

DONG HAI JOINT STOCK COMPANY OF BEN TRE



# 2019 ANNUAL REPORT

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# 1

## **GENERAL INFORMATION**

Overall information

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# GENERAL INFORMATION

Name:

**CÔNG TY CỔ PHẦN  
ĐÔNG HẢI BẾN TRE**

Name in English:

**DONGHAI JOINT STOCK COMPANY  
OF BENTRE**

Certificate of Business Registration No. 1300358260 issued by Ben Tre Province's People's Committee for the first time on April 2, 2003, registered for the 18<sup>th</sup> change on February 18<sup>th</sup>, 2020.

Head office: Lot AIII, Giao Long Industrial Zone, An Phuoc Ward, Chau Thanh District, Ben Tre Province

Capital :



**559.957.830.000 VND**



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Stock code:

**DHC**



# THE PROCESS OF ESTABLISHMENT AND DEVELOPMENT



## 2003

Dong Hai was established under Decision no. 4278/QĐ-UB of Ben Tre Province's People's Committee. The predecessor of the company is Packaging Plant – A state-owned company in Ben Tre Fishery Sector.



## 2008

Dong Hai Joint Stock Company of Ben Tre officially became a publicly held company under Notice of State Securities Commission.



## 2009

Dong Hai Joint Stock Company of Ben Tre was officially listed and traded shares on Ho Chi Minh City Stock Exchanges (HOSE) with stock code DHC.

## 2011



Dong Hai Joint Stock Company of Ben Tre held the opening ceremony and officially put into operation of Giao Long Paper Factory (Phase 1) and Packaging Factory No.02.

## 2015



Dong Hai Joint Stock Company of Ben Tre officially moved The Company's head office to the address at Block All, Giao Long Industrial Zone, An Phuoc Commune, Chau Thanh District, Ben Tre Province.

## 2016



The Company started the implementation of Giao Long Paper Factory Project – phase 2 with the capacity of 660 tons/day. It is expected to be completed and put into operation in 2019.



## 2017

The Company's charter capital was increased from VND 255,846,030,000 to VND 344,597,690,000 due to the issuance of shares to pay dividends and shares for existing shareholders.



## 2018

The Company's charter capital was increased from 344.597.690.000 VND to 413.515.490.000 VND by paying Dividends in 2017.



## 2019

Giao Long factory phase 2 came into operation officially. Increasing charter capital to VND 447,975,260,000 by issuing shares to existing shareholders. Issuing shares to pay 20% dividend for 2018, raising the charter capital to VND 537,567,830,000. At the end of the year, the Company issued ESOP 2,239,000 shares, raising its charter capital to VND 559,957,830,000.

# TYPICAL ACHIEVEMENTS

Certificate of Vietnamese brand products integration into WTO

Gold Cup Vietnamese brand products integrate into WTO

Vietnam Top Brand Gold Cup - Vietnam Brand Magazine

Certificate of Quality and Prestige Brand - 2009

Gold medal title: Vietnam Quality - Conform to standards - 2013

Certified Trusted Supplier in Vietnam - 2009

Trademark Certificates Dong Hai Joint Stock Company Ben Tre

The Government's emulation flag is the Excellent Unit in the emulation movement in 2018.

Top 50 Best Business Enterprises of 2019 - Investment Bridge



## BUSINESS SECTOR AND AREA

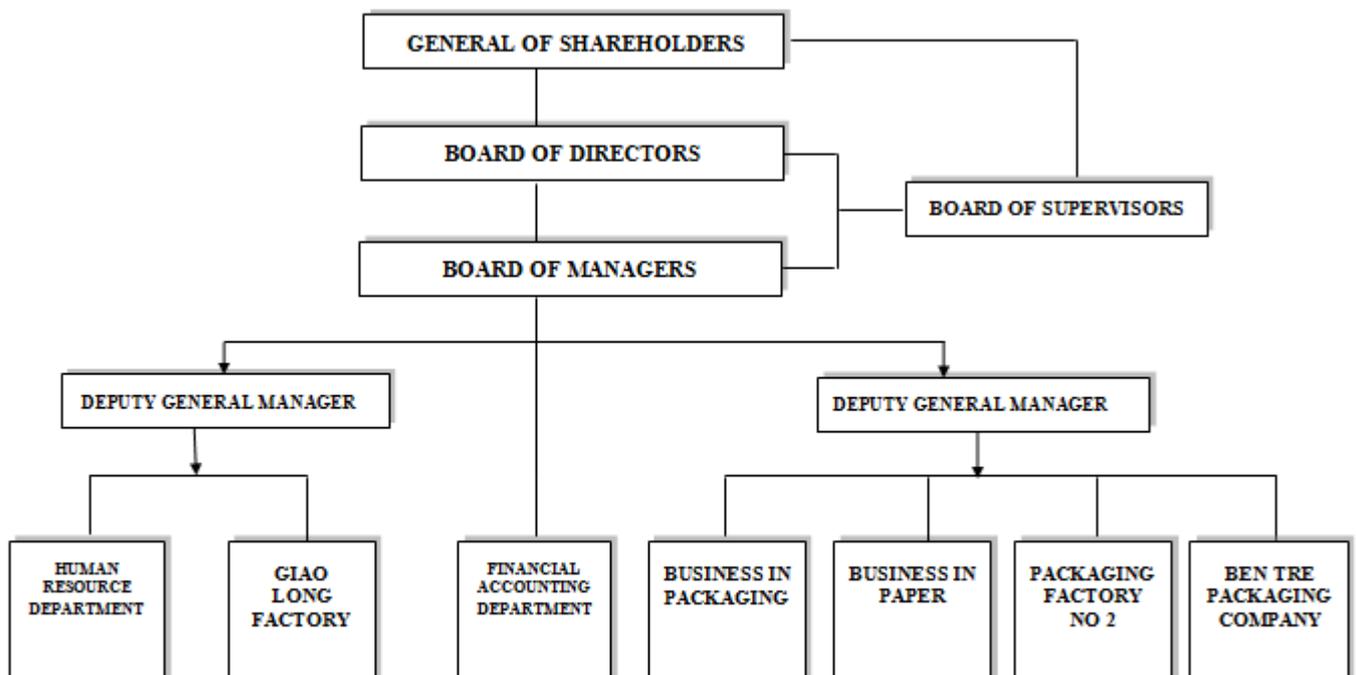
### Main business sector

No	Sector	Code
1	Producing pulp, paper and board;	1701 (Chính)
2	Producing paper, packages from paper and board.	1702
3	Services related to printing and printing	1811, 1812

### Business area

The Main Business Areas of the Company are Mekong Delta provinces, Southeast region and Ho Chi Minh City; these are three key economic regions of the country where various industries in producing and processing agricultural and aquatic products, leather shoes, pharmaceuticals, garments and other industrial goods...

## ORGANIZATIONAL STRUCTURE



# 11 Annual Report 2019

## Subsidiary and Associated Company:

### Tan Cang Giao Long Joint Stock Company

Address : 126 Long Thanh hamlet, Giao Long Ward, Chau Thanh District, Ben Tre

Capital Distribution : 2.600.000.000 VND

Business sector : Supplying port exploitation services and transport.

Rate of benefits : 26%

Rate of voting : 26%

## DEVELOPMENT ORIENTATION

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### Primary objectives

Primary objectives are: “By 2020 becoming a strong and stable firm, taking O2 products krat paper - carton packaging as development focus”.

Motto of action “Closed production process – develop capacity scale – improve business efficiency”.

### Medium and long-term development strategy

In the long term, the objectives of the Company are to improve production technology, enhance product quality, reduce production expenses, and lower the price. Besides, the Company also focuses on researching and developing recycled and environment- friendly products, both meeting consumer trends and strengthening the development foundation of the Company.

### Objectives for society and community

Board of Directors and Board of Management of the Company pay a special attention to and always take actual actions as well as comply with issues related to environment, society and community.

Perform all regimes of salary, wage, bonus, and social policies in order to improve quality of life for employees of the Company. Encourage individuals to participate in volunteer activities as well as orient and promote thinking towards sustainable development.

### Commitment to implementation

Complying with Environment Protection Law and other regulations related to environmental impacts of the Company.

Boost the expansion of domestic market, promote and build the paper brand – Dohaco in order to increase competitive capacity of the product among domestic and foreign competitors. Moreover, the Company also focuses on seeking exporting opportunities to regional markets.

Boost the expansion of domestic market, promote and build the paper brand – Dohaco in order to increase competitive capacity of the product among domestic and foreign competitors. Moreover, the Company also focuses on seeking exporting opportunities to regional markets.

Build human resources development strategy through recruitment and training, enhance working skills for workers, and develop management skills.

Developing goes hand in hand with taking responsibility of protecting environment and reasonably utilizes natural resources.

Investing in high quality waste treatment system (gas and water) to protect living environment for creatures and surrounding residential community.

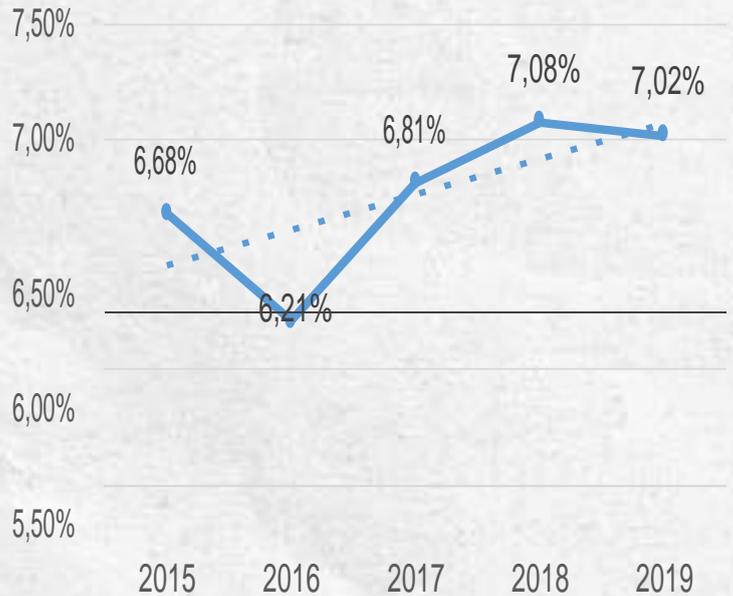
Actively supporting and participating in social, voluntary, and charitable activities, contributing to Truong Sa and Hoang Sa ...



# RISKS

## RISKS OF ECONOMICS

In 2019, our country's GDP growth rate will reach 7.02%, exceeding the National Assembly's target set by 6.6% - 6.8%. GDP growth maintained at a high level, which means that the operation of enterprises will be more positive and more favorable, leading to demand for DHC's products will increase. However, according to the Institute of Certified Public Accountants of England and Wales (ICAEW), the growth momentum of Vietnam's economy in 2020 is expected to decline to 6.6%, due to the impact of the US trade war. - China negatively affects a number of industries in our country. This will affect DHC's business.



**GDP GROWTH OF VIETNAM THROUGH YEARS (%)**

In addition, by the end of 2019, the emergence of a new pandemic type of pneumonia virus originating from China has the same level of danger as SARS, spread rapidly and spread widely throughout the world. Since then, domestic transactions and business activities will likely be stagnated in the beginning of the year and economic growth in early 2020 will likely be reduced. Meanwhile, the structure of exported agricultural and aquatic products accounts for a large proportion (about 20%) of the total export turnover to China. Therefore, in the coming epidemic situation, there will be great difficulties leading to DHC also indirectly affected.

In order to minimize the economic risks that negatively impact the production and business activities, Dong Hai must constantly update not only domestic fluctuations but also monitor the world economic situation to can devise strategies, operating policies suitable for each period.

## Risks of interest rate

In the structure of liabilities of Dong Hai Joint Stock Company of Ben Tre, the annual financial debt accounts for 60 - 70%, mainly long-term debt. Therefore, small fluctuations in interest rates also affect the Company's production and business activities. In 2019, lending interest rates in Vietnam are popular at 6% - 9% / year for all short-term loans and 9% - 11% / year for medium and long term. In general, this year, lending rates in our country are maintained at a stable level, even in the fourth quarter of this year, the State Bank of Vietnam has asked banks to reduce lending rates from 6.5% down to 6%, this move is believed to be the support of the State Bank to create favorable conditions for the development of businesses in the next year. Although at the present time, lending rates are stable at low levels as well as financial leverage of DHC is not too high, the Company still needs to continuously monitor the fluctuations of loan interest rates in order to restructure capital resources, minimize risks from interest rate fluctuations.



## COMPETITIVE RISKS

From mid-2019, DHC's Giao Long 2 factory went into operation with a designed capacity of 660 tons / day, making DHC's capacity 4 times higher than before. However, a number of projects to expand the capacity of domestic enterprises in the same industry such as Tan Mai Paper Joint Stock Company, Miza Joint Stock Company, Hoang Ha Paper Joint Stock Company, etc. will also gradually enter operation in the period 2019-2025. Accordingly, the domestic kraft paper production capacity is estimated to increase by 2.31 million tons / year by 2026. Besides, FDI inflow into Vietnam's paper industry has increased rapidly in the previous 2 years with many major projects of the Cuu Long Paper Group,.....

Since then, competition in the paper industry will be stronger. Although DHC has the advantage of Giao Long phase 2 going into operation before the above projects with large capacity, in the future, there will still be a risk of losing market share if the above projects operate better with cheap prices.

Therefore, in order to limit the risk of competition in the paper industry, Dong Hai Ben Tre needs to learn and update consumer trends in order to improve and develop better services. From there, DHC can retain existing customers as well as gain new customers in the future.

## LEGAL RISKS

As a public joint stock company listed on the Ho Chi Minh City Stock Exchange (HOSE), in addition to being affected by the Enterprise Law, Dong Hai is also subject to the Securities Law along with general legal system. Besides, with the characteristic of being an Enterprise operating in the manufacturing industry, Dong Hai is also subject to both the Law on Natural Resources and the Environment.

In 2019, the National Assembly officially passed the Securities Law (amended) and took effect on 01/01/2021 with many important contents being renewed. In which some changes related to information disclosure such as the principle of information disclosure will be more clear and in particular public companies are also required to disclose more information, this will increase market transparency. Besides, the administration of public companies is also supplemented on the principles of corporate governance and corporate governance content.

In addition, in November 2019, the National Assembly passed the amended Labor Code, effective January 1, 2021 with notable amendments related to labor contracts, probation, terminating labor contracts, increasing retirement age, establishing independent trade unions.

With the relevant legal system in the final stage of development, new legal documents are constantly being issued, the State's policies are gradually changed to perfection through each year and every change will do. affecting the Company's operations. Always aware of the impacts from the change of law on business activities, the Company is always updated with the latest legal documents related to manufacturing and other related fields to keep up. there are right strategies in each period.



## RISKS OF INPUT MATERIALS

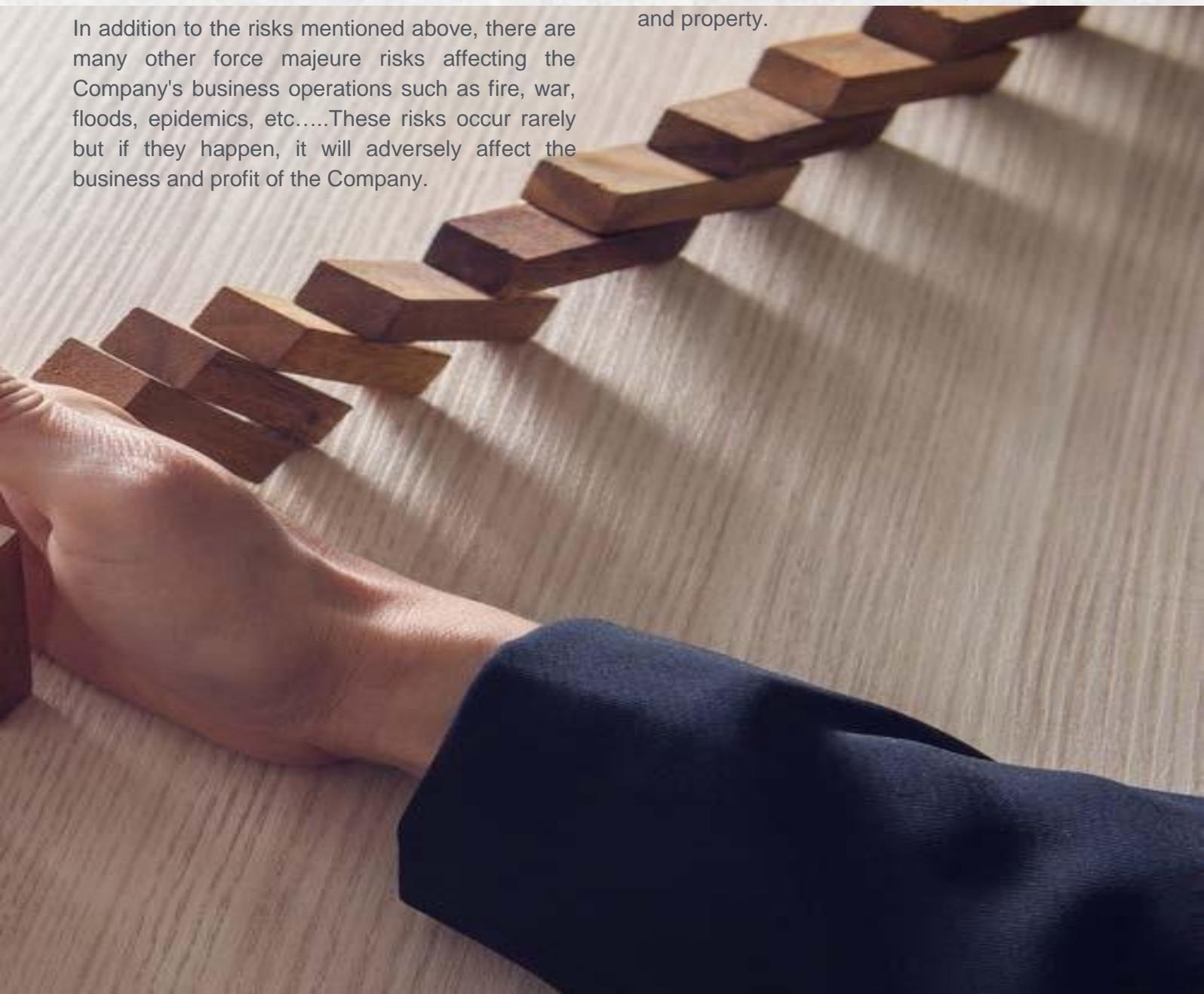
Input materials for the company's products are mostly from OCC paper (accounting for about 60% of COGS) and all have to be purchased from outside. From the date of operation of Giao Long 2 factory, the demand for DHC's input materials needs more than before to reach the maximum capacity. As a result, this becomes a risk of shortage of input materials for the Company when Giao Long phase 2 factory does not operate at full capacity, the capital is likely to be slow and the production cost will not be optimal. In addition, due to the impact of scrap management policies since 2018, the shortage of OCC paper has gradually increased, leading to domestic enterprises scrambling to buy domestic scrap paper sources to maintain production.

### Other risks

In addition to the risks mentioned above, there are many other force majeure risks affecting the Company's business operations such as fire, war, floods, epidemics, etc.....These risks occur rarely but if they happen, it will adversely affect the business and profit of the Company.

In order to avoid the risk of input materials, in addition to DHC's need to actively store raw materials to ensure a stable supply for contracts, Dong Hai also needs to plan a reasonable policy of using raw materials for Each of period. Besides, the Company also needs to find more sources of purchasing raw materials abroad to ensure timely supply when there is a shortage of domestic raw materials.

Dong Hai has always taken the initiative in preventing and developing coping solutions such as propagandizing to raise awareness about epidemics and opening fire prevention and fighting training courses for employees to raise awareness and minimize damage about people and property.





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## OPERATION STATUS IN 2019

Production status in the year

Organization and human resources

Investment

Financial status

Structure of shareholders and investment capital

Report on impacts with environment and society

## PRODUCING AND BUSINESS ACTIVITIES

Unit: Billion VND

Target	2018	2019		%Re2019/ PI2019	%Re2019/ Re2018
	Results	Plan	Results		
Giao Long Paper 1	641	560	528	94,29%	82,37%
Giao Long Paper 2	0	640	556	86,88%	-
Packaging Factory	285	300	345	115,00%	121,05%
<b>Total Revenue</b>	<b>926</b>	<b>1.500</b>	<b>1.429</b>	<b>95,27%</b>	<b>154,32%</b>

Unit: Million VND

Target	2018	2019	% +/-
Revenue	926.654	1.429.886	54,31%
Cost of sales	722.034	1.126.524	56,02%
Profit after tax	134.116	181.588	35,40%

Following the success from 2018, in 2019, Company's sales of goods and services in 2019 reached more than VND 1,429 billion, reaching 95.27% of the plan set at the beginning of the year. The success of this year largely comes from the fact that the Company put Giao Long 2 factory into operation in the end of the third quarter and promptly increased the revenue in the last 4 months of 2019.

In few months, this factory has brought the company more than 556 billion dong revenue. Meanwhile, DHC's revenue from packaging segment reached VND 345 billion, an increase of 21.05% compared to 2018.

Profit after tax of Dong Hai still reached an impressive figure when it increased more than VND 47 billion, surpassing the profit of VND 134 billion of the previous year as well as exceeding the target of profit assigned for the whole year of 21%.

### Organization of personnel

#### List of executive board

Up to 31/12/2019

No	Member	Position	Number of share	Rate
1	Mr Le Ba Phuong	General Manager	3.488.858	6,23%
2	Ms Ho Thi Song Ngoc	D.General Manager	255.608	0,46%
3	Mr Luong Van Thanh	D.General Manager	3.562.504	6,36%
4	Ms Le Thi Hoang Hue	Chief accountant	85.807	0,15%

## Mr LE BA PHUONG

**Date of Birth** 20/11/1964

**Nationality** Viet Nam

**Qualification** Bachelor of Economics

Time	Position
11/1987 - 07/2012	Worked in Ben Tre Seafood Import-Export Joint Stock Company.
08/2012 - 07/2013	Member of Board of Directors and Deputy General Manager of Dong Hai
07/2013 - 06/2014	Member of Board of Directors cum General Manager of Dong Hai
06/2014 - present	Chairman of Board of Directors cum General Manager of Dong Hai

## Ms Ho Thi Song Ngoc

**Date of birth** 11/02/1983

**Nationality** Viet Nam

**Qualification** Bachelor of Economics

Time	Position
09/2005 - 08/2006	Administration officer – Receptionist, Department of Administration and Human Resources at Dong Hai
09/2006 - 03/2008	Receiving and Dealing with orders Officer, Business Planning Department at Dong Hai
04/2008 - 08/2010	Deputy Manager of Business Department at Dong Hai
09/2010 - 04/2012	Manager of Business Department at Dong Hai
05/2012 - 05/2017	Member of Board of Directors and Deputy General Manager of Dong Hai
05/2017 - present	Deputy General Manager of Dong Hai

## Mr Luong Van Thanh

Date of birth 12/11/1962  
Nationality Viet Nam  
Qualification Bachelor of Economics

Time	Position
11/1986 - 09/1999	Deputy Head of Planning Dept – Construction Materials Company
09/2003 - 10/2003	Head of Investment and Development Department, Housing Management and Development Company of District 2
11/2003 - 07/2012	Head of Administration Department, Housing Management & Development Company of District 2
08/2012 - 06/2014	Deputy General Manager at Dong Hai Ben Tre
06/2014 - 05/2017	Member of Board of Directors and Deputy General Manager at Dong Hai
05/2017 - present	Vice Chairman of Board of Directors cum Deputy General Manager at Dong Hai

## Ms Le Thi Hoang Hue

Date of birth 09/03/1973  
Nationality Viet Nam  
Qualification Bachelor of Economics

Time	Position
1994 - 1996	Credit officer of Industrial And Commercial Bank Of VN – Ben Tre
1996 - 2003	Deputy Chief Accountant of Ben Tre Frozen Seafood Export Co.,
2003 - 2009	Chief Accountant of Ben Tre Fishery Joint Stock Company
2009 - 05/2013	Transaction Accountant Chief Saigon Commercial JS Bank at Ben Tre
07/2013 - present	Chief Accountant of Dong Hai Joint Stock Company of Ben Tre.

## List of BOD

Up to 31/12/2019

No	Member	Position	Number of shares	Rate
1	Mr Le Ba Phuong	Chairman	3.488.858	6,23%
2	Mr Luong Van Thanh	Vice Chairman	3.562.504	6,36%
3	Mr Le Quang Hiep	Member	2.995.308	5,35%
4	Mr Nguyen Thanh Nghia	Member	1.456.107	2,6%
5	Mr Tatsuyuki Ota	Member	-	-
6	Mr Nguyen Phan Dung	Member	39.000	0,07%

### Mr Le Ba Phuong

(Review the resume of BOM)

### Mr Luong Van Thanh

(Review the resume of BOM)

### Mr Le Quang Hiep

Date of Birth 22/08/1955

Nationality Viet Nam

Qualification Bachelor

Time	Position
1983 - 1985	Assistant Manager of Engineering Dept - Plastic Import Export Union
1985 - 1994	Manager of Plastic State-owned Enterprise of Ho Chi Minh
1994 - 2004	Manager of Do Thanh Plastic Company of Ho Chi Minh City
2004 – present	Chairman of Board of Directors cum Chief Executive of Do Thanh JSC
2007 - present	Member of Board of Directors of Dong Hai Joint Stock Company

# Mr Nguyen Thanh Nghia

**Date of Birth** 27/11/1963

**Nationality** Viet Nam

**Qualification** Bachelor

Time	Position
1987 - 03/1992	Officer in Seaprodex Credit Finance Company
04/1992 - 11/1993	Officer in Ho Chi Minh City Seafood Import-Export Company
12/1993 - 04/2001	Assistant Manager, Manager of Seafood Import-Export Company at Ho Chi Minh
2001 - 05/2007	Chairman of Members' Council and Manager of Dai Thien Loc
06/2012 - 08/2013	Member of Board of Directors of Ben Tre Seafood Import and Export JSC
06/2007 - present	Chief Executive and General Manager of Dai Thien Loc Joint Stock Company
05/2012 - 05/2017	Vice Chairman of Board of Directors of Dong Hai Ben Tre
05/2017 - present	Member of Board of Directors of Dong Hai Joint Stock Company of Ben Tre



## Mr Nguyen Phan Dung

**Date of Birth** 03/08/1980

**Nationality** Viet Nam

Master

### Qualification

Time	Position
2007 - 2011	Investment Officer of SSI Fund Co.,Ltd
2011 - 2013	Investment Manager of SSI Fund
2013 - present	Deputy Manager - SSI Fund
04/2014 - present	Member of Board of Directors – Transimex JSC
04/2016 - present	Member of Board of Directors - OPC Pharmaceutical
05/2017 - present	Member of Board of Directors - Dong Hai JSC

## Mr TATSUYUKI OTA

**Date of birth** 21/01/1963

**Nationality** Viet Nam

**Qualification** Bachelor

Time	Position
1987 - 1992	Graduated and worked at Daiwa Securities Co., Ltd - Japan
1992 - 1996	Deputy Manager of Daiwa Securities Co., Ltd Singapore.
1996 - 1999	Deputy Manager of Daiwa Securities Co.,Ltd H.K.
2000 - 2006	Manager Advance Intelispace Company – Japan .
2006 - 2008	In charge of international investment Daiwa Corporate Co., Ltd.
2008 - present	Head of representative office – Daiwa Corporate Investment at Ho Chi Minh City.
2016 - present	Member of Board of Directors - Dong Hai JSC

## List of Supervisor Board

Up to 31/12/2019

No	Member	Position	Number of share	Rate
1	Ms Doan Thi Bich Thuy	Head of SB	15.480	0,032%
2	Ms Doan Hong Lan	Member	11.360	0,02%
3	Ms Mai Huyen Ngoc	Member	2.000	0,004%

### Ms Doan Thi Bich Thuy

Date of birth 11/05/1985

Nationality Viet Nam

Qualification Bachelor

Time	Position
12/2015 - 11/2007	Accountant in Dai Thien Loc Steel Company
12/2007 - 3/2011	Accountant in Dai Thien Loc JSC
04/2011 - present	Head of Supervisory Board of Dai Thien Loc JSC
05/2017 - present	Head of Supervisory Board of Dong Hai JSC

### Ms Doan Hong Lan

Date of Birth 17/04/1986

Nationality Viet Nam

Qualification Bachelor

Time	Position
11/2006 - 01/2009	Staff of Business Planning Department at Dong Hai Ben Tre
01/2009 - present	Human Resource Management staff of Dong Hai Ben Tre
04/2012 - present	Member of Supervisory Board of Dong Hai Ben Tre

**Ms Mai Huyen Ngoc**

Date of Birth 05/09/1980

Nationality Viet Nam

Qualification Master

Time	Position
2003 - 2008	Accountant - Dong A Pharmaceutical JSC
2008 - present	Deputy Manager of Accounting Department, SSI Fund
05/2019 - present	Member of Supervisory Board of Dong Hai Ben Tre



## Number of employee

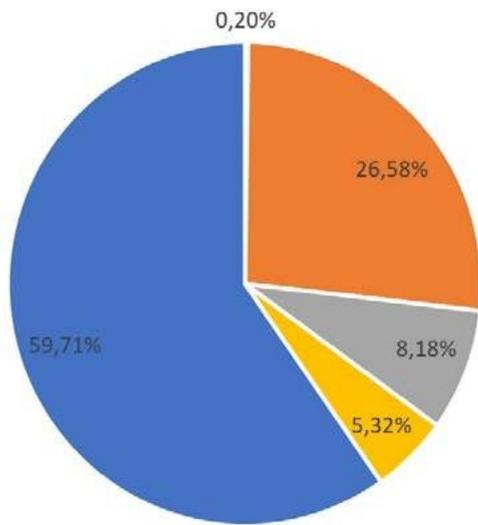
No	Type	Number (people)	Rate (%)
<b>A</b>	<b>Qualification</b>	<b>489</b>	<b>100</b>
1	Master	1	0,20
2	University, College	130	26,58
3	Intermediate, elementary	40	8,18
4	Technical Worker	26	5,32
5	Normal Worker	292	59,71
<b>B</b>	<b>Type of contracts</b>	<b>489</b>	<b>100</b>
1	Indefinite – term contract	169	34,56
2	Definite – term contract from 1 to 3 years	314	64,21
3	Seasonal contract (less than 1 year)	6	1,23
<b>C</b>	<b>Sex</b>	<b>489</b>	<b>100</b>
1	Male	439	89,78
2	Female	50	10,22

The company's personnel situation is relatively stable. The number of employees of the company as of December 31, 2019 is 489 people, an increase of 70 people compared to 2018 (Mostly increasing for Giao Long 2 Factory).

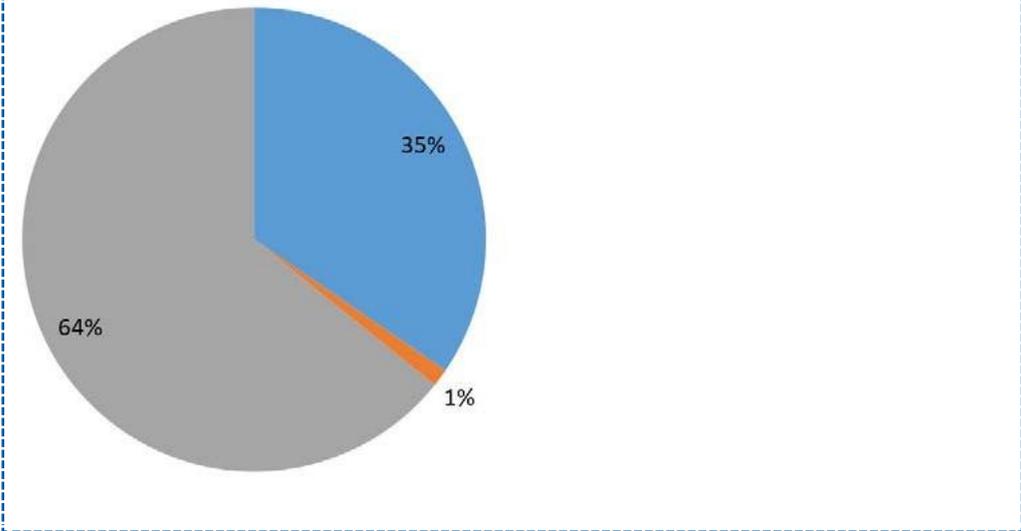
## Average income

No	Year	Number of employee (people)	Average income (VND/person/month)
1	2017	403	7.301.366
2	2018	419	7.412.155
3	2019	489	7.589.887

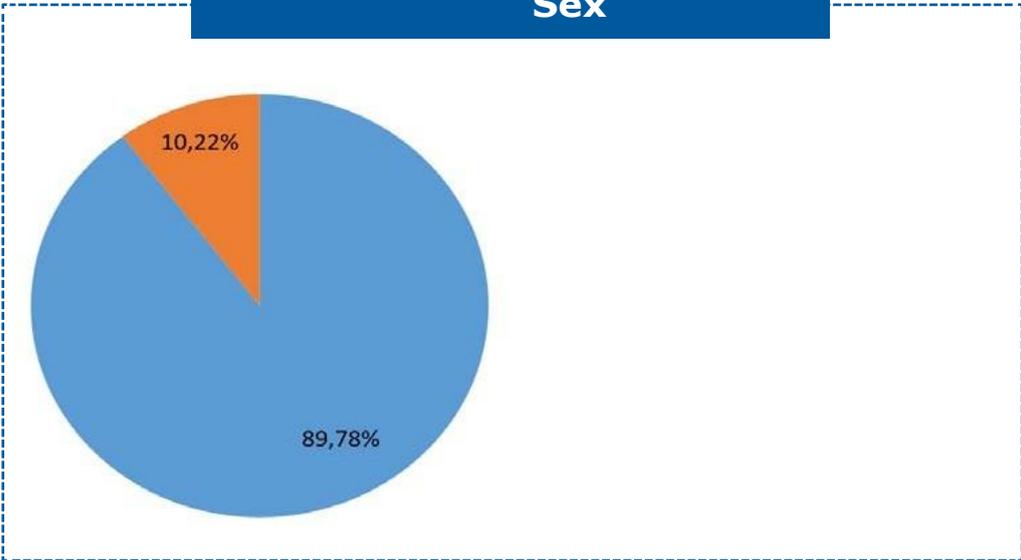
### Qualifications



### Type of contracts



### Sex



## Human Resources Policy

### Welfare policy

The deduction and payment of social insurance, health insurance, and unemployment insurance is implemented in accordance with legal regulations.

The Company organizes travelling trips for officers and employees every year.

### Human Resources Policy

The Company applies the working regime of 48 hours/ week; overtime working, Holiday, Annual leave, other leaves is in compliance with regulations.

Employees are provided with uniform, computer and office supporting equipment, business allowance, lunch fee, etc., Depend on working position, employee may be equipped with laptop and other regimes.

### Policy for Employees' Achievement Assessment

The assessment of employees' achievement will be carried out periodically and following 03 criteria:

- Working results
- Skills
- Attitude

Through achievement assessment, the management will find out potential employees to set up a succeeding team and make plan of training for the employees. This is also a basis for building an occupation development roadmap for the employees.

### Wage and Bonus policy

DHC set up the salary policy for officers and employees suitable with their capacity and position. Besides, Management Board of the Company regularly inspects, supervise and evaluate productivity of officers and employees; thence, the Board will assess and adjust the salary for employees of the whole company.

The reward policy is applied in line with the results of work, production and business efficiency in order to create a positive work motivation for employees. Fundamentally, there

- To reward technical innovations
  - To reward good person with good activity
  - To reward outstanding and excellent individual/ team
- To reward new project/ product.....



## *INVESTMENT STATUS*

In 2020, Dong Hai will establish a subsidiary of Ben Tre Packaging Co., Ltd. . specializing in manufacturing and trading in carton packages.

Expected progress of implementation:

- January 2020 to December 2020: build and install equipment.
- January 2021: test run, pre-acceptance test of products.
- July 2021: official activities.



## FINANCIAL SITUATION

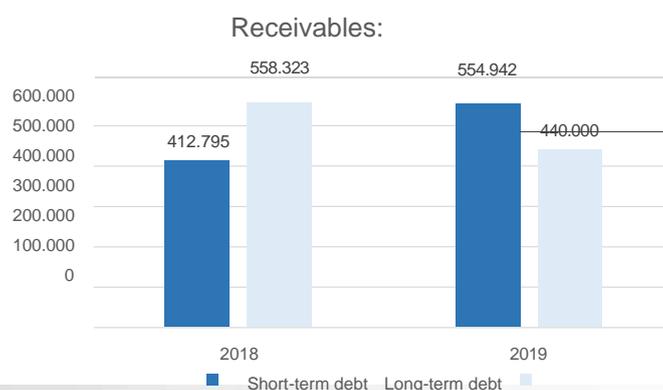
### Receivables:

Unit: Million VND

No	Items	2018	2019	% +/-
<b>A</b>	<b>Short-term receivables</b>	<b>167.419</b>	<b>387.340</b>	<b>131,36%</b>
1	Short-term receivables	153.718	377.627	145,66%
2	Down payment for supplier	19.193	15.063	-21,52%
3	Other Receivables	1.102	1.816	64,79%
4	Allowance for doubtful receivables	(6.593)	(7.165)	8,68%
<b>B</b>	<b>Long-term receivables</b>	<b>16.327</b>	<b>18.771</b>	<b>14,97%</b>

The short-term receivables at the end of 2019 recorded a surge when it increased from more than VND 167 billion in 2018 to more than VND 387 billion, corresponding to an increase of 131.36% over the same period last year. Specifically, short-term receivables of customers as of December 31, 2019 increased to VND 377 billion, an increase of 145.66% compared to the same period in 2018. In particular, receivables from customers come from the sale of Kraft paper for Box-Pak Vietnam Co., Ltd. and Bien Hoa Packaging Joint Stock Company.

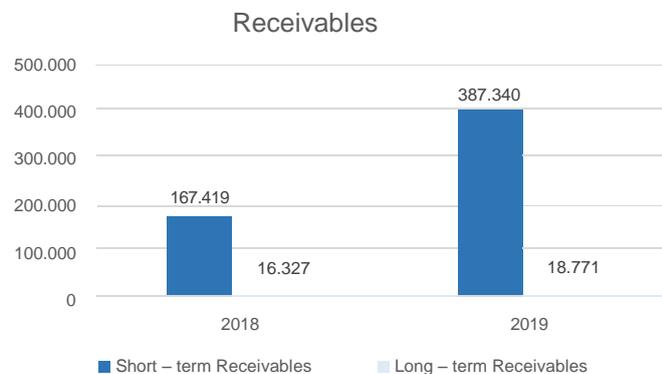
Receivables of two companies reached over VND 63 billion, accounting for more than 16.7% of total receivables by the end of 2019.



## Payable

Unit: Million VND

No	Items	2018	2019	% +/-
<b>A</b>	<b>Short-term debt</b>	<b>412.795</b>	<b>554.942</b>	<b>34,44%</b>
1	Short-term borrowings and finance lease liabilities	285.976	258.769	-9,51%
2	Payables to the suppliers	80.359	229.909	186,10%
3	Down payment for suppliers	1.668	5.075	204,26%
4	Taxes and amounts payable	5.069	31.882	528,96%
5	Payables to employees	7.839	14.738	88,01%
6	Costs to pay	26.817	11.724	-56,28%
7	Payables, short-term payables	5.068	2.843	-43,90%
<b>B</b>	<b>Long-term liabilities</b>	<b>558.323</b>	<b>440.000</b>	<b>-21,19%</b>
1	Long-term borrowings	558.323	440.000	-21,19%



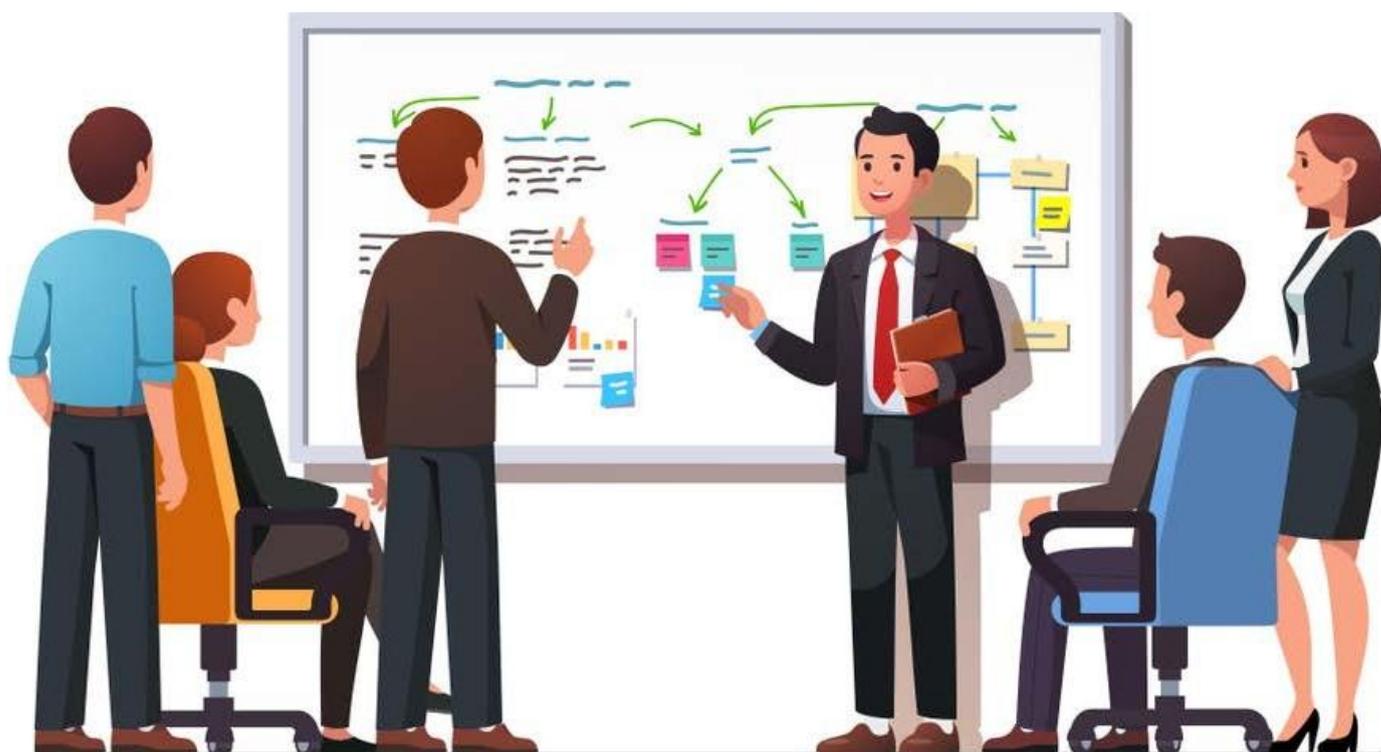
In general, in the past year, the total debt of Dong Hai increased insignificantly. In particular, the short-term payables to sellers increased by 2.8 times because Dong Hai purchased a large amount of raw materials along with other assets to support the maximum operation of new paper in the next phase. On the other hand, financial loans as of December 31, 2019 also dropped by over 27 billion VND, with a reduction rate of 9.51%. DHC believes that the level of risk concentration for debt repayment is low because of its ability to pay due debts from operating cash flow and proceeds from financial

assets of Company. In addition, all receivables from customers as of December 31, 2019 were used as collateral for bank loans and no short-term loans were overdue.

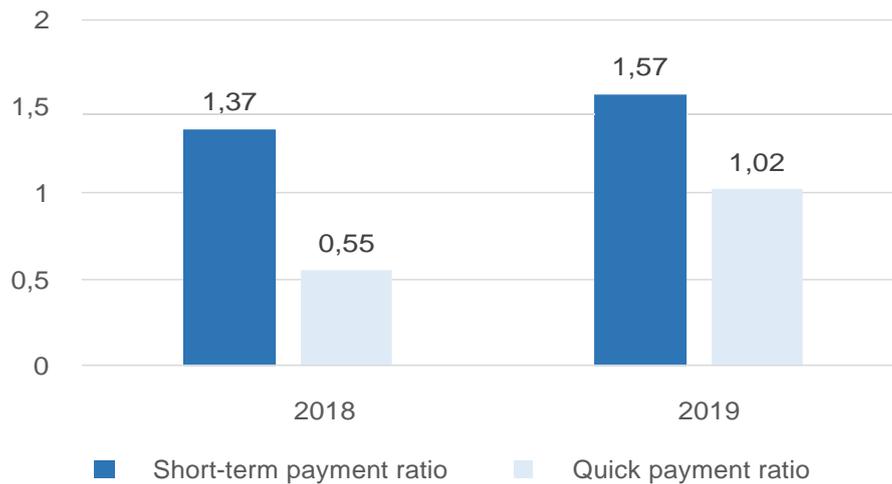
In terms of debt structure, there is a change compared to 2018 when in 2019, short-term debt is more than long-term debt. The reason is that the Giao Long Paper Project - phase 2 has been completed and officially put into operation since the end of March 2019 and the medium-term loan to finance the implementation of this project is due.

## The main financial indicators

Indicators	Unit	2018	2019
<b>Solvency</b>			
Short-term payment ratio	Time	1,37	1,57
Quick payment ratio	Time	0,55	1,02
<b>Targets on capital structure</b>			
Debt /Total assets ratio	%	53,54%	47,19%
Debt /Equity ratio	%	115,24%	89,36%
<b>Indicators of operational capacity</b>			
Payables turnover	round	2,83	3,49
Receivables turnover	round	5,60	5,12
Inventory turnover	round	2,57	3,48
Total assets turnover	round	0,60	0,73
<b>Profitability indicators</b>			
Profit after tax /Net revenue ratio	%	14,47%	12,70%
Average profit after tax /equity ratio	%	17,27%	18,53%
Profit after tax /Average total assets ratio	%	8,65%	9,24%
Return on business activities /Net revenue ratio	%	16,35%	14,56%



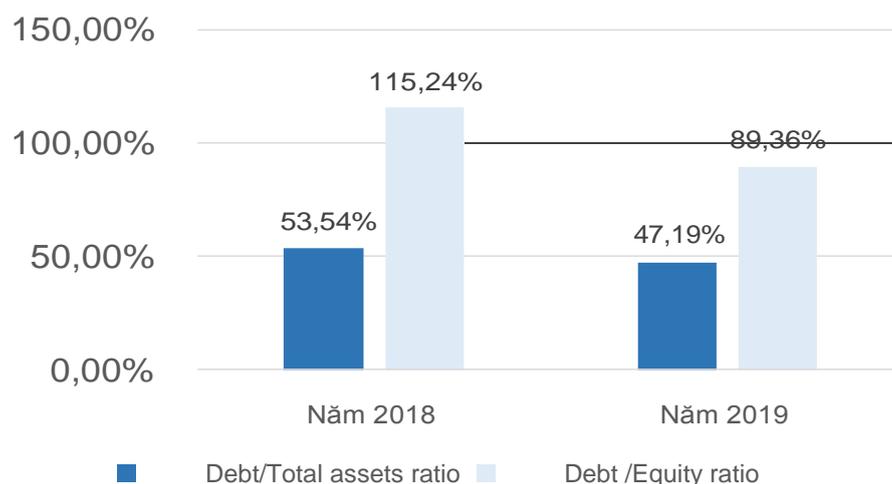
## Solvency norm



The quick ratio and short-term ratio increased by 0.46 times and 0.21 times, respectively. As of the end of 2019, short-term debt increased by over 142 billion dong, mainly from the sudden increase in payables. More specifically, in the past year, the amount of raw materials (OCC paper) purchased locally by DHC was in short supply, so Dong Hai had to import more. Besides, the expected operation of Giao Long 2 factory in the middle of the year makes Dong Hai have to reserve large quantities of OCC paper for this plant to operate at maximum

capacity. Despite the increase in short-term debt, the solvency target has not been reduced because in this year, Dong Hai has implemented financing for short-term assets, making this index increase by 54.81%, mainly coming from cash and cash equivalents to cover the purchase of materials as well as cash dividends for the following year. In addition, short-term receivables also increased short-term assets significantly.

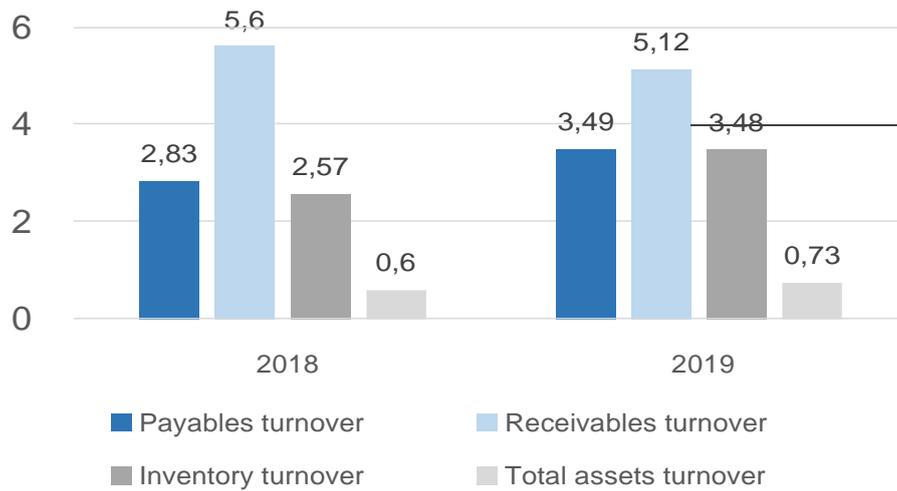
## Targets on capital structure



In 2019, the capital structure of the Company changes when liabilities / total assets and liabilities / equity respectively decrease to 47.08% and 88.97%. By the end of 2019, liabilities only increased by nearly VND 24 billion, while equity and total assets increased by more than VND 276 billion and VND 300 billion compared to the same period in 2018.

More specifically, in previous years, DHC has used most of its long-term loans to finance the construction of Giao Long 2 factory and until 2019, DHC is gradually implementing the principal repayment and loan needs of DHC only uses short-term debt to supplement working capital to meet the raw materials for the production of kraft paper as well as packaging products.

**Indicators of operational capacity**

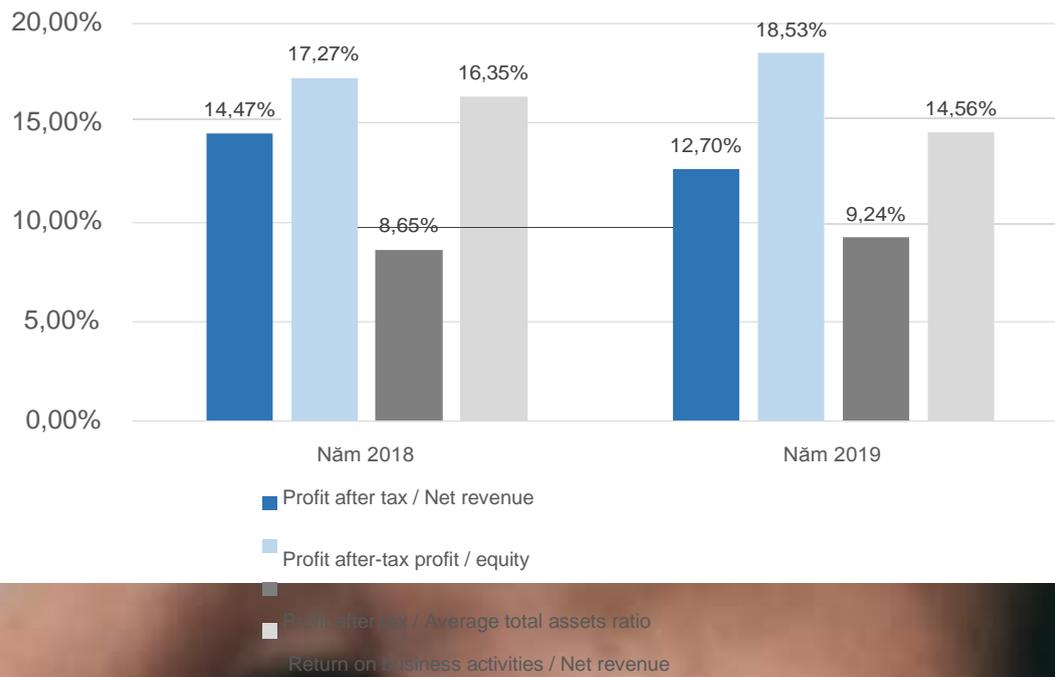


By the end of 2019, inventories decreased slightly by 7.8% compared to the same period last year. In addition, Company's increased sales volume caused the Company's inventory turnover during the year to increase from 2.57 to 3.48. Total asset turnover of the year also increased from 0.6 to 0.73, showing that DHC's asset efficiency has improved.

With the increasing trend in the use of packaging paper for trade and export, combined with the limited production of businesses in China, DHC believes that in the following year, the company's operational capacity will be more active.



## Profitability indicators



At the end of the fiscal year, DHC recorded net sales of VND 1,430 billion and profit after tax nearly 182 billion. In Q4/2019, DHC's net revenue reached VND 663 billion, a sharp increase of 2.7 times compared to the same period last year. This result came from the Giao Long Paper Factory - Phase II officially came into operation on September 1, 2019, resulting

in production and sales volume also increasing. The selling price of paper and input material price were controlled. Since then, the Company's profit after-tax reached more than VND 181 billion and made the ROA and ROE ratios increase. However, selling expenses and financial expenses also increased significantly, causing the ROS to decrease slightly.

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# SHAREHOLDER SITUATION

## Share information

Total number of shares issued in the year: 11.198.257 shares

Number of outstanding shares : 55.995.783 shares

Number of treasury shares : 0 shares

## Type of shares

Common shares: : 55.995.783 shares

Preferred shares: : 0 shares

## Shareholder structure

No	Kind of shareholders	Number of shareholders	Number of Share	Value (VND)	Proportion
<b>I</b>	<b>Domestic shareholders</b>	<b>1.195</b>	<b>36.225.435</b>	<b>362.254.350.000</b>	<b>64,70%</b>
2	Institutional shareholders	49	5.945.075	59.450.750.000	10,62%
3	Individual shareholders	1.155	30.280.360	302.803.600.000	54,08%
<b>II</b>	<b>Foreign shareholders</b>	<b>77</b>	<b>19.770.348</b>	<b>197.703.480.000</b>	<b>35,30%</b>
1	Individual shareholders	32	19.327.538	193.275.380.000	34,51%
2	Institutional shareholders	45	442.810	4.428.100.000	0,79%
<b>III</b>	<b>Treasury shares</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>TOTAL</b>	<b>1.281</b>	<b>55.995.783</b>	<b>559.957.830.000</b>	<b>100,00%</b>

Transaction of treasury shares: None

Other securities transaction: None

(Up to 31/01/2020)

No	NAME	ADDRESS	Number of shares	RATE
1	DAIWA-SSIAM VIETNAM GROWTH FUND II L.P.	PO Box 309, Ugland House Grand Cayman KY1-1104	7.668.374	14,26%
2	KWE BETEILIGUNGEN AG	Bellevueweg 1, 8832 wollerau, Switzerland	4.155.968	7,73%
3	SSI Fund Management Company Limited	5th floor, No. 1C Ngo Quyen, Hoan Kiem, Ha Noi.	3.485.624	6,48%
4	Nguyen Thi Thuy	90/5 Nguyen Khoai, W.2, D.4 HCMC	3.300.000	6,14%
5	Luong Van Thanh	08 My Giang 2A, Phu My Hung, Tan Phong Q.7, Tp.HCM	3.562.504	6,36%



## **REPORT ON IMPACTS WITH ENVIRONMENT AND SOCIETY**

### **About environmental resources**

Solid waste management is implemented by the investor and the construction in accordance with the provisions of Decree No. 38/2015 / CP-ND dated 14/4/2015. Solid waste management is as follows:

#### **For daily-life solid waste**

The total number of workers in the factory now is 489 people. According to statistics, the volume of waste is about 115.4 kg /day. The factory has arranged a sufficient number of domestic waste bins in areas such as canteens, working rooms, ... to ensure the collection of all generated domestic waste. In addition, Dong Hai also signed a collection contract with the functional units to collect and treat according to regulations. The amount of domestic waste is collected along with non-hazardous production waste. In general, at the time of the survey, Dong Hai premises were clean and beautiful. Up to now, the Company has signed a contract with Ben Tre Urban Construction Joint Stock Company to collect and process according to regulations.

#### **Manufacturing waste**

According to Decree 38/2015/ND-CP, the amount of waste in production is quite large. On average, 1,254 tons/day of ordinary industrial waste, 13,408.9 kg of non-hazardous sludge from the wastewater treatment system.

The collection and transportation of production waste to the warehouse is regularly performed by staff, without leaving garbage in the workplace. The factory has signed Contract No. 0201/19 VXQN - DHBT on January 2, 2019 with QN Viet Xanh Trade and Service Co., Ltd. to collect and handle the amount of non-hazardous production waste at two factories. In general, the collection and treatment of non-hazardous production waste takes place regularly, the collection and treatment units ensure full legality according to current regulations.



#### **For hazardous waste**

The total amount of hazardous waste generated is about 229,435 kg / day. At present, hazardous waste at the factory is collected twice a week, the hazardous waste has not been collected to the storage of hazardous waste, painted with a grid to classify each hazardous waste. In addition, Dong Hai also regularly inspects warehouses, ensuring compliance with Circular No. 36/2015/ TT-BTNMT of June 30, 2015.

The amount of hazardous waste has been signed a contract No. 452019/HDXL.CL-DH dated March 8, 2019 with Chan Ly Environment Co., Ltd. to collect and treat. This company is fully functional in collecting - transporting - treating hazardous waste. Besides, Dong Hai also periodically reports to the management agencies on the situation of collection, storage and treatment of hazardous waste. Statistics of types and volumes in accordance with the type of waste registered in the hazardous waste source owner register.

In the past 2019, the production and business process is still going according to plan, however, there have been no cases of environmental law violations and no complaints about noise, smoke or dust, ... within its scope of activities.



**Labor and social environment**

With the operation of the new paper factory, DHC has recruited a large number of workers to support the implementation of production activities. The salary payment is attached to each position title, job performance and business performance of the company. The company also does not ignore labor protection, equipping personal protective equipment based on the nature of the work; upgrading, replacing outdated machines and equipment to avoid danger to workers ... Compliance and full implementation of regulations on occupational safety and sanitation. Regularly organizing testing of the working environment as well as training to improve professional knowledge and ensure occupational safety; fostering occupational skills for production workers and unskilled workers.

In addition to making a profit, Dong Hai fully complies with the local social security policies in the area of operation with the desire to contribute a part of the overall development of the society. In the past year, DHC has always been interested and contributed to local development funds, local construction projects; actively participate in mass activities, legal education about necessary knowledge for people; disease prevention ... Employees of the Company also participate in activities of green, clean movement in the area operating near factories; participating in charitable activities, giving Tet gifts to disadvantaged people and mid-autumn gifts for children.





# 3

## REPORT OF THE BOARD OF MANAGERS

General assessment of the paper market situation

Company's position in paper industry

Evaluate the results of production and business activities

Financial situation

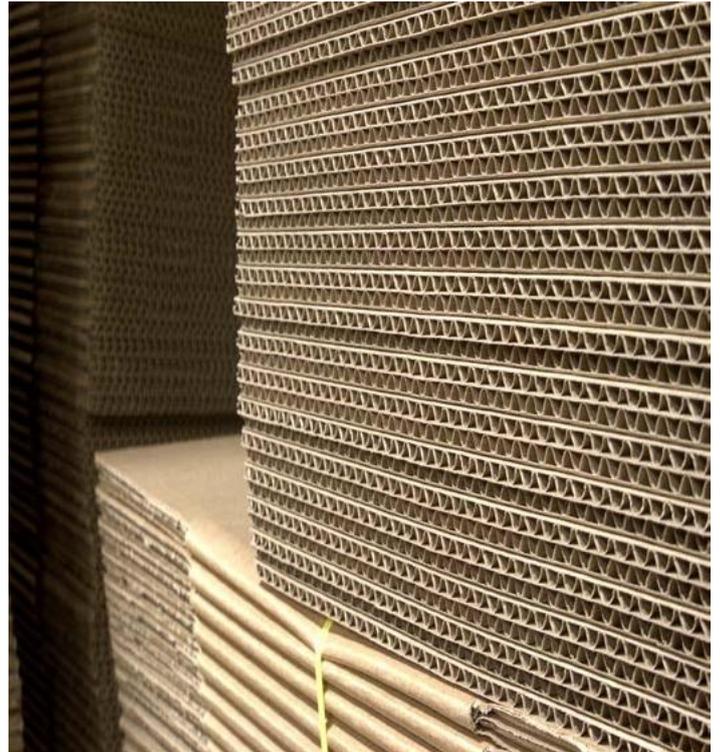
Renovations in year

Development plan in the future

## GENERAL EVALUATION OF PAPER MARKET

In complicated world economic and political situation, large economies growing unevenly, the trend of trade protection is increasingly clear and widespread, especially the trade war between US-China has been tense in 2019. However, Vietnam's economy is still one of the bright spots in the world. This bright spot is a great motivation for Vietnam's paper market to achieve impressive figures in 2019: Paper consumption of the industry is estimated at 5,432 million tons, up 9.8%; paper exports reached 1.0 million tons, up 23.6%, and imports reached 2.02 million tons, down 2.9% over the same period in 2018.

Regarding the price of paper in 2019, top liner paper (test liner) and import-export medium in Southeast Asia began to decline from March and continuously decreased until October. Paper prices have started to pick up and December 2019 has increased for both surface and corrugated paper.



In the following year, the Board of Directors commented that domestic packaging paper has many development opportunities. Specifically, consumption of packaging paper in the country will grow due to the reduction of plastic waste and encourage the use of alternative paper packaging that is strongly growth.



## THE POSITION IN THE PAPER SECTOR

At the end of 2018, DHC operate of Giao Long I factory with a designed capacity of 60,000 tons/year - the 7th largest kraft paper manufacturer in the country, in September 2019, the project of Giao Long phase 2 is put into official operation with a designed capacity of 220,000 tons/year. Thus, the total capacity of DHC kraft paper production after the new factory is 280,000 tons/year (3.7 times the capacity of Giao Long factory 1). In the first month, the new factory went into commercial operation with an initial capacity of about 70% of the designed capacity and brought the company net revenue of more than 663 VND billion for 2019 (exceeding VND 23 billion compared to the initial expectation).

Currently, in terms of packaging, the main consumer market is the Mekong Delta region with the main customers are seafood processing companies - accounting for about 45% of packaging revenue, about 20% from garment and pharmaceutical companies, and the rest for retail customers. Here, DHC is one of the largest enterprises with a market share of about 30%, the remaining 70% belongs to small companies such as King Group Packaging Co. (Hau Giang), Viet Trung Paper Packaging Co., Ltd. (Long An), ...



# EVALUATION OF OPERATING RESULTS

## Results of 2019

Unit: Million VND

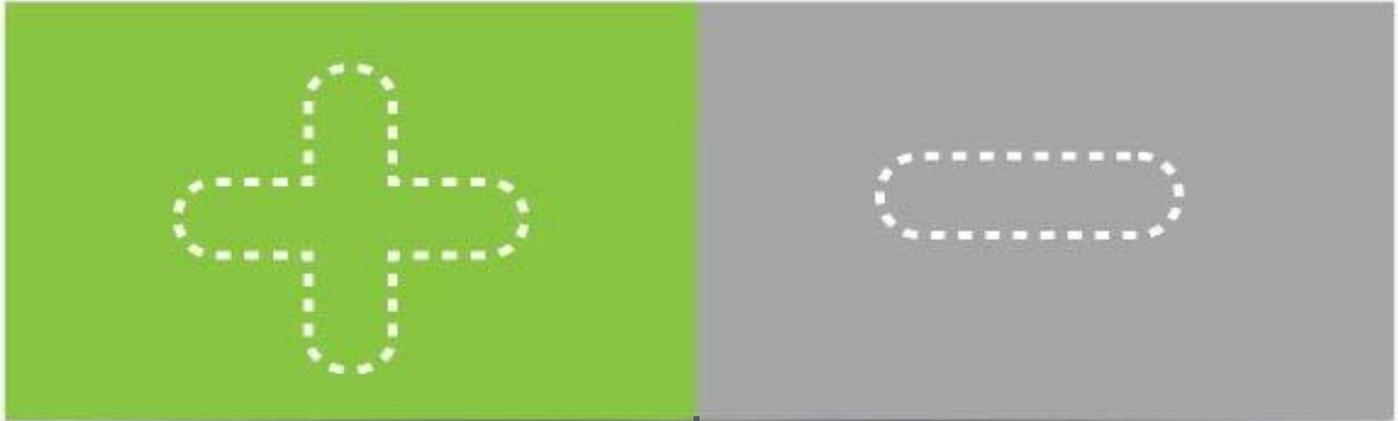
No	Items	2018	2019	% +/-
1	Net revenue	926.654	1.429.886	54,31%
2	Cost of sales	722.034	1.126.524	56,02%
3	Profits from business activities	151.481	208.177	37,43%
4	Other profit	3.480	12.159	249,40%
5	Profit before tax	154.961	220.335	42,19%
6	Profit after tax	134.116	181.588	35,40%

From September 1, 2019, Giao Long Paper Factory phase 2 has officially been put into operation, production output and sales have increased sharply, the price of paper sold and the price of raw materials purchased stable, so led to a sharp increase in net sales. Accumulated in 2019, net revenue of VND 1,430 billion, an increase of more than one and a half times compared to 2018. In the fourth quarter of 2019, the profit of DHC reached more than VND 163 billion, increased 3.4 times over the same period last year. Besides, financial income doubled to nearly 1.3 billion dong, mainly from interest income and exchange rate difference

from foreign currency earnings from exports. The expenses incurred in the period increased sharply as financial expenses increased by 3.6 times to nearly VND 15 billion (mainly from interest expenses arising from medium-term loans), selling expenses tripled mainly due to increased shipping costs and customer marketing costs. Since then, DHC has recorded an after-tax profit of more than VND 105 billion in Q4/2019 and reached nearly VND 182 billion in 2019, an increase of 35% compared to the profit achieved in 2018 and exceeded 21% of the target about profit set at the Annual General Meeting of 2019.



## The difficulties and advantages in 2019



### Advantages

Export of packaging paper and paper packaging have many opportunities to enter tax-preferential markets from the new CPTPP, Vietnam - EU trade agreements and comprehensive development agreements.

Environmental issues are now the worldwide attention leading to limiting the use of plastic waste and the encouragement of the use of paper packaging in the world is spreading and increasing, especially in large economies. . Despite the competition in market share in the kraft paper segment, DHC still has a competitive advantage in selling price compared to FDI factories even when DHC cannot fully convert the increase of input material price into selling price because Giao Long 2 factory has a lower investment.

With the completion of Giao Long 2 factory project, DHC has affirmed itself as a major packaging manufacturer in the Mekong Delta region - where concentrated and strongly developed industrial and processing industries. Food, pharmaceuticals, agricultural products, ... need to use packaging to pack and transport. Compared with the Southern economic region (Ho Chi Minh City, Dong Nai, Binh Duong), the level of competition in the operating area of DHC is lower because there are not many large-scale packaging enterprises.

### Difficulties

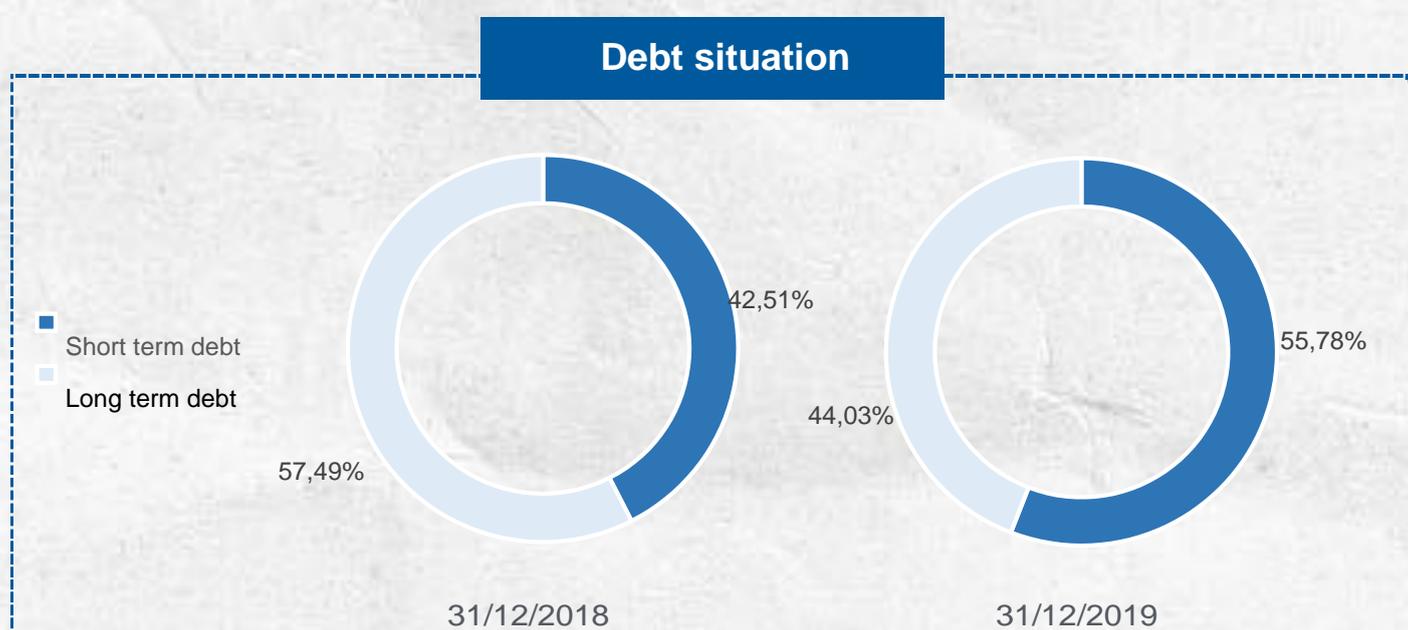
In 2019, DHC has to face fierce competition when the industry's capacity to produce kraft paper grows faster than consumption demand. From domestic manufacturing enterprises, when production in 2020 is expected to increase approximately 350,000 tons, while the new capacity in 2018 - 2019 is only about 70%. Since then, the level of competition in the domestic market has been increasing.

Not only competing with domestic enterprises, DHC also has to compete with FDI enterprises. Most of the paper production of FDI enterprises mostly serves the purpose of exporting to foreign markets, mainly China (this is also the main export market of Vietnam kraft paper). However, due to the impact of the US-China trade war, along with the fall in the export paper price in the middle of the year, FDI enterprises boost domestic consumption, increasing the market share competition with DHC..

In addition to the difficulties in competing in market share, DHC also has other issues such as competition in the process of purchasing input materials (OCC paper), the sale of packaging also depends heavily on customers of aquatic product processing. As a result, the factory is located far away from major customers, resulting in high transportation costs.

## FINANCIAL SITUATION

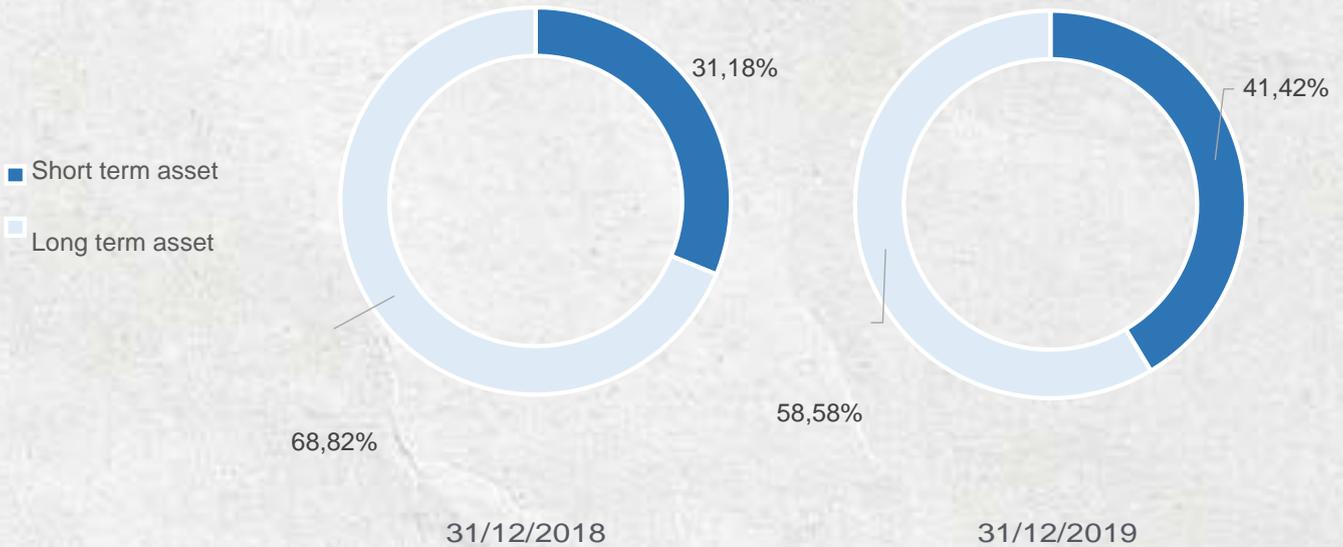
Items	31/12/2018		31/12/2019		%+/-
	Value (Million VND)	Rate	Value (Million VND)	Rate	
Short-term assets	565.385	31,18%	875.293	41,42%	54,81%
Long-term assets	1.247.698	68,82%	1.237.984	58,58%	-0,78%
<b>Total assets</b>	<b>1.813.083</b>	<b>100,00%</b>	<b>2.113.278</b>	<b>100,00%</b>	<b>16,56%</b>
Short-term debt	412.795	42,51%	554.942	55,78%	34,44%
Long-term debt	558.323	57,49%	440.000	44,22%	-21,19%
<b>Total debts</b>	<b>971.118</b>	<b>100,00%</b>	<b>994.942</b>	<b>100,00%</b>	<b>2,45%</b>



As we see, Dong Hai has a change in muscle debt structure at the end of 2018. The proportion of long-term debt is greater than short-term debt. Up to December 31, 2019, short-term debt increased by 34.44%, accounting for 56% of the proportion while long-term debt down 21.19%, accounting for 44% of total debt. The short-term debts increase was mostly due to DHC's acquisition large amount of input materials (OCC paper) to ensure the operation of Giao Long 2 have maximum capacity in the next year.

At now, Dong Hai continues to make payments medium-term debt comes from Vietcombank CN Tien Giang under contract 0301 / VCB / 16CD with the maximum value is 656 billion and the company does not have any debt is late.

## Asset situation



In general, total assets at the end of 2019 increased by more than 16% compared to the same period last year. Although the proportion of assets has changed (the change comes mainly from short-term assets), it still remains at the level of long-term assets more than short-term assets. Short-term assets increased by nearly VND 310 billion, corresponding to an increase of 54.81%. Cash and cash equivalents and short-term receivables increased sharply by nearly 128 billion and 220 billion dong. The company reserves a large amount of money to pay for the cost of purchasing raw materials to for Giao Long 2 factory with a capacity of 3.7 times higher than previous years. In addition, money is also used for dividend payment according to BOD Resolution No. 35/ NQ-HDQT dated December 10, 2019..

The increase in short-term receivables during the year was due to that DHC has increased the contracts with the current large partner (Box Park Vietnam ,Cat Phu Paper Co., Ltd.).

Regarding long-term assets, as of December 31, 2019, long-term assets decreased by VND 9.7 billion compared to the same period in 2018. The amount of fixed assets increased by VND 1,064 billion corresponding to the depreciation of assets. More fixed assets and unfinished basic construction costs also dropped by more than VND 1,083 billion due to the completion of Giao Long 2 project from the third quarter of 2019. The factory has also been officially put into operation with the production capacity of 70% in the first month. In addition, other indicators in long-term assets have changed but not significantly.



# INNOVATIONS

Continue to maintain the Quality Management System - Environment ISO 9001: 2015 and 14001: 2015. Deployed to ISO documents for the entire Giao Long Paper Factory - Phase 2.

The company not only trains to improve the skills of employees suitable for each job position. The recruitment continues to ensure to fully meet direct labor needs for production and business activities of the Company.

Building a healthy, comfortable, safe working environment, caring and taking care of the material and spiritual life of employees thus creating a driving force to increase labor efficiency, contributing to promoting businesses. develop.

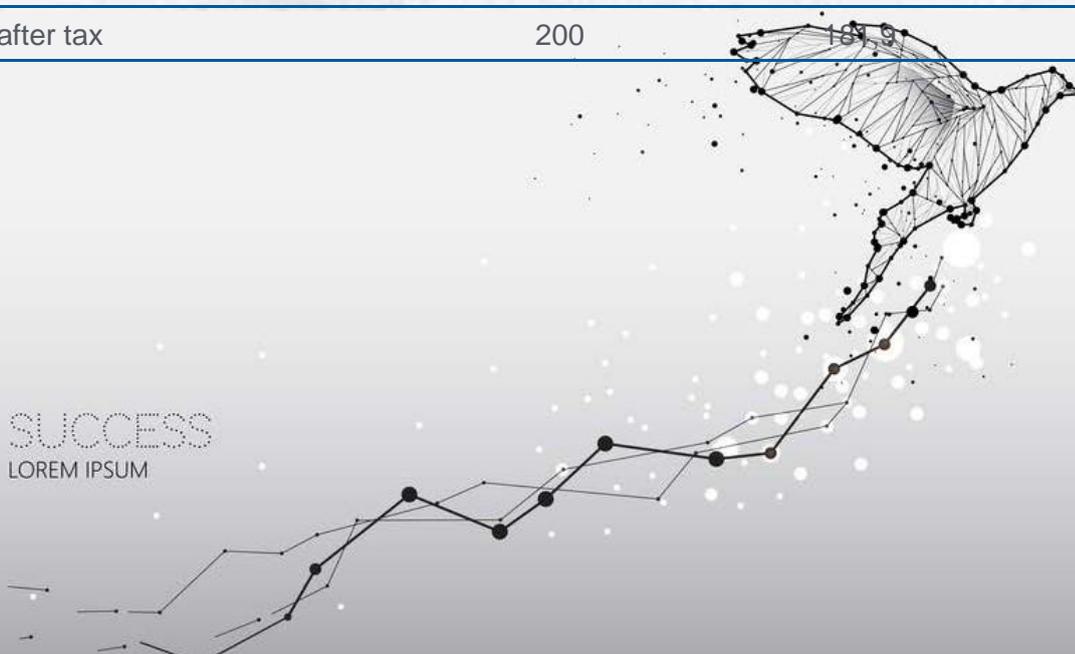
## THE PLANS IN THE FUTURE

According to a report of the Vietnam Pulp and Paper Association, the production situation of the paper industry will increase by 10% in 2020. However, in 2020, Dong Hai will still face some difficulties:

- Due to the prolonged Covid -19, imported raw materials and domestic scrap prices increased. Besides, many factories have large inventories, starting to reduce finished products prices, export prices are also affected.
- Prolonged saline water intrusion into the life of machinery. The company has to buy more fresh water, RO water to meet the production needs, causing additional monthly costs.
- A number of large paper factories will be put into operation in 2020 such as Marubeni, An Binh, ...
- Barriers to importing scrap lead to many difficulties in the actual import process.
- Facing the above situation, the Board of Management of the Company has set the targets and plans for the whole year 2020, as follows:

Item	Plan 2020	Result 2019	% Plan2020/Re2019
<b>Results</b>			
Net Revenue	2.338	1.429,88	163,65%
Profit after tax	200	187,9	109,95%

SUCCESS  
LOREM IPSUM



## Plans in 2020

### Production activities

- Strengthening product quality management, avoiding complaints and feedbacks from customers.
- Planning maintenance, equipment backup to operate the machine stability.
- Good management of plant material consumption norms.
- Arrangement of material storage and good storage of paper.



## Some activities in 2020

### Sales activities:

- Finding new potential customers for Giao Long Factory - Phase 2. Sales are associated with debt recovery, without giving rise to bad debts.
- Maintain customer output and revenue, increase the output of old customers, not to lose large customers.

### Procurement activities:

- Make sure the source of running materials is always adequate.
- Backup equipment is always timely.





4

# REPORT OF BOD

Evaluation of the board of directors on the activities of the company

Evaluation of BOD on the operation of BOM

The plans and orientations of BOD

# EVALUATION OF BOD ON THE OPERATION OF THE COMPANY

## General assessment

2019 is a quite volatile year for the paper industry. Due to the influence of the US - China trade war and the fierce competition in the same industry, the price of raw materials falls, causing the price of finished products to fall faster, leading to sales of the first months of the year as well as profit margins have declined. In addition, due to stricter regulations on the import of scrap paper, the

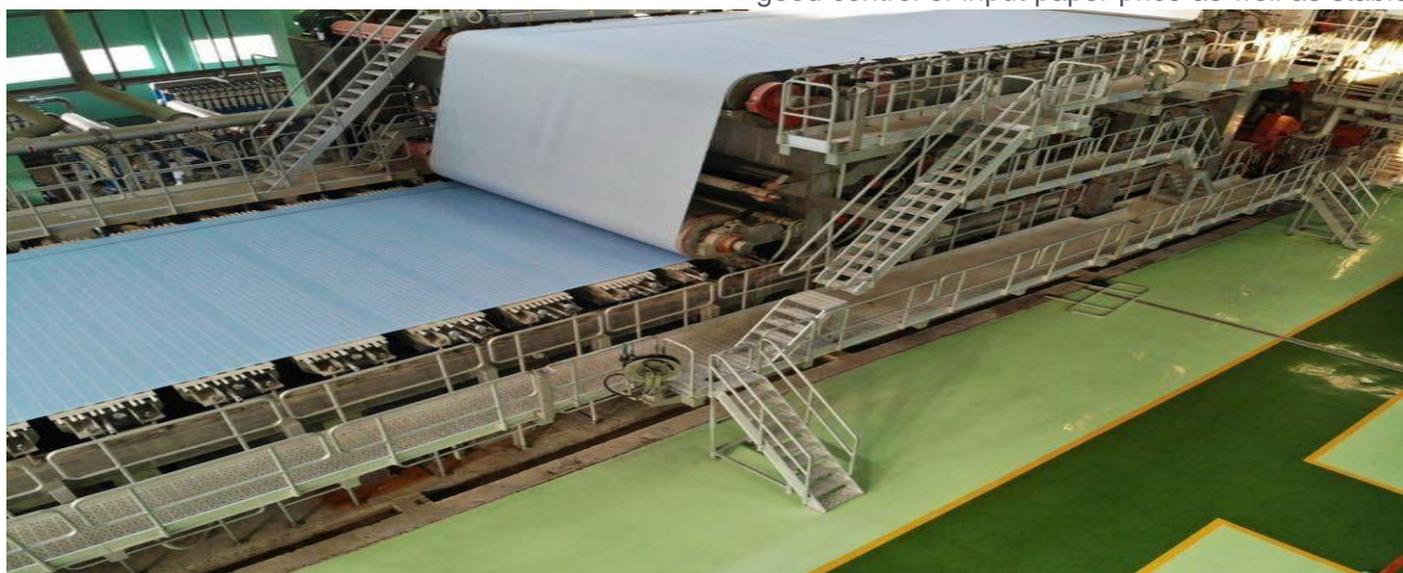
## Results of 2019

As of December 31, 2019, net revenue reached VND 1,430 billion, an increase of more than one and a half times compared to 2018 but only achieved 95% of the year plan. This result is not just thanks to Giao Long Paper Phase 2 officially

application for import permits and the actual process of importing scrap also faces many difficulties. To overcome that problem, BOD and BOM are always dedicated to the assigned task, showing all the responsible roles in the leadership and executive management.

In addition, Dong Hai always receives the support of agencies, departments in the province, credit and credit institutions, business partners ...

put into operation in the third quarter of 2019, resulting in a sharp increase in production and sales volume but also because the Company has good control of input paper price as well as stable



Target	2018	2019		%RE2019/ RE2018	% RE2019/ PL2019
	Result	Plan	Result		
<b>Result</b>					
Net Revenue (billion VND)	926,6	1.500	1.429,88	154,3%	95,33%
Profit after tax	134,1	150	181,94	135,68%	121,3%

In addition to revenue from sales, financial income also doubled mainly from interest income and exchange rate differences due to payment of foreign currencies to suppliers from exporting.

Profit after tax reached nearly VND 182 billion, up 35% compared to the profit achieved in 2018 and exceeded 21% of the profit target assigned to the year.

## EVALUATION ON THE OPERATION OF THE BOARD OF DIRECTORS

The supervision of the Board of Directors for the management activities of General Manager is a regular and continuous activity. The Board of Directors focused on monitoring the compliance with the provisions of the Enterprise Law, the Company's Charter, the Corporate Governance Regulations for the executive activities of General Manager, monitoring the planned set by Shareholders' meeting and the Board of Directors to implementation of the 2019 plan for the market, customers and goods consumption, capital use, the arrangement of company personnel, ...

In 2019, Dong Hai has maintained stable development and had many positive changes, The Board of Directors upheld the spirit of responsibility, dedication in the assigned work, many efforts to try to overcome the difficult period.

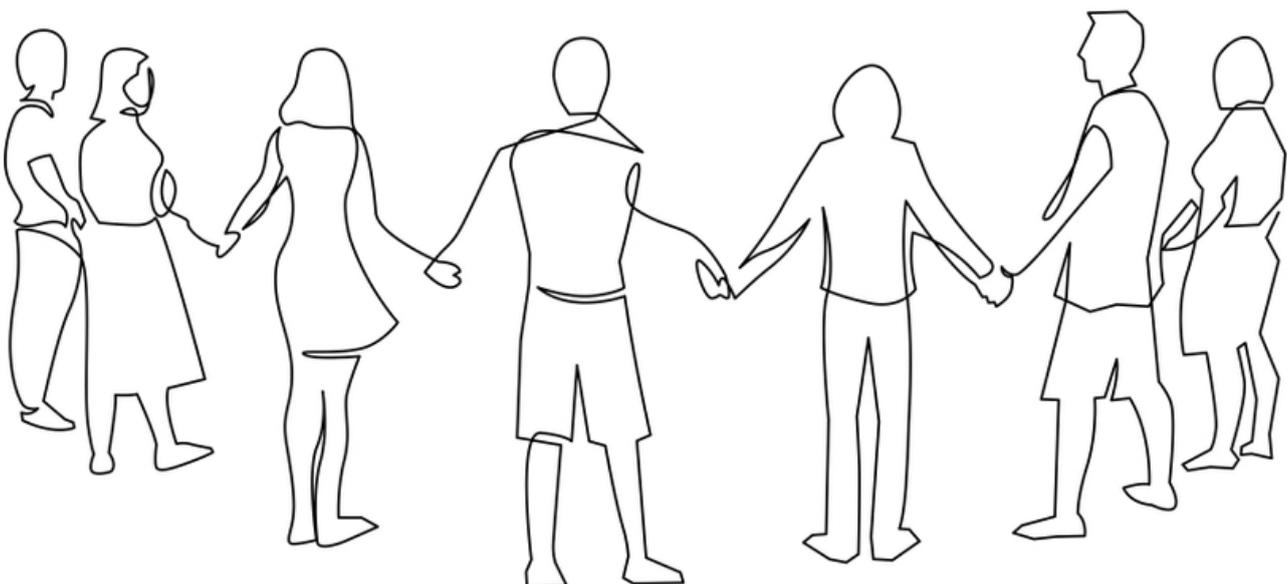


## THE PLANS OF BOD



BOD strictly carries out corporate governance in accordance with regulations applicable to public companies and the company's charter. Members of the BOD perform duties and powers in accordance with the Charter, the corporate governance regulations, always act in the interests of the company and its shareholders.

BOD leads and oversees the activities of the Board of Management, creating the best conditions for Board of Management to perform the assigned tasks according to the Resolution of the General Meeting of Shareholders and the BOD Resolution.





5

## **COMPANY 'S ADMINISTRATION**

Members of BOD

Resolutions of BOD

Superverory Board

Transaction, wage and other benefits

## MEMBERS OF BOARD OF DIRECTORS

At 31/12/2019, BOD of DHC have 6 members:

No	Members	Position	Beginning/ending date to be member	Number of meeting attend	% attending
1	Mr Le Ba Phuong	Chairman	05/03/2004	12	12/12
2	Mr Luong Van Thanh	Vice Chairman	21/06/2014	12	12/12
3	Mr Le Quang Hiep	Member	28/02/2007	12	12/12
4	Mr Nguyen Thanh Nghia	Member	26/04/2012	12	12/12
5	Mr Tatsuyuki Ota	Member	25/06/2016	12	12/12
6	Mr Nguyen Phan Dung	Member	20/05/2017	12	12/12

Currently, the company has not established sub-committees under the Board of Directors, but the Board of Directors assigns members in charge of compensation, personnel and investment and development of the company to support corporate governance activities.

## RESOLUTIONS OF BOARD OF DIRECTORS

No	Number of Resolution	Date	Contents
1	01/NQ-HĐQT	11/01/2019	Distribution of undistributed shares from the issue for current shareholders
2	02/NQ-HĐQT	11/01/2019	Agree to adjust the contents of the investment registration certificate
3	03/NQ-HĐQT	18/01/2019	Agree to sign a contract with Tan Cang Giao Long Joint Stock Company
4	04/NQ-HĐQT	18/01/2019	Agree to sign a contract with Dai Thien Loc Joint Stock Company.
5	05/NQ-HĐQT	18/01/2019	Agree to Q4/2018 results, 2018 and plan for 2019.
6	06/NQ-HĐQT	18/01/2019	Agree to approve Proposal 01 / TT-HĐQT January 2, 2019 on the unit wage of products from January 1, 2019.
7	07/NQ-HĐQT	18/01/2019	Agree to approve the reward list for the Board of Management Agree to approve the reward list for Board of Directors & SB
8	08/NQ-HĐQT	18/01/2019	Agreed to choose Jiangsu Huadong Paper Machinery for supplying spare parts for paper machines Giao Long Paper phase 2.
9	09/NQ-HĐQT	18/01/2019	Agreeing to approve the sales cooperation plan with Siam Kraft Industry Co., Ltd.
10	10/NQ-HĐQT	29/03/2019	Approved the plan to hold Annual General Meeting of Shareholders.
11	11/NQ-HĐQT	26/04/2019	Agree the time to hold the Annual General Meeting of 2019.
12	11A/NQ-HĐQT	26/04/2019	Agree the business results report for the Q1/2019 and the plans for the Q2/2019
13	12/NQ-HĐQT	09/05/2019	Agree to adjust the contents of the investment registration certificate for Giao Long Factory – phase 2
14	13/NQ-HĐQT	09/05/2019	Agree on the plan of building Packaging Factory No. 01.

15	14/NQ-HĐQT	13/05/2019	Agreeing to the content submitted to the Annual General Meeting of 2019.
16	15/NQ-HĐQT	28/05/2019	Issuing the Regulation on Information Disclosure of Dong Hai Joint Stock Company of Ben Tre
17	16/NQ-HĐQT	28/05/2019	Agree to select Saigon Securities Incorporation (SSI) to issue shares to pay 20% dividends in 2018 and to issue shares to employees in 2019.
18	17/NQ-HĐQT	12/06/2019	Agree the plan of issuing stocks to pay dividends in 2018.
19	18/NQ-HĐQT	25/06/2019	Agreed to select Ernst & Young Vietnam Co., Ltd. as the auditor of the 2019 financial statements.
20	18A/NQ-HĐQT	25/06/2019	Agree to choose Voith Paper Fabrics Asia Pacific SDN.BHD to be the supplier of spare belts and canvas for Giao Long Paper Mill Project - phase 2.
21	19/NQ-HĐQT	08/07/2019	Approve the final registration date to fix the list of shareholders.
22	20/NQ-HĐQT	08/07/2019	Approving the report No. 05/TT-HĐQT dated June 17, 2019 on the proposal for unit salary of the product from June 17, 2019
23	21/NQ-HĐQT	08/07/2019	Agree on the increase in contract value of wastewater treatment station of Giao Long Paper Factory - phase 2.
24	22/NQ-HĐQT	29/07/2019	Agree the short-term loan to supplement working capital according to the 2018 business plan at Vietnam Joint Stock Commercial Bank for Foreign Trade of Vietnam - Tien Giang Branch.
25	23/NQ-HĐQT	29/07/2019	Agree short-term loan to supplement working capital at Military Commercial Joint Stock Bank - Ben Tre Branch.
26	24/NQ-HĐQT	29/07/2019	Agree to adjust the implementation progress of Giao Long Paper Factory project - phase 2.
27	25/NQ-HĐQT	21/08/2019	Agree to select ABB Co., Ltd. as a supplier of electrical equipment spare parts for Giao Long Paper Factory project - phase 2.
28	26/NQ-HĐQT	21/08/2019	Agreed to select Jiangsu Huadong Paper Machinery Company as a supplier of spare roller for paper machine for Giao Long Factory - phase 2.
29	27/NQ-HĐQT	21/08/2019	Approved the report on business results in the second quarter of 2019 and the target for the third quarter of 2019.
30	28/NQ-HĐQT	21/08/2019	Agree to borrow short-term loans to supplement working capital according to the business plan in 2019 at Vietnam Joint Stock Commercial Bank - Bac Sai Gon Branch.
31	29/NQ-HĐQT	30/08/2019	Agree on short-term loan to supplement working capital according to the plan 2019 at Joint Stock Commercial Bank for Investment and Development of Vietnam - Ben Tre Branch.
32	30/NQ-HĐQT	30/08/2019	Agree to adjust the implementation progress of Giao Long Paper Factory project - phase 2
33	31/NQ-HĐQT	30/08/2019	Approved the salary unit price of Giao Long Paper Factory-phase 2 from September 1, 2019.
34	32/NQ-HĐQT	31/10/2019	Approve the report on business results in the third quarter of 2019 and the plan for the fourth quarter of 2019.
35	33/NQ-HĐQT	31/10/2019	Approve the plan to issue shares under the selection program for employees
36	34/NQ-HĐQT	18/11/2019	Approve the time of registration and payment to buy shares for the issuance of shares according to the employee selection program
37	35/NQ-HĐQT	10/12/2019	Agree to advance dividends in 2019 by cash to shareholders

## SUPERVISORY BOARD

### Supervisory Board

No	Member	Position	Beginning/ ending date	Number of meeting	Rate	
01	Ms Doan Thi Bich Thuy	Head of SB	20/05/2017	5	5/5	
02	Ms Doan Hong Lan	Member	26/04/2012	5	5/5	
03	Mr Nguyen Quoc Binh	Member	24/05/2019	1	1/5	Dismissed
04	Ms Mai Huyen Ngoc	Member	24/05/2019	4	4/5	Appointed

### Activities of Supervisory Board to Board of Directors, Board of Management and shareholders

The Board of Directors held meetings in accordance with the Company's Charter. The Board of Supervisors assessed the activities of the Board of Directors in a timely manner to meet the business operation requirements of the company.

The Board of Directors has issued Resolutions and Decisions related to the Company's activities within its scope of responsibility and authority.

The Resolutions and Decisions of the Board of Directors were issued in the correct order, according to the authority and in accordance with the legal basis in accordance with the law and the Company's Charter.

The Board of Management has fully implemented the Decisions and Resolutions of the Board of Directors; strictly implement other rights and duties in accordance with the Company's charter and the law.

### The coordination of activities between Supervisory Board and the activities of Board of Directors, Board of Management and other management officers

Regularly discuss with Board of Directors about the production situation, the business situation, the implementation situation of the investment of Giao Long Paper Factory phase 2, the situation of fluctuations and the recruitment of personnel.

Participate in periodic inventory every 6 months: beginning of the year and the end of 2019; inventory of fixed assets. Review purchasing raw materials - purchasing spare parts and equipment.

The recommendations of the Supervisory Board have been seriously considered and directed by the Board of Directors and General Manager (Director).

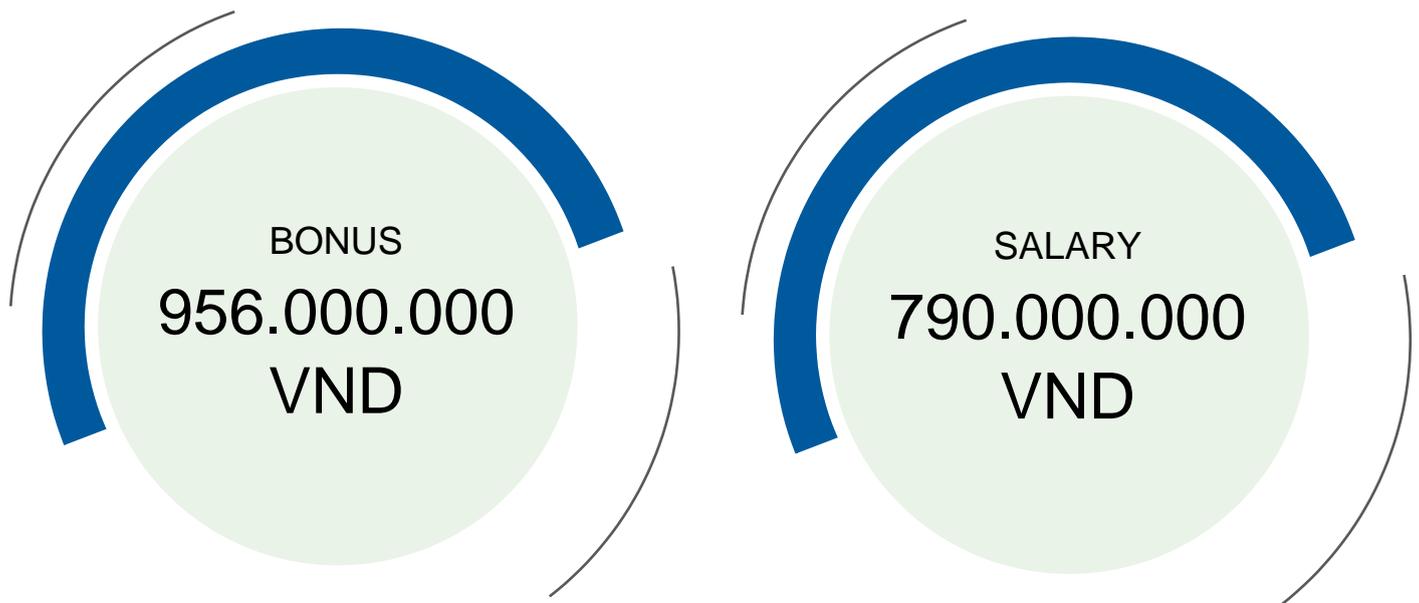


## TRANSACTIONS, REMUNERATIONS AND BENEFITS OF BOARD OF DIRECTORS, BOARD OF GENERAL MANAGERS AND SUPERVISORY BOARD

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### Salary, bonus, remuneration & benefits

Rewards and remuneration of Board of Directors and Board of Supervisors in 2019:



## Transactions of internal shareholders and related persons

No	The person made the transaction	Relationship with internal people	Number of shares at the beginning of the period		Number of shares at the end of the period		Reasons for increase or decrease
			Number of share	Rate	Number of share	Rate	
01	DAIWA-SSI-AM VIETNAM GROWTH FUND II L.P.	Big shareholder/ Related to Mr Tatsuyuki Ota	6.390.312	14,26%	7.668.374	13,69%	Dividend
02	Le Quang Hiep	Big shareholder/ Member of BOD	3.361.299	7,5%	2.995.308	5,35%	Buy/ dividend
03	SSI Fund Management Company Limited	Big shareholder/ Related to Mr Phan Dung and Ms Huyen Ngoc	2.904.687	6,48%	3.485.624	6,22%	Dividend
04	Le Ba Phuong	Big shareholder/ Chairman of BOD	2.564.049	5,72%	3.488.858	6,23%	Buy/ dividend
05	Nguyen Thi Thuy	Related to Mr Le Ba Phuong	2.536.226	5,66%	3.300.000	5,89%	Buy/ dividend
06	Luong Van Thanh	Big shareholder/ Vice chairman of BOD	2.500.420	5,58%	3.562.504	6,36%	Buy/ dividend
07	Nguyen Thanh Nghia	Member of BOD	1.046.756	2,34%	1.456.107	2,60%	Buy/ dividend
08	Ho Thi Song Ngoc	Deputy Manager	78.007	0,17%	255.608	0,46%	Buy/ dividend
09	Le Thi Hoang Hue	Chief Accountant	63.173	0,14%	85.807	0,15%	Buy/dividend

10	Nguyen Phan Dung	Member of BOD	32.500	0,07%	39.000	0,07%	Dividend
11	Nguyen Quoc Binh	Member of SB	120.513	0,27%	185.615	0,33%	Buy/ dividend
12	Nguyen Quoc Tuan	Related to Mr Nguyen Quoc Binh	72.501	0,16%	87.001	0,16%	Dividend
13	Doan Thi Bich Thuy	Head of SB	10.400	0,02%	15.480	0,03%	Buy/ dividend
14	Doan Hong Lan	Member of SB	7.800	0,02%	11.360	0,02%	Buy/ dividend
15	Le Minh Thanh	Related to Ms Doan Hong Lan	39.000	0,09%	58.000	0,1%	Buy/ dividend
16	Mai Huyen Ngoc	Member of SB	0	0%	2.000	0,004%	Buy
17	Nguyen Ngoc To Uyen	Person in charge of corporate governance	19.500	0,04%	26.400	0,05%	Buy/ dividend

Dong Hai Joint Stock Company of Ben Tre and Tan Cang Giao Long Joint Stock Company have signed the contract:

- Renting surface with waste paper - contract No. 01 / HD-TCGL-2019 dated January 1, 2019.
- Transporting goods under contract No. 08 / HD-TCGL and appendix 01 of March 1, 2019.



# 6

## FINANCIAL STATEMENT

Reference: 61519127/21258703-FN

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of DongHai Joint Stock Company of BenTre ("the Company") as prepared on 28 March 2020 and set out on pages 5 to 34 which comprise the balance sheet as at 31 December 2019, and the income statement and 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 these financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of 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 financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Conclusion**

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2019, and of the results of its operations and its 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 financial statements.

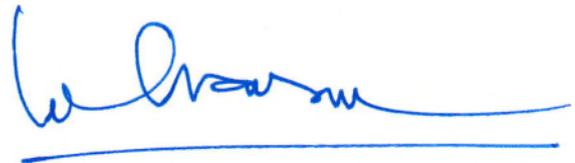
### **Other matter**

The financial statements of the Company for the year ended 31 December 2018 were audited by another audit firm which expressed an unmodified opinion on those statements on 29 March 2019.

### **Ernst & Young Vietnam Limited**



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



Tu Thai Son  
Auditor  
Audit Practicing Registration Certificate  
No. 1543-2018-004-1

Ho Chi Minh City, Vietnam

28 March 2020

BALANCE SHEET  
as at 31 December 2019

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>875,293,334,198</b>	<b>565,384,952,649</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>156,334,923,342</b>	<b>28,532,090,163</b>
111	1. Cash		72,334,923,342	8,532,090,163
112	2. Cash equivalents		84,000,000,000	20,000,000,000
<b>120</b>	<b>II. Short-term investment</b>	<b>5</b>	<b>8,000,000,000</b>	<b>7,860,086,583</b>
123	1. Held-to-maturity investments		8,000,000,000	7,860,086,583
<b>130</b>	<b>III. Current accounts receivable</b>		<b>387,340,428,163</b>	<b>167,419,423,389</b>
131	1. Short-term trade receivables	6	377,627,043,422	153,717,617,047
132	2. Short-term advances to suppliers	7	15,062,525,635	19,192,699,153
136	3. Other short-term receivables	8	1,816,010,862	1,101,726,516
137	4. Provision for doubtful short-term receivables	6	(7,165,151,756)	(6,592,619,327)
<b>140</b>	<b>IV. Inventory</b>	<b>9</b>	<b>310,778,358,100</b>	<b>337,191,340,035</b>
141	1. Inventories		310,778,358,100	337,191,340,035
<b>150</b>	<b>V. Other current assets</b>		<b>12,839,624,593</b>	<b>24,382,012,479</b>
151	1. Short-term prepaid expenses	14	12,839,624,593	6,542,057,745
152	2. Value-added tax deductible	17	-	17,839,954,734
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>1,237,984,430,461</b>	<b>1,247,697,888,567</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>18,770,506,156</b>	<b>16,327,354,383</b>
211	1. Long-term trade receivables	6	12,270,506,156	16,327,354,383
212	2. Long-term advance to suppliers	7	6,500,000,000	-
<b>220</b>	<b>II. Fixed assets</b>		<b>1,197,445,635,146</b>	<b>133,405,704,064</b>
221	1. Tangible fixed assets	10	1,197,163,503,685	133,389,265,639
222	Cost		1,455,914,301,425	339,378,724,758
223	Accumulated depreciation		(258,750,797,740)	(205,989,459,119)
227	2. Intangible assets	11	282,131,461	16,438,425
228	Cost		699,334,250	388,834,250
229	Accumulated amortisation		(417,202,789)	(372,395,825)
<b>240</b>	<b>III. Long-term asset in progress</b>		<b>4,749,466,998</b>	<b>1,088,080,508,258</b>
242	1. Construction in progress	12	4,749,466,998	1,088,080,508,258
<b>250</b>	<b>IV. Long-term investment</b>		<b>2,600,000,000</b>	<b>2,600,000,000</b>
252	1. Investment in an associate	13	2,600,000,000	2,600,000,000
<b>260</b>	<b>V. Other long-term asset</b>		<b>14,418,822,161</b>	<b>7,284,321,862</b>
261	1. Long-term prepaid expenses	14	14,418,822,161	7,284,321,862
<b>270</b>	<b>TOTAL ASSETS</b>		<b>2,113,277,764,659</b>	<b>1,813,082,841,216</b>

BALANCE SHEET (continued)  
as at 31 December 2019

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>994,941,561,611</b>	<b>971,117,903,007</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>554,941,561,611</b>	<b>412,795,171,037</b>
311	1. Short-term trade payables	15	229,909,361,250	80,358,926,477
312	2. Short-term advances from customers	16	5,075,258,490	1,667,894,016
313	3. Statutory obligations	17	31,882,257,679	5,069,052,087
314	4. Payables to employees		14,738,216,665	7,838,764,745
315	5. Short-term accrued expenses	18	11,723,914,866	26,817,010,655
319	6. Other short-term payables	19	2,843,474,836	5,067,770,377
320	7. Short-term loans	20	258,769,077,825	285,975,752,680
<b>330</b>	<b>II. Non-current liability</b>		<b>440,000,000,000</b>	<b>558,322,731,970</b>
338	1. Long-term loans	20	440,000,000,000	558,322,731,970
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>1,118,336,203,048</b>	<b>841,964,938,209</b>
<b>410</b>	<b>I. Equity</b>	<b>21</b>	<b>1,118,336,203,048</b>	<b>841,964,938,209</b>
411	1. Share capital		559,957,830,000	413,515,490,000
411a	- Shares with voting rights		559,957,830,000	413,515,490,000
412	2. Share premium		235,247,935,803	192,351,739,603
418	3. Investment and development fund		30,161,760,258	23,455,966,342
421	4. Undistributed earnings		292,968,676,987	212,641,742,264
421a	- Undistributed earnings by the end of prior year		111,381,060,782	78,525,863,954
421b	- Undistributed earnings of current year		181,587,616,205	134,115,878,310
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>2,113,277,764,659</b>	<b>1,813,082,841,216</b>



Pham The Tai  
Preparer



Le Thi Hoang Hue  
Chief Accountant



CÔNG TY  
CỔ PHẦN  
**ĐÔNG HẢI  
BẾN TRE**  
H. CHÂU THÀNH - T. BẾN TRE

Le Ba Phuong  
General Director

28 March 2020

INCOME STATEMENT  
for the year ended 31 December 2019

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenues from sale of goods	22.1	1,430,030,972,251	926,843,746,364
02	2. Deductions	22.1	(144,865,700)	(190,041,900)
10	3. Net revenue from sale of goods	22.1	1,429,886,106,551	926,653,704,464
11	4. Costs of goods sold	23	(1,126,524,279,929)	(722,034,204,484)
20	5. Gross profit from sale of goods		303,361,826,622	204,619,499,980
21	6. Financial income	22.2	3,809,918,583	2,366,792,683
22	7. Financial expenses	24	(30,207,216,323)	(14,798,276,150)
23	<i>In which: Interest expense</i>		(29,931,705,195)	(11,279,446,826)
25	8. Selling expenses	25	(49,009,092,405)	(26,367,617,096)
26	9. General and administration expenses	25	(19,778,850,170)	(14,339,414,308)
30	10. Operating profit		208,176,586,307	151,480,985,109
31	11. Other income	26	12,188,273,828	21,065,503,415
32	12. Other expenses	26	(29,511,039)	(17,585,030,749)
40	13. Other profit	26	12,158,762,789	3,480,472,666
50	14. Accounting profit before tax		220,335,349,096	154,961,457,775
51	15. Current corporate income tax expense	28.1	(38,747,732,891)	(20,845,579,465)
60	16. Net profit after tax		181,587,616,205	134,115,878,310
70	17. Basic earnings per share	21.4	3,383	2,649
71	18. Diluted earnings per share	21.4	3,383	2,649

  
Pham The Tai  
Preparer

  
Le Thi Hoang Hue  
Chief Accountant



  
Le Ba Phuong  
General Director

28 March 2020

CASH FLOW STATEMENT  
for the year ended 31 December 2019

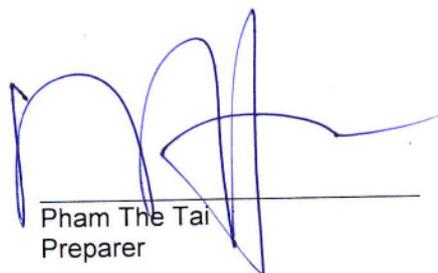
VND

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>220,335,349,096</b>	<b>154,961,457,775</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	10, 11	58,612,149,317	37,978,329,846
03	Provision (reversal of provision)		572,532,429	(739,287,708)
04	Foreign exchange (gains) losses arisen from revaluation of monetary accounts denominated in foreign currency		(164,532,515)	163,593,247
05	Profits from investing activities		(6,285,825,111)	(1,904,402,499)
06	Interest expenses	24	29,931,705,195	11,279,446,826
<b>08</b>	<b>Operating profit before changes in working capital</b>		<b>303,001,378,411</b>	<b>201,739,137,487</b>
09	Increase in receivables		(205,161,641,333)	(4,605,016,273)
10	Decrease (increase) in inventories		26,412,981,935	(112,587,344,169)
11	Increase (decrease) in payables		128,816,079,817	(100,034,528,031)
12	Increase in prepaid expenses		(13,432,067,147)	(4,640,384,058)
14	Interest paid		(25,520,066,687)	(6,471,207,294)
15	Corporate income tax paid		(19,146,553,346)	(16,535,441,306)
17	Other cash outflows for operating activities		(2,549,544,766)	(2,183,305,701)
<b>20</b>	<b>Net cash flow from (used in) operating activities</b>		<b>192,420,566,884</b>	<b>(45,318,089,345)</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases and construction of fixed assets		(25,042,493,641)	(530,298,198,415)
22	Proceeds from disposals of fixed assets		3,973,910,273	-
27	Interest received		2,234,252,615	1,684,677,386
<b>30</b>	<b>Net cash flow used in investing activities</b>		<b>(18,834,330,753)</b>	<b>(528,613,521,029)</b>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Capital contribution and issuance of shares		99,745,966,200	-
33	Drawdown of borrowings	20	919,525,914,184	1,186,807,729,944
34	Repayment of borrowings	20	(1,065,055,321,009)	(695,526,254,862)
<b>40</b>	<b>Net cash flow (used in) from financing activities</b>		<b>(45,783,440,625)</b>	<b>491,281,475,082</b>

CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2019

VND

Code	ITEMS	Notes	Current year	Previous year
50	Net increase (decrease) in cash and cash equivalents for the year		127,802,795,506	(82,650,135,292)
60	Cash and cash equivalents at beginning of year		28,532,090,163	111,181,973,880
61	Impact of exchange rate fluctuation		37,673	251,575
70	Cash and cash equivalents at end of year	4	156,334,923,342	28,532,090,163



Pham The Tai  
Preparer



Le Thi Hoang Hue  
Chief Accountant



M.S.D.N: 1300358200 - C.T. Q.3  
CÔNG TY  
CỔ PHẦN  
ĐÔNG HẢI  
BẾN TRE  
H. CHÂU THÀNH - T. BẾN TRE



Le Ba Phuong  
General Director

28 March 2020

NOTES TO THE FINANCIAL STATEMENTS  
as at 31 December 2019 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 No. 1300358260 issued by the Department of Planning and Investment 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 Decision No. 58/QĐ-SGDHCM dated 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 normal course of business cycle is 12 months.

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 Company's employees as at 31 December 2019 is 489 (31 December 2018: 419).

## 2. BASIS OF PREPARATION

### 2.1 *Accounting standards and system*

The financial statements of the Company, 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).

Accordingly, the accompanying 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 results of operations and cash flows 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 financial statements are prepared in VND which is also the Company's accounting currency.

### 2.4 *Fiscal year*

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

### 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 *Receivable*

Receivables are presented in the 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 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 income statement.

#### 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 merchandises	- 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 of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Company, 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 income statement .

#### 3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of tangible fixed assets comprises its purchase prices and any directly attributable costs of bringing the tangible fixed assets to working condition for its 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 income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

#### 3.5 *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises its purchase price and any directly attributable costs of preparing the intangible asset for its intended use.

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

When intangible assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the income statement.

#### 3.6 *Depreciation and amortisation*

Depreciation of tangible fixed assets and amortisation of intangible 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

#### 3.7 *Borrowing costs*

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

Borrowing costs 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 period 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 balance sheet and amortised over the period for which the amounts are paid or the period 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 interim income statement over the remaining lease period, according to Circular 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

#### **3.10 Investments**

##### *Investment in associate*

Investments in associate over which the Company has significant influence are carried at cost.

Distributions from accumulated net profits of the associates arising subsequent to the date of acquisition are recognised in the income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

##### *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 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 or decreases to the provision balance are recorded as finance expense in the income statement.

#### **3.11 Payables and accrued**

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

#### **3.12 Foreign currency transactions**

Transactions in currencies other than the Company'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;
- ▶ 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 balance sheet dates which are determined as follows:

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

All foreign exchange differences incurred are taken to the income statement.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

#### 3.13 *Earnings per share*

Basic earnings per share amount is computed by dividing net profit for the period attributable to ordinary shareholders, after appropriation for bonus and welfare fund, by the weighted average number of ordinary shares outstanding during the period, where applicable.

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

#### 3.14 *Appropriation of net profits*

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 Company'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 balance sheet.

#### 3.15 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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.

*Rental income*

Rental income arising from operating leases is accounted for on a straight line basis over the lease term.

*Dividends*

Income is recognised when the Company's entitlement as an investor to receive the dividend is established.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

#### 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 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 Company to set off current tax assets against current tax liabilities and when the Company 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 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.
- ▶ in respect of taxable temporarily differences associated with investments in associates where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.
- ▶ in respect of deductible temporarily differences associated with investments in associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred 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 tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each 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 period 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

#### 3.16 Taxation (continued)

##### Deferred tax (continued)

Deferred tax is charged or credited to the 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 Company to off-set 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 Company 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 period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### 3.17 Related parties

Parties are considered to be related parties of the Company 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 Company and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.

### 4. CASH AND CASH EQUIVALENTS

	VND	
	Ending balance	Beginning balance
Cash on hand	26,149,900	359,562,000
Cash in banks	72,308,773,442	8,172,528,163
Cash equivalents (*)	<u>84,000,000,000</u>	<u>20,000,000,000</u>
<b>TOTAL</b>	<b><u>156,334,923,342</u></b>	<b><u>28,532,090,163</u></b>

(\*) Cash equivalents represent term deposits with original maturities of less than three months and earn interest at the rates ranging from 4.3% to 5.0% p.a.

### 5. SHORT-TERM INVESTMENT

	VND	
	Ending balance	Beginning balance
Held-to-maturity investments (*)	<u>8,000,000,000</u>	<u>7,860,086,583</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 is 6.5% p.a.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 6. TRADE RECEIVABLES

### 6.1 Trade receivables

	VND	
	Ending balance	Beginning balance
<b>Short-term</b>		
- Box-Pak Vietnam Co., Ltd	38,266,566,525	20,967,351,625
- Branch of Bien Hoa Packaging Joint Stock Company	25,456,443,017	13,166,218,670
- Bien Hoa Packaging Joint Stock Company	24,306,145,281	1,902,136,830
- Vinh Hung Dat Service Trading Production Co., Ltd	22,896,872,550	2,169,949,320
- YFY Packaging (Ha Nam) Co., Ltd	20,793,736,040	-
- Others	245,907,280,009	115,511,960,602
<b>TOTAL</b>	<b>377,62,043,422</b>	<b>153,717,617,047</b>
Provision for doubtful short-term receivables	(7,165,151,756)	(6,592,619,327)
<b>NET</b>	<b>370,461,891,666</b>	<b>147,124,997,720</b>
<b>Long-term</b>		
- Thanh Cong Energy Service Corporation	8,614,999,990	12,060,999,994
- Others	3,655,506,166	4,266,354,389
<b>TOTAL</b>	<b>12,270,506,156</b>	<b>16,327,354,383</b>

### 6.2 Provision for doubtful short-term receivables

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

	VND	
	Current year	Previous year
Beginning balance	(6,592,619,327)	(7,331,907,035)
Provision during the year	(572,532,429)	(522,107,277)
Reversal during the year	-	1,261,394,985
<b>Ending balance</b>	<b>(7,165,151,756)</b>	<b>(6,592,619,327)</b>

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

	VND			
	Ending balance		Beginning balance	
	Amount	Provision	Amount	Provision
Over 6 months to 1 year	10,552,300	(3,165,690)	18,112,730	(5,433,819)
Over 1 year to 2 years	9,820,455	(4,910,228)	660,646,465	(330,323,233)
Over 2 years to 3 years	465,646,465	(325,952,525)	1,914,203,460	(1,339,942,422)
Over 3 years	6,831,123,313	(6,831,123,313)	4,916,919,853	(4,916,919,853)
<b>TỔNG CỘNG</b>	<b>7,317,142,533</b>	<b>(7,165,151,756)</b>	<b>7,509,882,508</b>	<b>(6,592,619,327)</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 7. ADVANCES TO SUPPLIERS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>		
- Thanh Cong Energy Service Corporation	6,000,000,000	10,779,436,421
- Shanghai Jinxuan Rotary Joints Manufacturing Co., Ltd	2,419,938,644	-
- ABB Automation and Electrification Vietnam Co.,Ltd	1,090,548,690	-
- Others	5,552,038,301	8,413,262,732
<b>TOTAL</b>	<b><u>15,062,525,635</u></b>	<b><u>19,192,699,153</u></b>
<b>Long-term</b>		
- Thanh Cong Energy Service Corporation	6,500,000,000	-
<b>TOTAL</b>	<b><u>6,500,000,000</u></b>	<b><u>-</u></b>

## 8. OTHER SHORT-TERM RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advances to employees	922,450,000	6,200,000
Interest income	179,111,111	101,448,888
Payment on behalf	133,689,203	133,689,203
Others	580,760,548	860,388,425
<b>TOTAL</b>	<b><u>1,816,010,862</u></b>	<b><u>1,101,726,516</u></b>

## 9. INVENTORIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Raw materials	257,856,917,974	328,606,207,312
Goods in transit	28,858,933,958	-
Finished goods	23,537,225,329	7,895,291,487
Work in process	264,341,340	311,308,438
Tools and supplies	260,939,499	378,532,798
<b>TOTAL</b>	<b><u>310,778,358,100</u></b>	<b><u>337,191,340,035</u></b>

The Company has pledged a part of its inventories to secure the short-term loans obtained from banks (Note 20).

# DongHai Joint Stock Company of BenTre

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NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 10. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Others	VND Total
<b>Cost:</b>						
Beginning balance	112,214,998,994	202,995,017,528	21,302,211,688	2,672,786,548	193,710,000	339,378,724,758
New purchases	-	1,918,710,000	405,000,000	606,603,127	-	2,930,313,127
Transfer from construction in progress	252,490,683,211	849,264,873,120	16,869,204,774	1,494,708,066	-	1,120,119,469,171
Disposals	(5,097,398,882)	(1,136,806,749)	(280,000,000)	-	-	(6,514,205,631)
Ending 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
<i>In which:</i>						
Fully depreciated	7,956,841,625	17,211,748,245	1,933,014,960	1,009,010,011	193,710,000	28,304,324,841
Mortgage (Note 20)	270,940,031,495	860,675,647,535	18,985,111,333	1,845,002,629	-	1,152,445,792,992
<b>Accumulated depreciation:</b>						
Beginning balance	53,904,056,287	139,329,553,524	10,999,172,902	1,562,966,406	193,710,000	205,989,459,119
Depreciation for the year	12,711,798,629	40,885,923,671	4,486,121,526	483,498,527	-	58,567,342,353
Disposals	(4,396,977,436)	(1,129,026,296)	(280,000,000)	-	-	(5,806,003,732)
Ending balance	62,218,877,480	179,086,450,899	15,205,294,428	2,046,464,933	193,710,000	258,750,797,740
<b>Net carrying amount:</b>						
Beginning balance	58,310,942,707	63,665,464,004	10,303,038,786	1,109,820,142	-	133,389,265,639
Ending balance	297,389,405,843	873,955,343,000	23,091,122,034	2,727,632,808	-	1,197,163,503,685

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

#### 11. INTANGIBLE FIXED ASSETS

	<i>Computer Software</i>	<i>Others</i>	<i>VND</i> <i>Total</i>
<b>Cost:</b>			
Beginning balance	82,602,450	306,231,800	388,834,250
New purchase	-	310,500,000	310,500,000
Ending balance	82,602,450	616,731,800	699,334,250
<i>In which:</i>			
<i>Full amortised</i>	82,602,450	306,231,800	388,834,250
<b>Accumulated amortisation:</b>			
Beginning balance	82,602,450	289,793,375	372,395,825
Amortised for the year	-	44,806,964	44,806,964
Ending balance	82,602,450	334,600,339	417,202,789
<b>Net carrying amount:</b>			
Beginning balance	-	16,438,425	16,438,425
Ending balance	-	282,131,461	282,131,461

#### 12. CONSTRUCTION IN PROGRESS

	<i>Ending balance</i>	<i>Beginning balance</i>
Construction of Giao Long Factory – Stage II (*)	-	1,084,886,559,838
Repair	4,749,466,998	3,193,948,420
<b>TOTAL</b>	<b>4,749,466,998</b>	<b>1,088,080,508,258</b>

(\*) The Company has been installed and putted into production the Giao Long Factory – Stage II Project (“Factory”) with the capacity of 660 tons per day from September 2019. The construction including main factory (paper factory, pulp factory, internal road), wastage system, finished goods warehouse, reservoir and machinery.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

### 13. LONG-TERM INVESTMENTS

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<i>Interest</i> (%)	<i>Cost</i> VND	<i>Interest</i> (%)	<i>Cost</i> VND
Tan Cang Giao Long Joint Stock Company ("Tan Cang Giao Long") (*)	26%	<u>2,600,000,000</u>	26%	<u>2,600,000,000</u>
<b>TOTAL</b>		<b><u>2,600,000,000</u></b>		<b><u>2,600,000,000</u></b>

(\*) Tan Cang Giao Long Joint Stock Company ("the Company"), is a joint stock company incorporated the Enterprise Registration Certificate No. 13009990134 issued by the Department of Planning and Investment of Ben Tre Province on 12 August 2015. The current principal activities of the Company are providing terminal and transportation services.

### 14. PREPAID EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>		
Tools and supplies	6,392,019,608	2,506,894,843
Maintenance expenses	4,669,388,930	3,229,013,897
Insurance fees	718,688,797	-
Others	<u>1,059,527,258</u>	<u>806,149,005</u>
	<u>12,839,624,593</u>	<u>6,542,057,745</u>
<b>Long-term</b>		
Tools and supplies	10,959,572,371	3,482,673,998
Land rental fee	3,373,324,860	3,462,487,620
Maintenance expenses	<u>85,924,930</u>	<u>339,160,244</u>
	<u>14,418,822,161</u>	<u>7,284,321,862</u>
<b>TOTAL</b>	<b><u>27,258,446,754</u></b>	<b><u>13,826,379,607</u></b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**15. SHORT-TERM TRADE PAYABLES**

	VND	
	Ending balance	Ending balance
Other parties	225,553,361,250	79,962,926,477
VIPA Lausanne SA	17,190,610,010	1,815,898,896
LCI Lavorazione Carta Riciclata Italiana S.R.L	16,675,235,269	-
Peute Papierrecycling BV	13,068,062,518	-
Jiangsu Huadong Paper Machinery Co., Ltd	12,903,428,720	25,156,534,500
Duong Nhat Investment Construction and Environmental Technology Co., Ltd	3,621,667,433	8,192,863,766
Yong Jia Yu Technology Engineering Co., LTD (Vietnam)	2,401,024,298	8,186,830,297
Others	159,693,333,002	36,610,799,018
Related parties (Note 29)	4,356,000,000	396,000,000
<b>TOTAL</b>	<b><u>229,909,361,250</u></b>	<b><u>80,358,926,477</u></b>

**16. SHORT-TERM ADVANCES FROM CUSTOMERS**

	VND	
	Ending balance	Beginning balance
Kwok Fung (Sino HK) Enterprise Ltd	2,826,306,086	-
Jinhong Industrial (Hong Kong) Co., Ltd	2,114,276,124	-
Bentre Aquaproduct Import And Export JSC	-	1,575,625,496
Others	134,676,280	92,268,520
<b>TOTAL</b>	<b><u>5,075,258,490</u></b>	<b><u>1,667,894,016</u></b>

**17. STATUTORY OBLIGATION**

	VND			
	Beginning balance	Increase in the year	Decrease in the year	Ending balance
<b>Payables</b>				
Corporate income tax	4,952,288,226	38,747,732,891	(19,146,553,346)	24,553,467,771
Personal income tax	76,187,861	2,705,254,963	(2,562,985,789)	218,457,035
Value added tax	-	209,297,626,298	(202,187,293,425)	7,110,332,873
Others	40,576,000	1,964,615,168	(2,005,191,168)	-
<b>TOTAL</b>	<b><u>5,069,052,087</u></b>	<b><u>252,715,229,320</u></b>	<b><u>(225,902,023,728)</u></b>	<b><u>31,882,257,679</u></b>
<b>Receivables</b>				
Value added tax	17,839,954,734	133,013,658,790	(150,853,613,524)	-
<b>TOTAL</b>	<b><u>17,839,954,734</u></b>	<b><u>133,013,658,790</u></b>	<b><u>(150,853,613,524)</u></b>	<b><u>-</u></b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended.

**18. SHORT-TERM ACCRUED EXPENSES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Giao Long Factory – Stage II	6,938,450,651	25,279,469,881
<i>Outsource expense</i>	6,938,450,651	17,287,234,395
<i>Interest expense</i>	-	6,460,983,171
<i>Salary expense</i>	-	1,531,252,315
Interest expense	2,956,164,384	-
Others	1,829,299,831	1,537,540,774
<b>TOTAL</b>	<b><u>11,723,914,866</u></b>	<b><u>26,817,010,655</u></b>

**19. OTHER SHORT-TERM PAYABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Commission fee	2,330,057,549	831,609,090
Bonus for the Boards of Directors and Supervision	185,675,595	185,675,595
Others	327,741,692	4,050,485,692
<b>TOTAL</b>	<b><u>2,843,474,836</u></b>	<b><u>5,067,770,377</u></b>

# DongHai Joint Stock Company of BenTre

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NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 20. LOANS

	Beginning balance	Increase	Decrease	Reclassification	Ending balance
<b>Short-term loan</b>	<b>285,975,752,680</b>	<b>888,421,271,583</b>	<b>(975,627,946,438)</b>	<b>60,000,000,000</b>	<b>258,769,077,825</b>
Loans from banks (Note 20.1)	285,975,752,680	888,421,271,583	(975,627,946,438)	-	198,769,077,825
Current-portion	-	-	-	60,000,000,000	60,000,000,000
<b>Long-term loan</b>	<b>558,322,731,970</b>	<b>31,104,642,601</b>	<b>(89,427,374,571)</b>	<b>(60,000,000,000)</b>	<b>440,000,000,000</b>
Loan from bank (Note 20.2)	558,322,731,970	31,104,642,601	(89,427,374,571)	-	500,000,000,000
Current-portion	-	-	-	(60,000,000,000)	(60,000,000,000)
<b>TOTAL</b>	<b>844,298,484,650</b>	<b>919,525,914,184</b>	<b>(1,065,055,321,009)</b>	<b>-</b>	<b>698,769,077,825</b>

## 20.1 Short-term loans from banks

Details of the short-term loans from banks to finance working capital are as follows:

Banks	Ending balance	Maturity date	Interest	Collateral
	VND		% p.a	
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Tien Giang Branch	146,676,011,824	31 May 2020	5.9%	Assets attached to land, machinery and equipment and means of transport under loan contract No. 0360/CB-KH/19LD dated 6 August 2019.
Bank for Investment and Development of Vietnam - Ben Tre Branch	52,093,066,001	30 June 2020	6.0%	Machinery and equipment and means of transport under loan contract No. 01/2019/670908/HDTD dated 17 September 2019.
<b>TOTAL</b>	<b>198,769,077,825</b>			

# DongHai Joint Stock Company of BenTre

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NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 20. LOANS

### 20.2 Long-term loan from bank

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

Bank	Ending balance VND	Maturity date	Interest %/ p.a	Collateral
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Tien Giang Branch	500,000,000,000	The loan is offered a 24-month principal grace period since the first disbursement date. And the first repayment date is 30 November 2019 and then, every 3 months	8.8%	Construction of Giao Long Factory - Stage II (Note 12)

In which:

Non-current portion	60,000,000,000
Current portion	440,000,000,000

# DongHai Joint Stock Company of BenTre

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NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 21. OWNERS' EQUITY

### 21.1 Increase and decrease in owners' equity

	Share capital	Share premium	Investment and development fund	Undistributed earnings	Total	VND
<b>Previous year</b>						
Beginning balance	344,597,690,000	192,413,291,303	19,443,248,805	154,669,468,506	711,123,698,614	
Increase (decrease) in capital	68,917,800,000	(61,551,700)	-	(68,917,800,000)	(61,551,700)	
Net profit for the year	-	-	-	134,115,878,310	134,115,878,310	
Investment and development fund appropriation	-	-	4,012,717,537	(4,012,717,537)	-	
Transfer to bonus and welfare fund	-	-	-	(1,605,087,015)	(1,605,087,015)	
Remuneration of the Boards of Directors and Supervision	-	-	-	(1,608,000,000)	(1,608,000,000)	
Ending balance	413,515,490,000	192,351,739,603	23,455,966,342	212,641,742,264	841,964,938,209	
<b>Current 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	-	-	37,921,000,000	
Issuing shares to employees (**)	22,390,000,000	15,531,000,000	-	-	61,824,966,200	
Net profit for the year	-	-	-	181,587,616,205	181,587,616,205	
Investment and development fund appropriation	-	-	6,705,793,916	(6,705,793,916)	-	
Transfer to bonus and welfare fund	-	-	-	(2,682,317,566)	(2,682,317,566)	
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	292,968,676,987	1,118,336,203,048	

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

**21.1 Increase and decrease in owners' equity (continued)**

(\*) On 9 November 2018, the Company received the Certificate No. 68/GCN-UBCK issued by the State Securities Commission, approving the issuance of ordinary shares to existing shareholders in accordance with the Resolution of the Annual General Meeting No. 01/NQ-ĐHĐCĐ dated 7 June 2018, the Resolution of Board of Directors No. 33/NQ-HĐQT dated 14 November 2018 and the Resolution of Board of Directors No. 01/NQ-HĐQT dated 11 January 2019. Based on the program, the Company issued 3,445,977 ordinary shares to existing shareholders from 5 December 2018 to 16 January 2019 at the price of VND 18,000 per share. On 30 January 2019, the Company received the Official Letter No. 854/UBCK-QLCB issued by the State Securities Commission notifying the receipt of the result report of this share issuance. Accordingly, the Company's registered charter capital had been increased from VND 413,515,490,000 to VND 447,975,260,000. The additional issuance has been approved by the Department of Planning and Investment Ben Tre Province by 16th amendment Enterprise Registration Certificate on 16 March 2019.

(\*\*) On 8 November 2019, the Company received the Official Letter No. 6786/UBCK-QLCB issued by the State Securities Commission, approving the issuance of ordinary shares to its employees in accordance with the Employee Stock Ownership Plan program ("ESOP") in accordance with the Resolution of the Annual General Meeting No. 01/NQ-ĐHĐCĐ dated 24 May 2015 and the Resolution of Board of Directors No. 34/NQ-HĐQT dated 18 November 2019. Based on the program, the Company issued 2,239,000 ordinary shares to the Company's employees from 20 November 2019 to 18 December 2019 at the price of VND 17,000 per share. On 3 January 2020, the Company received the Official Letter No. 30/UBCK-QLCB issued by the State Securities Commission notifying the receipt of the result report of this share issuance. Accordingly, the Company's registered charter capital had been increased from VND 537,567,830,000 to VND 559,957,830,000. The additional issuance has been approved by the Department of Planning and Investment Ben Tre Province by 18th amendment Enterprise Registration Certificate on 18 February 2020.

(\*\*\*) In accordance with the Resolution of the Annual General Meeting No. 01/NQ-ĐHĐCĐ dated 24 May 2019, the Company's shareholders unanimously approved the Proposal of the Board of Directors ("BOD") to pay dividend by shares for existing shareholders at 20% par value per share. The Company finalised its shareholders list on 22 July 2019 for this stock dividend, equivalent to VND 89,595,050,000. The additional issuance has been approved by the Department of Planning and Investment Ben Tre Province by 17th amendment Enterprise Registration Certificate on 28 October 2019.

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

	VND	
	Current year	Previous year
<b>Share capital</b>		
Beginning balance	413,515,490,000	344,597,690,000
Increase in share capital	<u>146,442,340,000</u>	<u>68,917,800,000</u>
Ending balance	<u>559,957,830,000</u>	<u>413,515,490,000</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

21. OWNERS' EQUITY (continued)

21.3 Shares

	<i>Number of shares</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Authorised shares	55,995,783	41,351,549
Issued and fully paid shares		
<i>Ordinary shares</i>	55,995,783	41,351,549
Shares in circulation		
<i>Ordinary shares</i>	55,995,783	41,351,549

21.4 Earnings per share

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

	<i>Current year</i>	<i>Previous year</i>
Net profit after tax attributable to ordinary shareholders	181,587,616,205	134,115,878,310
Less: Bonus and welfare fund (i)	-	(2,682,317,566)
Net profit after tax attributable to ordinary shareholders for basic earnings (VND)	181,587,616,205	131,433,560,744
Weighted average number of ordinary shares for the year (shares) (ii)	53,672,725	49,621,630
<b>Basic and diluted earnings per share (VND)</b>	<b>3,383</b>	<b>2,649</b>

(i) Profit used to compute earnings per share for the year 2018 as presented in the financial statements for the year 2018 was restated to reflect the actual allocation to bonus and welfare fund from 2018 retained earnings following the resolution of the shareholders meeting dated 24 May 2019.

Profit used to compute earnings per share for the year ended 31 December 2019 has not been adjusted for the provisional allocation to bonus and welfare fund from current year's profit.

(ii) The weighted average number of ordinary shares in the current year has been adjusted for the additional of 8,959,257 shares to pay dividends for 2018, 3,445,977 shares to existing shareholders, and 2,239,000 shares to employees (ESOP) (Note 21.1).

The weighted average number of ordinary shares in the prior year has been adjusted for the additional of 8,959,257 shares issued as stock dividend to the existing shareholders from undistributed earnings.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 21. OWNERS' EQUITY

### 21.5 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
ABB Ltd	4,672,254,000
Andritz Technologies H.K.Limited	4,072,840,000
Andritz (China) Ltd	2,898,272,320
Yong Jia Yu (VietNam) Technology Technical Co., Ltd	2,841,529,379
Phu An Khang Investment Construction Co., Ltd	2,759,528,763
UMW Equipment Systems (Vietnam) Co., Ltd	2,063,820,000
Duong Nhat Investment Construction and Enviromental Technology Co., Ltd	1,822,610,142
Dai Hung Cuong Service Trading Co., Ltd	1,537,803,336
Minh Phat Mechanical Service Trading Co., Ltd	1,239,970,705
Others	10,833,625,120
<b>TOTAL</b>	<b>41,744,287,093</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 41,744,287,093. The remaining amount raised from the issuance of ordinary shares to existing shareholders were not used amounting to VND 20,084,140,607.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 22. REVENUES

### 22.1 Revenue from sale of goods

	VND	
	Current year	Previous year
<b>Gross revenue</b>	<b>1,430,030,972,251</b>	<b>926,843,746,364</b>
<i>Of which:</i>		
<i>Sale of finished goods</i>	1,426,726,927,113	922,444,653,478
<i>Sale of raw materials</i>	1,825,345,138	2,388,344,602
<i>Sale of machinery equipment for deferred settlement</i>	1,478,700,000	2,010,748,284
<b>Sales reduction</b>	<b>(144,865,700)</b>	<b>(190,041,900)</b>
<i>Of which:</i>		
<i>Sale returns</i>	(144,865,700)	(190,041,900)
<b>Net revenue</b>	<b><u>1,429,886,106,551</u></b>	<b><u>926,653,704,464</u></b>
<i>In which:</i>		
<i>From other parties</i>	1,429,886,106,551	926,653,704,464

### 22.2 Finance income

	VND	
	Current year	Previous year
Interest income	2,311,914,838	1,897,439,934
Foreign exchange gains	1,471,093,181	446,726,490
Others	26,910,564	22,626,259
<b>TOTAL</b>	<b><u>3,809,918,583</u></b>	<b><u>2,366,792,683</u></b>

## 23. COST OF GOODS SOLD

	VND	
	Current year	Previous year
Cost of finished goods sold	1,123,535,686,864	718,106,344,177
Cost of raw materials sold	1,803,593,065	2,347,860,307
Cost of machinery equipment sold for deferred settlement	1,185,000,000	1,580,000,000
<b>TOTAL</b>	<b><u>1,126,524,279,929</u></b>	<b><u>722,034,204,484</u></b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**24. FINANCE EXPENSES**

	VND	
	Current year	Previous year
Interest expense	29,931,705,195	11,279,446,826
Foreign exchange losses	275,511,128	3,518,829,324
<b>TOTAL</b>	<b><u>30,207,216,323</u></b>	<b><u>14,798,276,150</u></b>

**25. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES**

	VND	
	Current year	Previous year
<b>Selling expenses</b>		
Expense for external services	36,800,554,669	16,257,211,915
Labor costs	4,547,539,187	3,286,257,076
Tools and supplies	3,842,334,516	3,394,323,677
Depreciation and amortisation	2,258,293,843	2,272,376,243
Others	1,560,370,190	1,157,448,185
<b>TOTAL</b>	<b><u>49,009,092,405</u></b>	<b><u>26,367,617,096</u></b>
<b>General and administration expenses</b>		
Labor costs	7,726,599,638	5,755,007,343
Tools and supplies	307,353,708	273,273,529
Expense for external services	6,386,360,274	5,168,915,442
Provision (reversal of) for doubtful debts	572,532,429	(739,287,708)
Depreciation and amortisation	1,321,998,895	662,647,821
Others	3,464,005,226	3,218,857,881
<b>TOTAL</b>	<b><u>19,778,850,170</u></b>	<b><u>14,339,414,308</u></b>

**26. OTHER INCOME AND EXPENSES**

	VND	
	Current year	Previous year
<b>Other income</b>	<b>12,188,273,828</b>	<b>4,834,321,597</b>
Compensation received	8,437,650,758	4,737,704,496
Gain from disposal of fixed assets	3,265,708,374	-
Others	484,914,696	96,617,101
<b>Other expenses</b>	<b>(29,511,039)</b>	<b>(1,353,848,931)</b>
Loss from disposal of fixed assets	-	(1,054,214,995)
Others	(29,511,039)	(299,633,936)
<b>NET OTHER PROFIT</b>	<b><u>12,158,762,789</u></b>	<b><u>3,480,472,666</u></b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 27. PRODUCTION AND OPERATING COSTS

	VND	
	Current year	Previous year
Raw materials	1,097,431,149,283	813,044,888,921
Expense for external services	262,252,885,033	111,987,206,454
Labor costs	68,191,885,480	49,447,775,772
Depreciation and amortisation (Notes 10 and 11)	58,612,149,317	37,978,329,846
Others	14,651,432,517	12,892,756,718
<b>TOTAL</b>	<b><u>1,501,139,501,630</u></b>	<b><u>1,025,350,957,711</u></b>

## 28. CORPORATE INCOME TAX

The Company is obliged to pay corporate income tax at the rate of 20% of taxable profit.

Expanded investment project: In respect of Giao Long Phase 1 Paper factory, the Company is entitled to corporate income tax 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.

The Company'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 financial statements could be changed at a later date upon final determination by the tax authorities.

### 28.1 CIT expense

	VND	
	Current year	Previous year
Current CIT expense	38,747,732,891	20,673,253,554
Adjustment for under accrual of tax from prior year	-	172,325,911
<b>TOTAL</b>	<b><u>38,747,732,891</u></b>	<b><u>20,845,579,465</u></b>

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

	VND	
	Current year	Previous year
<b>Accounting profit before tax</b>	<b><u>220,335,349,096</u></b>	<b><u>154,961,457,775</u></b>
At CIT applicable rate	44,067,069,819	30,992,291,556
<i>Adjustments to:</i>		
Non-deductible expenses	534,968,547	208,223,275
Adjustment for under accrual of tax from prior year	-	172,325,911
CIT reduction	<u>(5,854,305,475)</u>	<u>(10,527,261,277)</u>
<b>CIT expense</b>	<b><u>38,747,732,891</u></b>	<b><u>20,845,579,465</u></b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 28. CORPORATE INCOME TAX (continued)

### 28.2 Current tax

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

## 29. TRANSACTIONS WITH RELATED PARTIES

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

Related parties	Relationship	Transactions	VND	
			Current year	Previous year
Tan Cang Giao Long Joint Stock Company	Associate	Purchases of goods and services	11,618,200,000	7,780,700,800
Dai Thien Loc Corporation	The same member of Board of Directors	Purchases of goods and services	1,177,489,964	1,065,436,635

Remuneration to members of the Board of Directors, Board of Supervision and Management:

	VND	
	Current year	Previous year
Salaries and bonus	<u>3,975,085,899</u>	<u>4,045,214,305</u>

As at balance sheet dates, amounts due from and due to related parties were as follows:

Related parties	Relationship	Transactions	Ending balance	Beginning balance
<b>Short-term trade payables</b>				
Tan Cang Giao Long Joint Stock Company	Associate	Purchases of goods and services	<u>4,356,000,000</u>	<u>396,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

### 30. OPERATING LEASE COMMITMENTS

The Company leases its assets under operating lease arrangements. The future rental amounts due under such operating leases after Ending balance were as follows:

	VND	
	Ending balance	Beginning balance
Less than 1 year	4,478,588,357	1,726,682,566
From 1 to 5 years	9,274,353,428	7,617,826,479
Over 5 years	29,912,591,226	36,436,887,605
<b>TOTAL</b>	<b><u>43,665,533,011</u></b>	<b><u>45,781,396,650</u></b>

### 31. EVENTS AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in the financial statements of the Company.

  
\_\_\_\_\_  
Pham The Tai  
Preparer

  
\_\_\_\_\_  
Le Thi Hoang Hue  
Chief Accountant

  
\_\_\_\_\_  
Le Ba Phuong  
General Director

  
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CÔNG TY  
CỔ PHẦN  
ĐÔNG HẢI  
BẾN TRÉ  
H. CHÂU THÀNH - T. BẾN TRÉ

  
T.N.H.H  
L.

28 March 2020

Ben Tre, April 19<sup>th</sup>, 2020

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



*Lê Bá Phương*