltd	26,505,207,606	20,793,736,040
- Vinh Hung Dat Service Trading Production Co., Ltd	24,381,631,740	22,896,872,550
- Others	<u>422,414,507,811</u>	<u>295,669,868,307</u>
<b>TOTAL</b>	<b><u>528,621,938,967</u></b>	<b><u>377,627,043,422</u></b>
Provision for doubtful short-term receivables	<u>(7,163,722,247)</u>	<u>(7,165,151,756)</u>
<b>NET</b>	<b><u>521,458,216,720</u></b>	<b><u>370,461,891,666</u></b>
<b>Long-term</b>		
- Thanh Cong Energy Service Corporation	5,168,999,986	8,614,999,990
- Lan Vy Truc Transport Co., Ltd	1,473,045,000	864,600,000
- Others	<u>1,154,518,636</u>	<u>2,790,906,166</u>
<b>TOTAL</b>	<b><u>7,796,563,622</u></b>	<b><u>12,270,506,156</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**6. SHORT-TERM TRADE RECEIVABLES (continued)**

Details of movement of provision for doubtful short-term receivables are as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	(7,165,151,756)	(6,592,619,327)
Provision during the year	(165,597,266)	(572,532,429)
Utilisation and reversal during the year	167,026,775	-
Ending balance	<u>(7,163,722,247)</u>	<u>(7,165,151,756)</u>

**7. SHORT-TERM ADVANCES TO SUPPLIERS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Thanh Cong Energy Service Corporation	6,000,000,000	6,000,000,000
Hung Duy Trading Technology Service Import and Export Co., Ltd	5,385,600,000	-
Phuc Thang Tay Ninh Company Limited	3,791,051,000	-
Others	24,204,507,252	9,062,525,635
<b>TOTAL</b>	<u><b>39,381,158,252</b></u>	<u><b>15,062,525,635</b></u>

**8. INVENTORIES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Raw materials	170,801,612,703	257,856,917,974
Goods in transit	118,030,934,411	28,858,933,958
Finished goods	25,366,883,251	23,537,225,329
Work in process	347,013,233	264,341,340
Tools and supplies	114,309,107	260,939,499
<b>TOTAL</b>	<u><b>314,660,752,705</b></u>	<u><b>310,778,358,100</b></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

9. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Others	VND Total
<b>Cost:</b>						
Beginning balance	359,608,283,323	1,053,041,793,899	38,296,416,462	4,774,097,741	193,710,000	1,455,914,301,425
New purchases	5,485,732,164	1,320,700,000	4,382,545,454	1,483,475,546	-	12,672,453,164
Transfer from construction in process	29,916,672,351	2,198,206,318	2,989,936,364	-	-	35,104,815,033
Disposals	(5,029,114,687)	(738,250,000)	(1,165,163,636)	-	-	(6,932,528,323)
Ending balance	389,981,573,151	1,055,822,450,217	44,503,734,644	6,257,573,287	193,710,000	1,496,759,041,299
<i>In which:</i>						
Fully depreciated	8,223,405,061	23,196,206,484	3,858,514,960	1,051,246,375	193,710,000	36,523,082,880
<b>Accumulated depreciation:</b>						
Beginning balance	(62,218,677,480)	(179,086,450,899)	(15,205,294,428)	(2,046,464,933)	(193,710,000)	(258,750,797,740)
Depreciation for the year	(20,997,637,467)	(77,435,791,886)	(5,973,689,422)	(749,210,201)	-	(105,156,328,976)
Disposals	819,111,830	736,164,275	825,937,922	-	-	2,380,214,027
Ending balance	(82,397,403,117)	(255,787,078,510)	(20,353,045,928)	(2,795,675,134)	(193,710,000)	(361,526,912,689)
<b>Net carrying amount:</b>						
Beginning balance	297,389,405,843	873,955,343,000	23,091,122,034	2,727,632,808	-	1,197,163,503,685
Ending balance	307,584,170,034	800,035,371,707	24,150,688,716	3,461,898,153	-	1,135,232,128,610
<i>In which:</i>						
Mortgaged as loan security (Note 19)	28,739,333,710	20,888,142,605	3,391,352,879	-	-	53,018,829,194

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**10. INTANGIBLE FIXED ASSETS**

			VND
	Computer software	Others	Total
<b>Cost:</b>			
Beginning balance	82,602,450	616,731,800	699,334,250
New purchases	-	60,000,000	60,000,000
Ending balance	<u>82,602,450</u>	<u>676,731,800</u>	<u>759,334,250</u>
<i>In which:</i>			
Full amortised	82,602,450	306,231,800	388,834,250
<b>Accumulated amortisation:</b>			
Beginning balance	(82,602,450)	(334,600,339)	(417,202,789)
Amortised for the year	-	(65,601,786)	(65,601,786)
Ending balance	<u>(82,602,450)</u>	<u>(400,202,125)</u>	<u>(482,804,575)</u>
<b>Net carrying amount:</b>			
Beginning balance	<u>-</u>	<u>282,131,461</u>	<u>282,131,461</u>
Ending balance	<u>-</u>	<u>276,529,675</u>	<u>276,529,675</u>

**11. CONSTRUCTION IN PROGRESS**

	VND	
	Ending balance	Beginning balance
Construction of Packaging Factory	9,672,669,353	-
Construction of Giao Long Factory - Stage II	8,669,481,325	-
Construction of Giao Long Factory - Stage I	-	3,834,542,845
Others	-	914,924,153
<b>TOTAL</b>	<u><b>18,342,150,678</b></u>	<u><b>4,749,466,998</b></u>

**12. INVESTMENT IN AN ASSOCIATE**

	Ending balance		Beginning balance	
	Interest (%)	Cost VND	Interest (%)	Cost VND
Tan Cang Giao Long Joint Stock Company (*)	26%	<u>4,531,631,286</u>	26%	<u>3,415,843,853</u>
<b>TOTAL</b>		<u><b>4,531,631,286</b></u>		<u><b>3,415,843,853</b></u>

(\*) Tan Cang Giao Long Joint Stock Company, is a joint stock company incorporated the ERC No. 13009990134 issued by the DPI of Ben Tre Province on 12 August 2015. The Company's head office is located at No. 126, Long Thanh Hamlet, Giao Long Commune, Chau Thanh District, Ben Tre. The current principal activities of the Company are providing port operation and transportation services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**12. LONG-TERM INVESTMENTS (continued)**

Details of this investment in an associate is as follows:

	VND
<b>Cost of investment:</b>	
Beginning and ending balances	2,600,000,000
<b>Accumulated share in post-acquisition profit of the associate:</b>	
Beginning balance	815,843,853
Share in post-acquisition profit of the associate for the year	<u>1,115,787,433</u>
Ending balance	<u>1,931,631,286</u>
<b>Net carrying amount:</b>	
Beginning balance	<u>3,415,843,853</u>
Ending balance	<u>4,531,631,286</u>

**13. PREPAID EXPENSES**

	VND	
	Ending balance	Beginning balance
<b>Short-term</b>	<b>13,787,430,547</b>	<b>12,839,624,593</b>
Tools and supplies	6,977,319,780	6,392,019,608
Maintenance expenses	4,794,771,670	4,669,388,930
Insurance fees	1,977,937,314	718,688,797
Others	37,401,783	1,059,527,258
<b>Long-term</b>	<b>12,989,698,881</b>	<b>14,418,822,161</b>
Tools and supplies	12,900,737,498	10,959,572,371
Land rental fee	-	3,373,324,860
Others	88,961,383	85,924,930
<b>TOTAL</b>	<b><u>26,777,129,428</u></b>	<b><u>27,258,446,754</u></b>

**14. SHORT-TERM TRADE PAYABLES**

	VND	
	Ending balance	Beginning balance
Other parties	402,043,539,189	225,553,361,250
- VIPA Lausanne SA	97,033,746,152	17,190,610,010
- America Chung Nam LLC	20,816,246,980	-
- Peute Papierrecycling BV	18,800,329,740	13,068,062,518
- Others	265,393,216,317	195,294,688,722
Related parties (Note 28)	<u>6,771,380,000</u>	<u>4,356,000,000</u>
<b>TOTAL</b>	<b><u>408,814,919,189</u></b>	<b><u>229,909,361,250</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**15. SHORT-TERM ADVANCES FROM CUSTOMERS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Xiamen Haixia Supply Chain Development Ltd	444,596,103	-
Thanh Dat Co., Ltd	411,853,750	-
Dongguan Yuguang Imports and Exports Trading Co., Ltd	346,303,350	-
Nanyang trade (HK) Co., Ltd	345,397,668	-
Kwok Fung (Sino HK) Enterprise Ltd	-	2,826,306,086
Jinhong Industrial (Hong Kong) Ltd	-	2,114,276,124
Others	562,619,102	134,676,280
<b>TOTAL</b>	<b><u>2,110,769,973</u></b>	<b><u>5,075,258,490</u></b>

**16. STATUTORY OBLIGATION**

	VND			
	<i>Beginning balance</i>	<i>Increase in year</i>	<i>Decrease in year</i>	<i>Ending balance</i>
Corporate income tax	24,553,467,771	18,136,957,854	(35,026,674,753)	7,663,750,872
Personal income tax	218,457,035	7,974,491,307	(7,941,374,072)	251,574,270
Value added tax	7,110,332,873	114,493,181,564	(114,766,599,066)	6,836,915,371
<b>TOTAL</b>	<b><u>31,882,257,679</u></b>	<b><u>140,604,630,725</u></b>	<b><u>(157,734,647,891)</u></b>	<b><u>14,752,240,513</u></b>

**17. SHORT-TERM ACCRUED EXPENSES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Giao Long Factory - Stage II	6,556,632,469	6,938,450,651
Interest expense	1,194,882,318	2,956,164,384
Others	51,819,887	1,829,299,831
<b>TOTAL</b>	<b><u>7,803,334,674</u></b>	<b><u>11,723,914,866</u></b>

**18. OTHER SHORT-TERM PAYABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Commission fee	2,160,767,135	2,330,057,549
Bonus for the Boards of Directors and Supervision	447,717,287	185,675,595
Others	15,214,000	327,741,692
<b>TOTAL</b>	<b><u>2,623,698,422</u></b>	<b><u>2,843,474,836</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 19. LOANS

	Beginning balance	Increase	Decrease	VND Ending balance
<b>Short-term loan</b>	<b>258,769,077,825</b>	<b>1,689,935,305,400</b>	<b>(1,658,522,628,103)</b>	<b>290,181,755,122</b>
Loans from banks (Note 19.1)	198,769,077,825	1,689,935,305,400	(1,598,522,628,103)	290,181,755,122
Current portion	60,000,000,000	-	(60,000,000,000)	-
<b>Long-term loan</b>	<b>440,000,000,000</b>	<b>-</b>	<b>(295,000,000,000)</b>	<b>145,000,000,000</b>
Loan from a bank (Note 19.2)	440,000,000,000	-	(295,000,000,000)	145,000,000,000
<b>TOTAL</b>	<b>698,769,077,825</b>	<b>1,689,935,305,400</b>	<b>(1,953,522,628,103)</b>	<b>435,181,755,122</b>

### 19.1 Short-term loans from banks

Details of the short-term loans from banks are as follows:

Banks	Ending balance VND	Maturity date	Interest %/p.a	Collateral
Bank of Investment and Development - Ben Tre Branch	124,315,375,701	From 20 April 2021 to 31 May 2021	4.2% - 5%	Deposits with the value of VND 5 billion under the pledge contract No.01/2020/670908/HDBD, dated 12 May 2020
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Tien Giang Branch	116,078,414,525	From 23 March 2021 to 28 May 2021	4.0% - 5.0%	Machinery and equipment and mean of transport under loan contract No. 01/2019/670908/HDTD, dated 17 September 2019
Shinhan bank Vietnam Limited - Ho Chi Minh City branch	49,787,964,896	From 9 April 2021 to 30 April 2021	4.2%	Receivables from Vina Sunwoo Co., Ltd (Amounting to VND 60,000,000,000)
<b>TOTAL</b>	<b>290,181,755,122</b>			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**19. LOANS (continued)**

**19.2 Long-term loan from a bank**

Details of the long-term loan from bank is as follows:

Bank	Ending balance	Maturity date	Interest	Collateral
	VND		%/p.a	
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Tien Giang Branch	<u>145,000,000,000</u>	From 28 February 2023 to 30 August 2025	8.8%	Giao Long Factory - Stage II (Note 9)
<i>In which:</i>				
<i>Non-current portion</i>	145,000,000,000			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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## 20. OWNERS' EQUITY

### 20.1 Increase and decrease in owners' equity

	Share capital	Share premium	Investment and development fund	Undistributed earnings	VND Total
<b>Previous year</b>					
Beginning balance	413,515,490,000	192,351,739,603	23,455,966,342	212,641,742,264	841,964,938,209
Issuing shares to existing shareholders	34,459,770,000	27,365,196,200	-	-	61,824,966,200
Issuing shares to employees	22,390,000,000	15,531,000,000	-	-	37,921,000,000
Net profit for the year	-	-	-	182,403,460,057	182,403,460,057
Investment and development fund appropriation	-	-	6,705,793,916	(6,705,793,916)	-
Transfer to bonus and welfare fund	-	-	-	(2,682,317,565)	(2,682,317,565)
Remuneration of the Boards of Directors and Supervision	-	-	-	(2,280,000,000)	(2,280,000,000)
Issuing shares to payment dividends	89,592,570,000	-	-	(89,592,570,000)	-
Ending balance	559,957,830,000	235,247,935,803	30,161,760,258	293,784,520,840	1,119,152,046,901
<b>Current year</b>					
Beginning balance	559,957,830,000	235,247,935,803	30,161,760,258	293,784,520,840	1,119,152,046,901
Net profit for the year	-	-	-	391,923,587,886	391,923,587,886
Dividends declared (*)	-	-	-	(109,752,566,000)	(109,752,566,000)
Investment and development fund appropriation	-	-	9,079,380,810	(9,079,380,810)	-
Transfer to bonus and welfare fund	-	-	-	(3,631,752,324)	(3,631,752,324)
Remuneration of the Boards of Directors and Supervision	-	-	-	(2,747,000,000)	(2,747,000,000)
Ending balance	559,957,830,000	235,247,935,803	39,241,141,068	560,497,409,592	1,394,944,316,463

(\*) The Company advanced dividends of 2020 in cash at 20% of the share's par value according to Board of Management Resolution No.31/NQ-HDQT dated 10 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**20. OWNERS' EQUITY (continued)**

**20.2 Capital transactions with owners and distribution of dividends**

	VND	
	Current year	Previous year
<b>Share capital</b>		
Beginning balance	559,957,830,000	413,515,490,000
Increase in share capital	-	146,442,340,000
Ending balance	<u>559,957,830,000</u>	<u>559,957,830,000</u>
<b>Dividends</b>		
Dividends declared	109,752,566,000	89,592,570,000
Dividends paid by cash	109,752,566,000	-
Issuance of new share for dividend payment	-	89,592,570,000

**20.3 Shares**

	Number of shares	
	Ending balance	Beginning balance
Authorised shares	55,995,783	55,995,783
Issued and fully paid shares		
<i>Ordinary shares</i>	55,995,783	55,995,783
Shares in circulation		
<i>Ordinary shares</i>	55,995,783	55,995,783

**20.4 Earnings per share**

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Current year	Previous year
Net profit after tax attributable to ordinary shareholders	391,923,587,886	182,403,460,058
Less: Bonus and welfare fund (*)	-	(3,631,752,324)
Net profit after tax attributable to ordinary shareholders for basic earnings (VND)	391,923,587,886	178,771,707,733
Weighted average number of ordinary shares for the year (shares)	<u>55,995,783</u>	<u>55,995,783</u>
<b>Basic and diluted earnings per share (VND)</b>	<u><b>6,999</b></u>	<u><b>3,193</b></u>

(\*) Net profit used to compute earnings per share for the year ended 31 December 2019 is adjusted following the actual allocation to Bonus and welfare funds from 2019's undistributed earnings as approved in the Annual General Meeting 2019's Resolution dated 26 June 2020.

Profit used to compute earnings per share for the year ended 31 December 2020 was not adjusted for the allocation to bonus and welfare fund from the 2020 profit as the Resolution of the Shareholders Meeting on the distribution of the profit after tax of the current year is not yet available.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

20. OWNERS' EQUITY (continued)

20.5 Use of funds raised from the shares issuance for existing shareholders

According to Resolution of the General Meeting of Shareholders No. 01/NQ-DHDCD dated 7 June 2018, the Company has offered 3,445,977 shares for existing shareholders, the net cash proceeds from the placement were used for invest in the construction of Giao Long Paper Factory Phase 2.

Detail of issuance:

No.	Content	Detail
1	Name of share offering	DongHai Joint Stock Company of Ben Tre
2	Type of shares	Ordinary shares
3	Par value	VND 10,000 / share
4	Number of share registered for offering	3,445,977 shares
5	Number of share issuance	3,445,977 shares
6	Cash proceeds from share issuance	VND 62,027,586,000
7	Total expenses incurred for the private placement	VND 199,158,300
8	Net proceeds from the private placement	VND 61,828,427,700
9	Start date of the offering	5 December 2018
10	Completion date of the offering	16 January 2019

The use of funds raised from the shares issuance:

	VND Amount
<i>Costs relevant to the project</i>	
Jiangsu Huadong Paper Machinery Co., Ltd	7,002,033,328
Yong Jia Yu (VietNam) Technology Technical Co., Ltd	5,242,553,675
ABB Ltd	4,672,254,000
Andritz Technologies H.K.Limited	4,072,840,000
Duong Nhat Environment Technology and Construction Investment Company Limited	3,815,257,135
Andritz (China) Ltd	2,898,272,320
Phu An khang Investment Construction Co. Ltd	2,857,503,373
UMW HT TB Company Limited	2,063,820,000
Dai Hung Cuong Trading & Services Co., Ltd	1,537,803,336
Minh Phat Mechanical Service Trading Co., Ltd	1,779,107,887
Others	12,593,887,600
<b>TOTAL</b>	<b><u>48,535,332,654</u></b>

Accordingly, the net cash proceeds from the issuance of ordinary shares to existing shareholders were used for invest in the construction of Giao Long Paper Factory Phase 2 amounting to VND 13,293,095,046.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**21. REVENUES****21.1 Revenue from sale of goods**

	VND	
	Current year	Previous year
<b>Gross revenue</b>	<b>2,887,713,712,689</b>	<b>1,430,030,972,251</b>
<i>Of which:</i>		
<i>Sale of finished goods</i>	2,885,980,077,653	1,426,726,927,113
<i>Sale of machinery equipment</i>	1,690,563,636	1,478,700,000
<i>Sale of raw materials</i>	43,071,400	1,825,345,138
<b>Sales reduction</b>	<b>(143,188,500)</b>	<b>(144,865,700)</b>
<i>Of which:</i>		
<i>Sale returns</i>	<u>(143,188,500)</u>	<u>(144,865,700)</u>
<b>Net revenue</b>	<b><u>2,887,570,524,189</u></b>	<b><u>1,429,886,106,551</u></b>
<i>Of which:</i>		
<i>Sale of finished goods</i>	2,885,836,889,153	1,426,582,061,413
<i>Sale of machinery equipment</i>	1,690,563,636	1,478,700,000
<i>Sale of raw materials</i>	43,071,400	1,825,345,138

**21.2 Finance income**

	VND	
	Current year	Previous year
Foreign exchange gains	7,877,446,848	1,471,093,181
Interest income	1,935,422,200	2,311,914,838
Others	136,738,583	26,910,564
<b>TOTAL</b>	<b><u>9,949,607,631</u></b>	<b><u>3,809,918,583</u></b>

**22. COST OF GOODS SOLD**

	VND	
	Current year	Previous year
Cost of finished goods sold	2,337,989,837,585	1,123,535,686,864
Cost of machinery equipment sold	1,326,000,000	1,185,000,000
Cost of raw materials sold	37,496,753	1,803,593,065
<b>TOTAL</b>	<b><u>2,339,353,334,338</u></b>	<b><u>1,126,524,279,929</u></b>

**23. FINANCE EXPENSES**

	VND	
	Current year	Previous year
Interest expense	38,736,882,563	29,931,705,195
Foreign exchange losses	1,913,939,804	275,511,128
Trade discount	60,000,000	-
<b>TOTAL</b>	<b><u>40,710,822,367</u></b>	<b><u>30,207,216,323</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 24. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
	<i>Current year</i>	<i>Previous year</i>
<b>Selling expenses</b>	<b>87,998,170,475</b>	<b>49,009,092,405</b>
Expense for external services	69,405,698,609	36,800,554,669
Labour costs	11,848,311,845	4,547,539,187
Tools and supplies	2,882,450,384	3,842,334,516
Depreciation and amortisation	2,370,448,476	2,258,293,843
Others	1,491,261,161	1,560,370,190
<b>General and administration expenses</b>	<b>23,754,855,757</b>	<b>19,778,850,170</b>
Expense for external services	10,203,228,811	6,386,360,274
Labour costs	8,148,627,488	7,726,599,638
Depreciation and amortisation	1,401,659,168	1,321,998,895
Others	4,001,340,290	4,343,891,363
<b>TOTAL</b>	<b><u>111,753,026,232</u></b>	<b><u>68,787,942,575</u></b>

#### 25. PRODUCTION AND OPERATING COSTS

	VND	
	<i>Current year</i>	<i>Previous year</i>
	<i>Current year</i>	<i>Previous year</i>
Raw materials	1,873,032,645,362	1,097,431,149,283
Expense for external services	521,701,035,962	262,252,885,033
Depreciation and amortisation (Notes 9 and 10)	105,221,930,762	58,612,149,317
Labour costs	103,165,312,021	68,191,885,480
Others	176,353,900,429	14,651,432,517
<b>TOTAL</b>	<b><u>2,779,474,824,536</u></b>	<b><u>1,501,139,501,630</u></b>

#### 26. OTHER INCOME AND OTHER EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
	<i>Current year</i>	<i>Previous year</i>
<b>Other Income</b>	<b>3,995,596,254</b>	<b>12,188,273,828</b>
Compensation	3,217,963,861	8,437,650,758
Gains on disposal of fixed assets	-	3,265,708,374
Others	777,632,393	484,914,696
<b>Other expenses</b>	<b>753,786,831</b>	<b>29,511,039</b>
Losses from write-off of fixed assets	596,329,541	-
Others	157,457,290	29,511,039
<b>NET OTHER PROFIT</b>	<b><u>3,241,809,423</u></b>	<b><u>12,158,762,789</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 27. CORPORATE INCOME TAX

The Group is obliged to pay corporate income tax ("CIT") at the rate of 20% of taxable profit.

Expanded investment project of the Company:

- In respect of Giao Long Paper factory - Phase 1, the Company is entitled to CIT exemption for three years from its first year having taxable income (2013 - 2015) and a reduction of 50% for the following five years (2016 - 2020). These tax incentives are applied for the remaining years from 2015; and
- In respect of Giao Long Paper factory - Phase 2, the Company is entitled to CIT exemption for three years from its first year having taxable income (2020 - 2022) and a reduction of 50% for the following five years (2023 - 2027).

The Group's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, the amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

### 27.1 CIT expense

	Current year	VND Previous year
Current CIT expense	<u>18,136,957,853</u>	<u>38,747,732,891</u>

Reconciliation between CIT expense and the accounting profit multiplied by CIT rate is presented below:

	Current year	VND Previous year
<b>Accounting profit before tax</b>	<u><b>410,060,545,739</b></u>	<u><b>221,151,192,949</b></u>
At CIT rate applicable:	82,012,109,148	44,230,238,590
<i>Adjustments:</i>		
Non-deductible expenses	672,407,444	534,968,547
Shares of ptofit of associate	(223,157,487)	(163,168,771)
CIT exemption and reduction	<u>(64,324,401,252)</u>	<u>(5,854,305,475)</u>
<b>CIT expense</b>	<u><b>18,136,957,853</b></u>	<u><b>38,747,732,891</b></u>

### 27.2 Current tax

The current tax payable is based on taxable profit for the current year. Taxable profit of the Group for the year differs from the accounting profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 28. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties during the current year and previous year were as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>VND</i>	
			<i>Current year</i>	<i>Previous year</i>
Tan Cang Giao Long Joint Stock Company	Associate	Purchases of goods and services	26,691,157,500	11,618,200,000
Dai Thien Loc Corporation	The same member of Board of Directors ("BOD")	Purchases of goods and services	-	1,177,489,964

Remuneration to members of the Board of Directors and Management:

<i>Individuals</i>	<i>Position</i>	<i>VND</i>	
		<i>Current year</i>	<i>Previous year</i>
Luong Van Thanh	Chairman/Deputy General Director	1,350,345,293	1,029,348,829
Le Ba Phuong	Deputy Chairman/General Director	1,700,104,623	1,314,275,657
Ho Thi Song Ngoc	Deputy General Director	896,066,937	684,461,413
Nguyen Thanh Nghia	Member of BOD	188,000,000	195,000,000
Le Quang Hiep	Member of BOD	188,000,000	195,000,000
Nguyen Phan Dung	Member of BOD	167,000,000	195,000,000
Tatsuyuki Ota	Member of BOD	167,000,000	195,000,000
Marco Martinelli	Member of BOD	21,000,000	-
<b>TOTAL</b>		<b>4,677,516,853</b>	<b>3,808,085,899</b>

As at balance sheet dates, amount due to a related party were as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term trade payable</b>				
Tan Cang Giao Long Joint Stock Company	Associate	Purchases of goods and services	6,771,380,000	4,356,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 29. OPERATING LEASE COMMITMENTS

The Group leases its assets under operating lease arrangements. The future rental amounts due under such operating leases after 31 December 2020 were as follows:

	VND	
	Ending balance	Beginning balance
Less than 1 year	2,407,751,128	4,478,588,357
From 1 to 5 years	9,631,004,513	9,274,353,428
Over 5 years	30,417,490,623	29,912,591,226
<b>TOTAL</b>	<b><u>42,456,246,264</u></b>	<b><u>43,665,533,011</u></b>

## 30. EVENTS AFTER THE BALANCE SHEET DATE

There is no significant event occurring after the balance sheet date which would require adjustments or disclosures to be made in the consolidated financial statements of the Group.



Pham The Tai  
Preparer



Le Thi Hoang Hue  
Chief Accountant



Le Ba Phuong  
General Director

29 March 2021



**CÔNG TY CỔ PHẦN ĐÔNG HẢI BẾN TRE**  
**DONG HAI JOINT STOCK COMPANY OF BENTRE**

ĐC: Lô A III, Khu công nghiệp Giao Long, Xã An Phước, Huyện Châu Thành, Tỉnh Bến Tre, Việt Nam  
 Tel: 075.2470655 - 3611666 \* Fax: 075.3635222 - 3611222  
 Email: donghaibentre@yahoo.com \* Website: www.dohacobentre.com.vn

No: 29 /CV -CTĐH

Ben Tre Province, Mach 30<sup>th</sup>, 2021

"Re: Explain about the consolidated results of the year 2020"

**REPRESENTATION REPORT**

**To: - The State Securities Commission**  
**- Ho Chi Minh Stock Exchange**

Pursuant to Circular No 155/2015/TT-BTC on October 06, 2015 of the Ministry of Finance guiding the Information disclosure on securities markets.

According to reviewed report about the consolidated results of the year 2020, Dong Hai Joint Stock Company of Ben Tre has profit about 391.923.587.886 VND, increases 114,87% in comparison to the year 2019 by these reasons:

- Giao Long Paper Factory - Phase II officially came into operation on September 1st, 2019, production and sales volume increased, raw material price and input costs increased, net revenue increased by 101,94%, cost of goods sold increased 107,66%.

- Financial income increased by 161,15%, mainly because of difference exchange rate interest due to pay for suppliers by foreign currencies earned from export and reevaluate foreign currency-denominated liabilities, receivables, bank deposits.

- Selling expenses increased 79,55% (mainly increased transportation costs and customer marketing costs).

- Other income decreased by 67,22%, mainly from decreasing payment of compensation from suppliers.

- The current corporate income tax expense decreased due to tax incentives for the expansion investment project - Giao Long Paper Factory Project - phase II.

In details:

No	Target	Unit	The year 2020	The year 2019	In comparison to	
					Value	(%)
1	Net revenue from goods sold	VND	2.887.570.524.189	1.429.886.106.551	1.457.684.417.638	101,94
2	Cost of goods sold	VND	2.339.353.334.338	1.126.524.279.929	1.212.829.054.409	107,66
3	Financial income	VND	9.949.607.631	3.809.918.583	6.139.689.048	161,15
4	Financial expenses	VND	40.710.822.367	30.207.216.323	10.503.606.044	34,77
	Interest expenses	VND	38.736.882.563	29.931.705.195	8.805.177.368	29,42
5	Shares of profit of associate	VND	1.115.787.433	815.843.853	299.943.580	36,76
6	Selling expenses	VND	87.998.170.475	49.009.092.405	38.989.078.070	79,55
7	General and administration expenses	VND	23.754.855.757	19.778.850.170	3.976.005.587	20,10
8	Other income	VND	3.995.596.254	12.188.273.828	(8.192.677.574)	(67,22)
9	Other expenses	VND	753.786.831	29.511.039	724.275.792	2.454,25
10	Current corporate income tax expense	VND	18.136.957.853	38.747.732.891	(20.610.775.038)	(53,19)
11	Profit after tax	VND	391.923.587.886	182.403.460.058	209.520.127.828	114,87

Dong Hai Joint Stock Company of Ben Tre kindly report to The State Securities Commission, Ho Chi Minh Stock Exchange.

Sincerely!

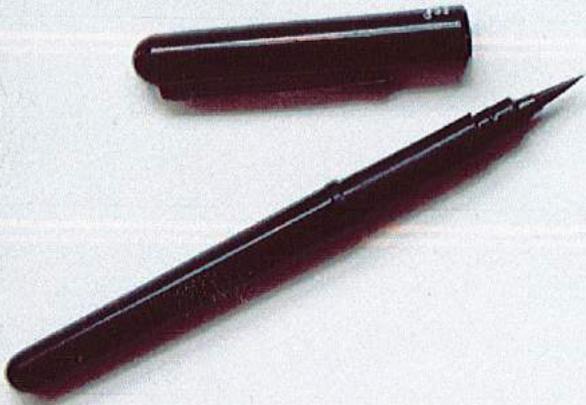
**DONG HAI JOINT STOCK COMPANY OF BEN TRE**  
**GENERAL MANAGER**



*Lê Bá Phương*

To:

- Above;
- Saved.



**Ben Tre, April 19<sup>th</sup> 2021**  
**Confirmation Of Representative**



*Lê Bá Phương*