

VINH HOAN CORPORATION

**SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**



VINH HOAN CORPORATION

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FOR THE YEAR ENDED 31 DECEMBER 2019**

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VINH HOAN CORPORATION

CORPORATE INFORMATION

Enterprise registration certificate	No. 1400112623 dated 17 April 2007 was initially issued by the Department of Planning and Investment of Dong Thap Province with the latest amendment dated 14 January 2020.	
Chairwoman	Mrs. Truong Thi Le Khanh	
Board of Directors	Mrs. Truong Thi Le Khanh Mrs. Nguyen Ngo Vi Tam Mr. Vo Phu Duc Mrs. Truong Tuyet Hoa Mrs. Nguyen Thi Kim Dao	Chairwoman Member Member Member Member
Board of Supervision	Mrs. Nguyen Thi Cam Van Mr. Nguyen Quang Vinh Mrs. Phan Thi Kim Hoa Mrs. Nguyen Thi Thai Ly	Chief Superison Member Member (from 26 April 2019) Member (untill 26 April 2019)
Board of Management	Mrs. Nguyen Ngo Vi Tam Mr. Huynh Duc Trung Mrs. Nguyen Thi Kim Dao Mrs. Ho Thanh Hue Mrs. Truong Tuyet Hoa Mrs. Dang Thi Thuong Mrs. Le Thi Dieu Thi	General Director Permanent Director Director – Finance Director – Production Director – Sales Director – Sustainable development Director – Quality
Legal representative	Mrs. Truong Thi Le Khanh	Chairwoman
Registered office	National Highway 30, Ward 11, Cao Lanh City, Dong Thap Province, Vietnam	
Auditor	PwC (Vietnam) Limited	

VINH HOAN CORPORATION

STATEMENT OF RESPONSIBILITY OF THE BOARD OF MANAGEMENT OF THE COMPANY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

The Board of Management of Vinh Hoan Corporation ("the Company") is responsible for preparing separate financial statements which give a true and fair view of the financial position of the Company as at 31 December 2019, and the results of its operations and its cash flows for the year then ended. In preparing these separate financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the separate financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

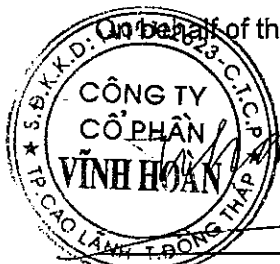
The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable separate financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the separate financial statements. The Board of Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud or errors.

APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

We hereby approve the accompanying separate financial statements as set out on pages 5 to 46 which give a true and fair view 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, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements.

Users of these separate financial statements of the Company should read them together with the consolidated financial statements of the Company and its subsidiaries (together referred to as "the Group") for the year ended 31 December 2019 in order to obtain full information of the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group.

On behalf of the Board of Management



Truong Thi Le Khanh
Legal Representative

Dong Thap Province, SR Vietnam
20 March 2020



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VINH HOAN CORPORATION

We have audited the accompanying separate financial statements of Vinh Hoan Corporation ("the Company") which were prepared on 31 December 2019 and approved by the Board of Management on 20 March 2020. The separate financial statements comprise the separate balance sheet as at 31 December 2019, the separate income statement and the separate cash flow statement for the year then ended, and explanatory notes to the separate financial statements including significant accounting policies, as set out on pages 5 to 46.

Responsibility of the Board of Management

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements and for such internal control which the Board of Management determines as necessary to enable the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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



Auditor's Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, its financial performance and cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements.

Other Matter

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Quách Thành Châu
Audit Practising Licence No.
0875-2018-006-1
Authorised signatory

Tran Do Vy Ha
Audit Practising Licence No.
3780-2017-006-1

Report reference number: HCM8988
Ho Chi Minh City, 20 March 2020

VINH HOAN CORPORATION

Form B 01 – DN

SEPARATE BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2019 VND	2018 VND
100	CURRENT ASSETS		4,542,958,413,264	4,538,676,866,714
110	Cash	3	7,461,435,390	22,028,681,359
111	Cash		7,461,435,390	22,028,681,359
120	Short-term investments		1,491,779,322,456	607,749,887,456
123	Investments held to maturity	4(a)	1,491,779,322,456	607,749,887,456
130	Short-term receivables		1,887,832,839,137	2,763,184,291,792
131	Short-term trade accounts receivable	5	1,437,654,055,293	1,984,425,189,749
132	Short-term prepayments to suppliers	6	13,862,756,885	50,345,994,497
135	Short-term lendings	7	413,728,746,000	705,028,746,000
136	Other short-term receivables	8	25,656,485,285	27,221,870,308
137	Provision for doubtful debts – short term		(3,069,204,326)	(3,837,508,762)
140	Inventories	9	1,121,254,825,927	1,104,167,632,996
141	Inventories		1,180,693,131,631	1,204,357,372,742
149	Provision for decline in value of inventories		(59,438,305,704)	(100,189,739,746)
150	Other current assets		34,629,990,354	41,546,373,111
151	Short-term prepaid expenses		2,561,239,268	3,157,033,367
152	Value added tax ("VAT") to be reclaimed		32,068,751,086	38,389,339,744

The notes on pages 10 to 46 are an integral part of these separate financial statements.

VINH HOAN CORPORATION

Form B 01 – DN

**SEPARATE BALANCE SHEET
(continued)**

Code	ASSETS (continued)	Note	As at 31 December	
			2019 VND	2018 VND
200	LONG-TERM ASSETS		1,476,548,948,310	1,734,418,940,069
210	Long-term receivables		1,384,206,875	1,563,796,625
216	Other long-term receivables		1,384,206,875	1,563,796,625
220	Fixed assets		386,337,226,066	336,468,178,685
221	Tangible fixed assets	11(a)	335,758,397,821	294,524,618,533
222	Historical cost		959,682,211,945	904,059,608,750
223	Accumulated depreciation		(623,923,814,124)	(609,534,990,217)
227	Intangible fixed assets	11(b)	50,578,828,245	41,943,560,152
228	Historical cost		55,148,886,911	45,560,477,708
229	Accumulated amortisation		(4,570,058,666)	(3,616,917,556)
240	Long-term assets in progress		150,762,863,950	204,076,830,694
242	Construction in progress	12	150,762,863,950	204,076,830,694
250	Long-term investments		858,512,147,173	1,155,699,725,974
251	Investments in subsidiaries	4(b)	877,543,345,033	847,943,345,033
252	Investments in associates	4(c)	-	413,747,486,404
253	Investments in other entities		1,414,429,978	1,414,429,978
254	Provision for long-term investments	4(b)	(20,445,627,838)	(107,405,535,441)
260	Other long-term assets		79,552,504,246	36,610,408,091
261	Long-term prepaid expenses	10	78,282,027,484	34,353,638,691
262	Deferred income tax assets	18	1,270,476,762	2,256,769,400
270	TOTAL ASSETS		6,019,507,361,574	6,273,095,806,783

The notes on pages 10 to 46 are an integral part of these separate financial statements.

VINH HOAN CORPORATION

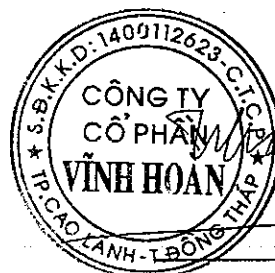
Form B 01 – DN

SEPARATE BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December	
			2019 VND	2018 VND
300	LIABILITIES		1,783,020,692,010	2,415,697,881,579
310	Short-term liabilities		1,766,617,291,235	2,398,012,483,579
311	Short-term trade accounts payable	13	266,276,445,038	222,133,980,428
312	Short-term advances from customers		18,258,730,797	10,285,921,660
313	Tax and other payables to the State	14	118,844,077,357	232,583,117,175
314	Payables to employees		80,034,251,396	94,027,318,097
315	Short-term accrued expenses		8,444,761,936	4,215,119,865
319	Other short-term payables	15	867,484,013,769	713,555,158,096
320	Short-term borrowings	16	579,524,397,027	1,087,981,213,493
322	Bonus and welfare funds	19	27,750,613,915	33,230,654,765
330	Long-term liabilities		16,403,400,775	17,685,398,000
342	Provision for long-term liabilities	17	7,208,887,000	7,951,048,000
343	Fund for scientific and technological development		9,194,513,775	9,734,350,000
400	OWNERS' EQUITY		4,236,486,669,564	3,857,397,925,204
410	Capital and reserves		4,236,486,669,564	3,857,397,925,204
411	Owners' capital	20, 21	1,833,769,560,000	924,039,430,000
411a	- Ordinary shares with voting rights		1,833,769,560,000	924,039,430,000
412	Share premium	21	223,774,789,900	223,774,789,900
415	Treasury shares	21	(114,215,880,222)	-
421	Undistributed earnings	21	2,293,158,199,886	2,709,583,705,304
421a	- Undistributed post-tax profits of previous years		1,595,045,689,304	1,182,946,723,606
421b	- Post-tax profits of current year		698,112,510,582	1,526,636,981,698
440	TOTAL RESOURCES		6,019,507,361,574	6,273,095,806,783

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Ha Thi Phuong Thuy Hong Nhung
Preparer/Chief Accountant



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Truong Thi Le Khanh
Legal representative
20 March 2020

The notes on pages 10 to 46 are an integral part of these separate financial statements.

VINH HOAN CORPORATION


Form B 02 – DN

SEPARATE INCOME STATEMENT

Code	Note	Year ended 31 December	
		2019 VND	2018 VND
01	Revenue from sales of goods and rendering of services	6,428,028,470,746	7,841,452,117,252
02	Less deductions	(22,827,464,356)	(93,013,622,188)
10	Net revenue from sales of goods and rendering of services	6,405,201,006,390	7,748,438,495,064
11	Cost of goods sold and services rendered	(5,393,210,298,778)	(6,058,574,759,022)
20	Gross profit from sales of goods and rendering of services	1,011,990,707,612	1,689,863,736,042
21	Financial income	256,241,155,988	656,164,342,472
22	Financial expenses	(85,748,125,287)	(92,500,223,588)
23	- Including: interest expense	(46,144,147,038)	(39,316,767,091)
25	Selling expenses	(272,190,323,561)	(223,325,689,520)
26	General and administration expenses	(97,759,817,271)	(99,655,294,132)
30	Net operating profit	812,533,597,481	1,930,546,871,274
31	Other income	13,338,596,999	11,636,848,525
32	Other expenses	(9,879,557,917)	(5,030,834,984)
40	Net other income	3,459,039,082	6,606,013,541
50	Net accounting profit before tax	815,992,636,563	1,937,152,884,815
51	Business income tax ("BIT") - current	(116,893,833,343)	(225,732,674,747)
52	BIT - deferred	(986,292,638)	(57,062,370)
60	Net profit after tax	698,112,510,582	1,711,363,147,698


Ha Thi Phuong Thuy Hong Nhung
Preparer/Chief Accountant




Trương Thị Lê Khanh
Legal representative
20 March 2020

The notes on pages 10 to 46 are an integral part of these separate financial statements.

VINH HOAN CORPORATION

Form B 03 – DN

SEPARATE CASH FLOW STATEMENT
(Indirect method)

Code	Note	Year ended 31 December	
		2019 VND	2018 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		815,992,636,563	1,937,162,884,815
		Adjustments for:	
02		50,397,709,752	63,188,529,903
03		(29,921,807,081)	48,207,114,291
04		2,105,234,827	6,806,612,717
05		(206,925,618,924)	(569,283,219,070)
06		46,144,147,038	39,316,767,091
08		677,792,302,175	1,525,388,689,747
09		571,344,035,811	(758,874,049,758)
10		23,664,241,111	(549,522,938,981)
11		56,689,923,901	80,227,996,451
12		(43,332,594,694)	(10,329,984,142)
14		(46,849,662,932)	(38,038,921,018)
15		(224,801,713,486)	(72,363,093,480)
17		(23,639,517,275)	(22,454,844,326)
20		990,867,014,611	154,032,854,493
CASH FLOWS FROM INVESTING ACTIVITIES			
21		(120,167,558,887)	(222,194,545,558)
22			
		20,022,828,708	51,400,362,849
23		(2,471,559,435,000)	(2,608,235,000,000)
24		1,878,830,000,000	2,225,151,795,275
25		(128,900,000,000)	(300,116,700,000)
26		430,453,567,064	11,930,625,000
27		193,561,746,172	590,792,681,071
30		(197,758,851,943)	(251,270,781,363)
CASH FLOWS FROM FINANCING ACTIVITIES			
31		-	10,380,718,000
32		(114,215,880,222)	-
33		3,380,555,120,282	3,908,639,308,194
34		(3,889,011,930,748)	(3,449,390,090,764)
36		(184,987,352,875)	(363,381,375,400)
40		(807,660,049,563)	106,248,552,030
50		(14,551,886,895)	9,010,625,160
60	3	22,028,681,359	13,208,496,275
61		(15,359,074)	(190,440,076)
70	3	7,461,435,390	22,028,681,359

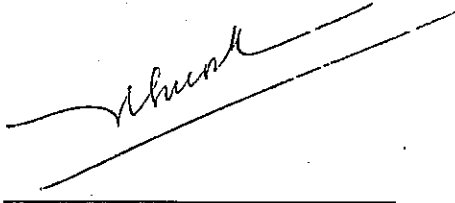
The notes on pages 10 to 46 are an integral part of these separate financial statements.

VINH HOAN CORPORATION

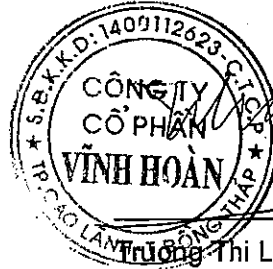
Form B 03 – DN

SEPARATE CASH FLOW STATEMENT
(Indirect method)

Additional information relating to the separate cash flow statement is presented in Note 33.



Ha Thi Phuong Thuy Hong Nhung
Preparer/Chief Accountant



Truong Thi Le Khanh
Legal representative
20 March 2020

The notes on pages 10 to 46 are an integral part of these separate financial statements.

VINH HOAN CORPORATION

Form B 09 – DN

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 GENERAL INFORMATION

Vinh Hoan Corporation ("the Company") is a joint stock company which was transformed from Vinh Hoan Co., Ltd. pursuant to Enterprise registration certificate No. 1400112623 issued by the Department of Planning and Investment of Dong Thap Province on 17 April 2007 with the latest amendment dated 14 January 2020.

The Company's shares were listed on Ho Chi Minh Stock Exchange ("HOSE") on 24 December 2007 in accordance with Decision No. 179/QĐ-SGDHCM issued by HOSE.

The principal activities of the Company are growing domestic aquaculture; processing and preserving aquatic products and products making from aquatic products; trading aquatic products, materials serving the production and processing of aquatic products and processing of aquatic feed.

The normal business cycle of the Company is within 12 months.

As at 31 December 2019, the Company had 4 subsidiaries. Details of the Company's subsidiaries are presented below:

Company name	Principal activities	Address of registered office	Percentage of ownership and voting rights	
			2019	2018
Subsidiaries				
Vinh Phuoc Food Co., Ltd.	Manufacturing and preserving aquatic products and products making from aquatic products	An Phu Hamlet, An Nhon Commune, Chau Thanh District, Dong Thap Province	100%	100%
Vinh Hoan Collagen Co., Ltd.	Extracting and manufacturing of collagen and gelatin	National Highway 30, Ward 11, Cao Lanh City, Dong Thap Province	100%	100%
Thanh Binh Dong Thap One Member Co., Ltd.	Manufacturing and trading aquatic products	Industrial Cluster Thanh Binh, Binh Thanh Commune, Thanh Binh District, Dong Thap Province	100%	100%
Vinh Hoan Fish Hatchery Co., Ltd.,	Manufacturing and trading fish hatchery	Vinh Buong Hamlet, Vinh Hoa Commune, Tan Chau Town, An Giang Province	96%	-
Vinh Hoan 2 Food Co., Ltd.	Trading food	Tan An Hamlet, Binh Thanh Trung Commune, Lap Vo District, Dong Thap Province	-	99.3%
Associates				
Van Duc Tien Giang Food Export Company ("Van Duc Tien Giang")	Manufacturing and trading aquatic products	Dong Hoa Hamlet, Song Thuan Commune, Chau Thanh District, Tien Giang Province	-	35%
Octogone Holdings Pte, Ltd. ("Octogone")	Trading aquatic products and functional foods	No.3 Raffles Place#06-01 Bharat Building, Singapore	-	25%

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of separate financial statements

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements. The separate financial statements have been prepared under the historical cost convention.

The accompanying separate financial statements 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 and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

The separate financial statements in the Vietnamese language are the official statutory financial statements of the Company. The separate financial statements in the English language have been translated from the Vietnamese version.

Separately, the Company has also prepared consolidated financial statements for the Company and its subsidiaries (together referred to as "the Group") in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. In the consolidated financial statements, subsidiary undertakings – which are those companies over which the Group has the power to govern the financial and operating policies, have been fully consolidated.

Users of these separate financial statements of the Company should read them together with the consolidated financial statements of the Group for the year ended 31 December 2019 in order to obtain full information of the consolidated financial position and consolidated results of operations and consolidated cash flows of the Group as a whole.

2.2 Fiscal year

The Company's fiscal year is from 1 January to 31 December.

2.3 Currency

The separate financial statements are measured and presented in Vietnamese Dong ("VND"). The Company determines its accounting currency based on the currency which is mainly considered in sales of goods and rendering of services, which has a significant impact on selling prices of goods and services, which is normally used for list selling prices and receive payments; which is mainly used in purchases of goods or services, which has a significant impact on cost of labor, materials and other production or operating costs and normally used as payments of those costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.4 Exchange rates**

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognized as income or expenses in the separate income statement.

Monetary assets and liabilities denominated in foreign currencies at the separate balance sheet date are respectively translated at the buying and selling exchange rates at the separate balance sheet date of the commercial bank where the Company regularly trades. Foreign currencies deposited in bank at the separate balance sheet date are translated at the buying exchange rate of the commercial bank where the Company opens its foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the separate income statement.

2.5 Cash

Cash comprises cash on hand and cash at banks.

2.6 Receivables

Receivables represent trade receivables from customers arising from sales of goods and rendering of services or non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on overdue days in payment according to the initial payment commitment (exclusive of the payment rescheduling between parties) or based on the expected loss that may arise. Bad debts are written off when identified.

Receivables are classified into long-term and short-term receivables on the separate balance sheet based on the remaining period from the separate balance sheet date to the maturity date.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

The Company applies the perpetual system for inventories.

The difference between the provision of this period and the provision of the previous period is recognised as an increase or decrease of cost of goods sold in the year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Investments****(a) Investments held to maturity**

Investments held to maturity are investments which the Board of Management has positive intention and ability to hold until maturity.

Investments held to maturity include bank term deposits, loans held to maturity for interest earnings and other held to maturity investments. Those investments are initially accounted for at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the year end.

Provision for diminution in value of investments held-to-maturity is made when there is evidence that the investment is uncollectible in whole or in part.

(b) Investments in subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies in order to gain future benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are initially recorded at cost of acquisition including capital contribution value plus other expenditure directly attributable to the investment. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the year end.

(c) Investments in associates

Associates are Investments that the Company has significant influence but not control and would generally have from 20% to under 50% of the voting rights of the investee.

Investments in associates are accounted for at cost of acquisition including purchase cost or capital contribution value plus other expenditure directly attributable to the investments. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the year end.

(d) Investments in other entities

Investments in other entities are investments in equity instruments of other entities without controlling rights or co-controlling rights, or without significant influence over the investee. These investments are initially recorded at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the year end.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.9 Fixed assets***Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets bringing them to their suitable conditions for their intended use. Expenditure incurred subsequently which has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, they are charged to the separate income statement when incurred.

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line method so as to write off the historical cost of the fixed assets over their estimated useful lives. The estimated useful lives are as follows:

Plants and structures	6 – 25 years
Machinery and equipment	3 – 10 years
Motor vehicles	4 – 10 years
Office equipment	3 – 6 years
Computer software	4 – 5 years

Land use rights with indefinite useful life are recorded at historical cost and are not amortised.

Land use rights with definite useful life are amortised using the straight-line method in accordance with the terms indicated in the land use right certificate.

Prepayments for land rental contracts, which became effective before or in 2003 and are granted land use rights certificates, are recorded in accordance with the guidance of Circular 45/2013/TT-BTC dated 25 April 2013 issued by Ministry of Finance and allocated using the straight-line method from 8 to 20 years in accordance with such land use rights certificates.

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount of the fixed assets and are recognised as income or expense in the separate income statement.

Construction in progress

Construction in progress represents the cost of assets in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, including construction costs; costs of tools and equipments; compensation and resettlement costs; project management expenditures; construction consulting expenditures; and capitalised borrowing costs for qualifying assets in accordance with the Company's accounting policies. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.10 Leased assets**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the separate income statement on a straight-line basis over the term of the lease.

2.11 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the separate balance sheet. Prepaid expenses are recorded at historical cost and allocated on the straight-line basis over estimated useful lives.

2.12 Payables

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services; and
- Other payables are non-trade payables and payables not related to purchases of goods and services.

Payables are classified into long-term and short-term payables on the separate balance sheet based on remaining period from the separate balance sheet date to the maturity date.

2.13 Borrowings

Borrowings include borrowings from banks.

Borrowings are classified into long-term and short-term based on their remaining terms from the separate balance sheet date to the maturity date.

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. In respect of general-purpose borrowings, a portion of which used for the purpose of construction or production of any qualifying assets, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the weighted average expenditure on that assets. The capitalisation rate is the weighted average of the interest rates applicable to the Company's borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are recognised in the separate income statement when incurred.

2.14 Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid for due to pending invoices or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.15 Provisions**

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a financial expense. Changes in the provision balance during the accounting fiscal year are recorded as an increase or decrease in operating expenses.

2.16 Fund for Science and Technology development

Fund for Science and Technology development is appropriated for the purpose of scientific and technological development activities. The fund is set up on the basis of maximum 10% of profit before tax and charged to expenses when appropriated.

2.17 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Company who have worked regularly for full 12 months or longer are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Company less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Company.

The severance allowance is accrued at the end of the reporting period on the basis that each employee is entitled half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee contract's average salary for the six-month period prior to the separate balance sheet date.

This allowance will be paid as a lump sum when the employees terminate their labour contracts in accordance with current regulations.

2.18 Capital

Owners' capital is recorded according to the actual amounts contributed and is recorded according to the par value of the shares.

Share premium is the difference between the par value and the issue price of shares; the difference between the repurchase price and re-issuing price of treasury shares.

Treasury shares are shares issued by the Company and bought back by itself, but these are not cancelled and may be re-issued subsequently in accordance with the Law on Securities.

Undistributed earnings record the Company's accumulated results after BIT at the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.19 Appropriation of profit***Dividend*

Dividend of the Company is recognised as a liability in the separate financial statements of the period in which the dividends are approved by the shareholders at General Meeting.

Profit after BIT could be distributed to shareholders after approval at the Company's General Meeting, and after appropriation to other funds in accordance with the Company's charter and Vietnamese regulations.

Bonus and welfare fund

The bonus and welfare fund is appropriated from the Company's profit after BIT and subject to shareholders' approval at the Company's Annual General Meeting of shareholders. This fund is presented as a liability on the separate balance sheet. This fund is set aside for the purpose of rewarding, encouragement, increasing common benefits and improvement of the employees' welfare and is recognised as a liability item in the separate balance sheet.

2.20 Revenue recognition**(a) Revenue from sales of goods**

Revenue from the sale of goods is recognised in the separate income statement when all five (5) following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised in accordance with the "substance over form" principle and allocated to each sale obligation. In cases where the Company gives promotional goods to customers associated with their purchases, the Company allocates the total considerations received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of sales in the income statement.

(b) Revenue from rendering of services

Revenue from rendering of services is recognised in the separate income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from the rendering of services is only recognised when all four (4) following conditions are satisfied:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.20 Revenue recognition (continued)****(b) Revenue from rendering of services (continued)**

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The percentage of completion of the transaction at the separate balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(c) Interest income

Interest income is recognised on an earned basis.

(d) Dividend income

Income from dividend is recognised when the Company has established the receiving right from investees.

2.21 Sales deductions

Sales deductions include sales returns and allowances. Sales deductions incurred in the same period of the related revenue from sales of products, goods and rendering of services are recorded as deduction of revenue of that period.

Sales deductions for sales of products, goods or rendering of services which are sold in the period but are incurred after the separate balance sheet date but before the issuance of the separate financial statements are recorded as deduction of revenue of the period.

2.22 Cost of goods sold and services rendered

~~Cost of goods sold and cost of services provided are cost of finished goods, merchandises, materials sold or services rendered during the period, and recorded on the basis of matching with revenue and on a prudence basis .~~

2.23 Financial expenses

Financial expenses are expenses incurred in the period for financial activities mainly including interest expenses, provision for diminution in value of investments in other entities and losses from foreign exchange differences.

2.24 Selling expenses

Selling expenses represent expenses that are incurred in the process of selling products, goods and providing services, which mainly comprise salary expenses of sales staff, publicity and advertising expenses, storage, packaging, transportation and other expenses.

2.25 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses and benefits of administrative staff, expenses of office materials, tools and supplies, depreciation of fixed assets used for administration, and other expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.26 Current and deferred income tax**

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the separate balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2.27 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, key management personnel, including directors of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering the related party relationship, the Company considers the substance of the relationship not merely the legal form.

2.28 Accounting estimates

The preparation of separate financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the separate financial statements and the reported amounts of revenues and expenses during the financial year.

The areas involving significant estimates and assumptions are as follows:

- Estimated useful life of fixed assets (Note 2.9); and
- Estimation of provision for decline in value of inventories (Note 9).

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3 CASH

	2019 VND	2018 VND
Cash on hand	259,501,065	271,849,959
Cash at bank	7,201,934,325	21,756,831,400
	<u>7,461,435,390</u>	<u>22,028,681,359</u>

4 INVESTMENTS
(a) Investments held to maturity

	2019		2018	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits at banks	<u>1,491,779,322,456</u>	<u>1,491,779,322,456</u>	<u>607,749,887,456</u>	<u>607,749,887,456</u>

Including the bank deposits with maturity of more than three months and less than one year and earn interest at the fixed interest rate in Vietnamese Dong.

As at 31 December 2019, some bank deposits were pledged with detail as follows:

- The term deposits of VND63,140,000,000 at Bank for Investment and Development of Vietnam (BIDV) – Dong Thap Branch were pledged to BIDV – Tien Giang Branch as a security (Note 16).
- The term deposits of VND23,275,000,000 at BIDV – Dong Thap Branch were pledged to BIDV – Tien Giang Branch as a security of Thanh Binh Dong Thap One Member Co., Limited.
- The term deposits of VND110,000,000,000 at BIDV – Dong Thap Branch were pledged to BIDV – Tien Giang Branch as a security for a credit facility of Vinh Phuoc Food Co., Limited.
- As at 31 December 2019, term deposits of VND67,500,000,000 at Vietnam Joint Stock Commercial Bank for Industry and Trade ("VietinBank") – Dong Thap Branch were pledged to VietinBank – Dong Thap Branch as a security for a credit facility (Note 16).

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4 INVESTMENTS (continued)
(b) Investments in subsidiaries

	2019		2018	
	Cost VND	Provision VND	Cost VND	Provision VND
Vinh Phuoc Food Co., Ltd (i)	400,000,000,000	(20,445,627,838)	300,000,000,000	(8,105,535,441)
Thanh Binh Dong Thap One Member Co., Ltd.	341,143,345,033	-	341,143,345,033	-
Vinh Hoan Collagen Co., Ltd.	107,500,000,000	-	107,500,000,000	-
Vinh Hoan Fish Hatchery Co., Ltd (ii)	28,900,000,000	-	-	-
Vinh Hoan 2 Food Co., Ltd. (iii)	-	-	99,300,000,000	(99,300,000,000)
	<u>877,543,345,033</u>	<u>(20,445,627,838)</u>	<u>847,943,345,033</u>	<u>(107,405,535,441)</u>

Details of principal activities and voting rights in these subsidiaries are presented in Note 1.

- (i) In accordance with the Resolution of the Board of Directors on 13 July 2019, the Board of Directors approved the decision to increase the contributed charter capital of Vinh Phuoc Food Co., Ltd. from VND300,000,000,000 to VND400,000,000,000.
- (ii) In accordance with the Resolution of the Board of Directors on 2 January 2019, the Board of Directors approved the capital contribution of 45% of the registered charter capital, equivalent to VND22,500,000,000 to establish Vinh Hcan Fish Hatchery Co., Ltd., at Vinh Buong Hamlet, Vinh Hoa Commune, Tan Chau Town, An Giang Province, whose principal activity is freshwater aquaculture. Subsequently, the capital commitment was increased to VND48,000,000,000 following the decision of the Board of Directors on 30 July 2019, which accounted for 96% of the subsidiary's registered charter capital. As 31 December 2019, the actual capital contribution was VND28,900,000,000.
- (iii) In accordance with the Resolution of the Board of Directors on 25 February 2019, the Board of Directors approved the decision to dissolve Vinh Hoan 2 Food Co., Ltd. The dissolution has been complete following the Announcement of Dong Thap Department of Planning and Investment on 7 March 2019.

4 INVESTMENT (continued)**(b) Investments in subsidiaries (continued)***Operational status of subsidiaries*

Vinh Hoan 2 Food Co., Ltd. has been dissolved in accordance with the Board of Directors' Resolution on 25 February 2019.

Other subsidiaries are operating in their normal course of business.

Capital commitment

In 2012, the Company established Vinh Hoan 4 Co., Ltd. in accordance with Enterprise registration certificate No. 1401711796 dated 16 October 2013. As at the reporting date of these separate financial statements, the Company has not made capital contribution to this entity.

Fair Value

As at the reporting date of these separate financial statements, the Company has not had sufficient information to determine the fair value of these investments.

(c) Investments in associates

	2019		2018	
	Cost VND	Provision VND	Cost VND	Provision VND
Van Duc Tien Giang (*)	-	-	409,982,611,404	-
Octogone (*)	-	-	3,764,875,000	-
	-	-	413,747,486,404	-

(*) In accordance with the Resolution of the Board of Directors on 7 June 2019, the Board of Directors approved the transfer of 35% of the share capital of Van Duc Tien Giang and 25% of the share capital of Octogone to other investors. Accordingly, the Company has signed agreements with two investors and complete the share transfers in 2019.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2019 VND	2018 VND
Third parties (*)	1,418,275,755,060	1,897,838,918,079
Related parties (Note 34b(i))	19,378,300,243	86,586,271,670
	<u>1,437,654,055,293</u>	<u>1,984,425,189,749</u>

(*) As at the date of these separate financial statements, customers accounting for 10% or more of total short-term trade account receivables balance included Coast Beacon with the balance of VND805,245,602,134 (as at 31 Dec 2018: VND1,451,342,974,536).

As at 31 December 2019, accounts receivable of USD12,750,000 (equivalent to VND294,780,000,000 as translated using the exchange rate as at 31 December 2019) was pledged to HSBC Bank (Vietnam) Ltd. ("HSBC Bank") (Note 16).

As at 31 December 2019, accounts receivable of USD10,000,000 (equivalent to VND231,200,000,000 as translated using the exchange rate as at 31 December 2019) was pledged to ANZ Bank ("ANZ Bank") – Ho Chi Minh Branch (Note 16).

As at 31 December 2019 and 31 December 2018, the balances of short-term trade accounts receivable which were past due over 1 year amounting to VND3,110,916,376 and VND3,956,628,834 respectively.

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2019 VND	2018 VND
Third parties	13,862,750,885	50,345,994,497

(*) As at the date of these separate financial statements, suppliers accounting for 10% or more of total short-term prepayment to suppliers included Boi Anh Co., Ltd. with the balance of VND7,498,160,821 (as at 31 December 2018: VND31,559,401,547).

7 SHORT-TERM LENDING

The balance represents short-term lending to related parties (Note 34b(ii)).

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8 OTHER SHORT-TERM RECEIVABLES

	2019	2018
	VND	VND
Interest receivables from lendings	20,766,485,776	8,235,345,808
Related parties (Note 34b(iii))	2,533,021,003	9,865,064,733
Advances	1,877,002,644	628,157,890
Social insurance receivable	-	4,813,746,466
Others	479,975,862	3,679,555,411
	<u>25,656,485,285</u>	<u>27,221,870,308</u>

As at 31 December 2019 and 31 December 2018, there was no balance of other receivables that was past due or not past due but doubtful.

9 INVENTORIES

	2019		2018	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Raw materials	42,579,247,255	-	38,372,581,105	-
Tools and supplies	1,795,908,384	-	1,705,582,481	-
Work in progress	606,771,314,312	-	490,128,995,168	-
Finished goods	468,275,744,245	(59,438,305,704)	667,849,028,615	(100,189,739,746)
Merchandises	5,784,706,931	-	6,301,185,373	-
Properties for sales	24,700,569,047	-	-	-
Goods on consignment	30,785,641,457	-	-	-
	<u>1,180,693,131,631</u>	<u>(59,438,305,704)</u>	<u>1,204,357,372,742</u>	<u>(100,189,739,746)</u>

As at 31 December 2019 and 31 December 2018, inventories amounting to USD8,750,000 (equivalent to VND202,300,000,000 as translated using the exchange rate as at 31 December 2019) were pledged to HSBC Bank as a (Note 16).

As at 31 December 2019, inventories amounting to USD4,000,000 (equivalent to VND92,480,000,000 as translated using the exchange rate as at 31 December 2019) were pledged to ANZ Bank – Ho Chi Minh Branch (Note 16).

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9 INVENTORIES

Movements in the provision for decline in value of inventories during the year were as follows:

	2019 VND	2018 VND
Beginning of year	100,189,739,746	27,653,787,102
(Reversal of provision)/increase	(40,751,434,042)	72,535,952,644
End of year	<u>59,438,305,704</u>	<u>100,189,739,746</u>

Provision was made for inventories whose net realisable value was lower than their costs.

10 LONG-TERM PREPAID EXPENSES

	2019 VND	2018 VND
Reinforcing fisheries	32,232,706,592	7,635,739,393
Land rental	23,818,206,801	8,505,961,397
Professional services fee	12,846,344,149	7,407,596,557
Office renovation	319,998,323	2,172,873,851
Others	9,064,771,619	8,631,467,493
	<u>78,282,027,484</u>	<u>34,353,638,691</u>

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11 FIXED ASSETS

(a) Tangible fixed assets

	Plants and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
As at 1 January 2019	386,153,333,344	487,810,988,291	23,756,780,910	6,338,506,205	904,059,608,750
New purchases	2,641,546,000	11,358,446,536	98,000,000	2,582,109,943	16,680,102,479
Transfers from construction in progress (Note 12)	25,793,500,806	48,087,668,073	1,231,381,819	277,050,000	75,389,600,698
Disposals	(5,583,669,656)	(29,339,556,687)	(1,411,636,364)	(112,237,275)	(36,447,099,982)
As at 31 December 2019	409,004,710,494	517,917,546,213	23,674,526,365	9,085,428,873	959,682,211,945
Accumulated depreciation					
As at 1 January 2019	202,192,380,016	392,247,487,267	11,475,360,409	3,619,762,525	609,534,990,217
Charge for the year	21,658,518,368	22,958,930,064	3,470,761,814	4,356,358,396	49,444,568,642
Disposals	(5,583,669,656)	(27,948,201,440)	(1,411,636,364)	(112,237,275)	(35,055,744,735)
As at 31 December 2019	218,267,228,728	387,258,215,891	13,534,485,859	4,863,883,646	623,923,814,124
Net book value					
As at 1 January 2019	183,960,953,328	95,563,501,024	12,281,420,501	2,718,743,680	294,524,618,533
As at 31 December 2019	190,737,481,766	130,659,330,322	10,140,040,506	4,221,545,227	335,758,397,821

As at 31 December 2019, tangible fixed assets with a carrying value of VND54,575,639,396 (as at 31 December 2018: VND58,433,798,937) were pledged to banks as a security for borrowings granted to the Company (Note 16).

Historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2019 was VND451,075,491,727 (as at 31 December 2018: VND442,652,604,170).

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11 FIXED ASSETS (continued)
(b) Intangible fixed assets

	Land use rights VND	Computer software VND	Total VND
Historical cost			
As at 1 January 2019	43,729,411,650	1,831,066,058	45,560,477,708
New purchases	-	562,500,000	562,500,000
Transfers from construction in progress (Note 12)	8,537,214,850	488,694,353	9,025,909,203
As at 31 December 2019	<u>52,266,626,500</u>	<u>2,882,260,411</u>	<u>55,148,886,911</u>
Accumulated amortisation			
As at 1 January 2019	2,587,019,426	1,029,898,130	3,616,917,556
Charge for the year	559,631,514	393,509,596	953,141,110
As at 31 December 2019	<u>3,146,650,940</u>	<u>1,423,407,726</u>	<u>4,570,058,666</u>
Net book value			
As at 1 January 2019	<u>41,142,392,224</u>	<u>801,167,928</u>	<u>41,943,560,152</u>
As at 31 December 2019	<u>49,119,975,560</u>	<u>1,458,852,685</u>	<u>50,578,828,245</u>

As at 31 December 2019, the Company's land use rights with carrying value of VND11,672,176,671 (as at 31 December 2018: VND11,882,009,488) were pledged to banks as a security for borrowings granted to the Company (Note 16).

Historical cost of fully amortised intangible fixed assets as at 31 December 2019 was VND942,106,790 (as at 31 December 2018: VND705,229,790).

12 CONSTRUCTION IN PROGRESS

Details of construction in progress by projects were as follows:

	2019 VND	2018 VND
Expenses related to fishponds	140,673,185,682	114,810,090,342
Acquisition of fixed assets	5,176,442,613	46,496,863,460
Houses built for employees	-	29,729,447,831
Others	4,913,235,655	13,040,429,061
	<u>150,762,863,950</u>	<u>204,076,830,694</u>

12 CONSTRUCTION IN PROGRESS (continued)

Movements in construction in progress during the year were as follows:

	2019 VND	2018 VND
Beginning of year	204,076,830,694	158,961,999,991
Purchase	112,883,788,049	220,767,991,590
Transfers to tangible fixed assets (Note 11(a))	(75,389,600,698)	(118,390,499,736)
Transfers to inventories	(29,975,834,031)	-
Transfers to intangible fixed assets (Note 11(b))	(9,025,909,203)	(713,238,968)
Transfers to long-term prepaid expenses	(40,507,921,964)	(5,760,406,733)
Disposals	(10,926,117,000)	(48,083,164,200)
Others	(372,371,897)	(2,705,851,250)
	<u>150,762,863,950</u>	<u>204,076,830,694</u>

13 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2019		2018	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Third parties	164,258,455,158	164,258,455,158	189,638,518,404	189,638,518,404
Related parties (Note 34(b(iv)))	102,017,989,880	102,017,989,880	32,495,462,024	32,495,462,024
	<u>266,276,445,038</u>	<u>266,276,445,038</u>	<u>222,133,980,428</u>	<u>222,133,980,428</u>

As at 31 December 2019 and 31 December 2018, there is no supplier whose balance for more than 10% of total short-term trade accounts payable.

14 TAX AND OTHER PAYABLES TO THE STATE

	2019 VND	2018 VND
BIT	116,565,471,555	224,473,351,698
Personal income tax	2,278,605,802	8,109,765,477
	<u>118,844,077,357</u>	<u>232,583,117,175</u>

14 TAX AND OTHER PAYABLES TO THE STATE (continued)

Movements in tax and other payables to the State were as follows:

	As at 1.1.2019 VND	Payable during the year VND	Payment during the year VND	As at 31.12.2019 VND
BIT	224,473,351,698	116,893,833,343	(224,801,713,486)	116,565,471,555
Personal income tax	8,109,765,477	14,776,900,227	(20,608,059,902)	2,278,605,802
	<u>232,583,117,175</u>	<u>131,670,733,570</u>	<u>(245,409,773,388)</u>	<u>118,844,077,357</u>

15 OTHER SHORT-TERM PAYABLES

	2019 VND	2018 VND
Export consignment fee (*)	149,055,673,473	-
Payables to the Trade Union (**)	28,873,337,116	28,753,988,040
Union fees	22,625,201,864	19,418,658,126
Dividend payable (Note 22)	150,138,775	329,605,650
Other payables	579,988,312	15,386,481,719
Related parties (Note 34b(v))	466,199,674,229	649,666,424,561
	<u>667,484,013,769</u>	<u>713,555,158,096</u>

(*) This is mainly the amount payable to export consignment services provided to Van Duc Tien Giang.

(**) This is the amount payable to the Trade Union in respect of the housing construction project for the employees to which the Trade Union has advanced.

As at 31 December 2019 and 31 December 2018, there was no balance of other short-term payables that was past due.

16 BORROWINGS

	As at 1.1.2019 VND	Increase VND	Decrease VND	As at 31.12.2019 VND
Bank loans	1,087,981,213,493	3,380,555,120,282	(3,889,011,936,748)	579,524,397,027

Details of short-term borrowings were as follows:

	2019 VND	2018 VND
HSBC Bank (Vietnam) Limited (i)	85,092,473,566	238,280,000,000
Bank for Investment and Development of Vietnam JSC ("BIDV") - Tien Giang Branch (ii)	158,632,327,082	239,571,494,116
ANZ Bank (Vietnam) Limited - Ho Chi Minh City Branch (iii)	102,386,146,557	320,728,673,762
Vietnam Joint Stock Commercial Bank for Industry and Trade ("VietinBank") - Dong Thap Branch (iv)	161,163,449,822	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh City Branch (v)	72,250,000,000	289,401,045,615
	579,524,397,027	1,087,981,213,493

As at 31 December 2019 and 31 December 2018, there was no balance of short-term borrowings that was past due.

- (i) The balance represents borrowings in VND with applicable interest rates being specified for each drawdown to finance the Company's working capital. The borrowings are secured by trade accounts receivable (Note 5) and inventories (Note 9).
- (ii) The balance represents borrowings in VND with applicable interest rates being specified for each drawdown to finance the Company's working capital. The borrowings are secured by short-term deposits of VND63,140,000,000 and the associated interest at BIDV Bank – Dong Thap Branch (Note 4).
- (iii) The balance represents borrowings in VND of ANZ Bank - Ho Chi Minh Branch. The applicable interest rates will be determined and announced by the bank for each drawdown. The borrowings are secured by accounts receivable (Note 5) and inventories (Note 9).
- (iv) The balance represents borrowings in VND with applicable interest rates being specified for each drawdown to finance the Company's working capital. The borrowings are secured by short-term deposits and the associated interest at VietinBank – Dong Thap Branch, amounting to VND67,500,000,000 (Note 4).
- (v) The balance represents borrowings in Vietnamese Dong with applicable interest rates being specified for each drawdown to finance the Company's working capital. The borrowings are secured by the land use rights and the assets attached to the land including the Company's factory workshops 1, 2 and 3 (Note 11).

17 PROVISION FOR LONG-TERM LIABILITIES

The balance represents provision for severance allowance.

18 DEFERRED INCOME TAX

	2019 VND	2018 VND
Deferred income tax assets:		
Deferred income tax assets to be recovered after more than 12 months	<u>1,270,476,762</u>	<u>2,256,769,400</u>

Movements in the deferred income tax, taking into consideration the offsetting of balances within the same tax jurisdiction, were as follows:

	2019 VND	2018 VND
Beginning of year	2,256,769,400	2,313,831,770
Separate income statement charge (Note 31)	<u>(986,292,638)</u>	<u>(57,062,370)</u>
End of year	<u>1,270,476,762</u>	<u>2,256,769,400</u>

Deferred assets mainly come from provision for severance allowance and temporary differences due to foreign currency translation at period-end.

The Company uses tax rate of 15% for determining deferred tax assets and deferred tax liabilities.

Deferred income tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised.

19 BONUS AND WELFARE FUND

Movements of bonus and welfare fund during the year were as follows:

	2019 VND	2018 VND
Beginning of year	33,230,654,765	47,270,774,848
Appropriation (Note 21)	20,000,000,000	10,941,230,243
Utilisation	(22,810,040,850)	(22,171,350,326)
Allocation to the Group's other entities	<u>(2,670,000,000)</u>	<u>(2,810,000,000)</u>
End of year	<u>27,750,613,915</u>	<u>33,230,654,765</u>

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20 OWNERS' CAPITAL

(a) Number of shares

	2019		2018	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	183,376,956	-	92,403,943	-
Number of shares issued	183,376,956	-	92,403,943	-
Number of shares repurchased	1,430,930	-	-	-
Number of existing shares in circulation	181,946,026	-	92,403,943	-

(b) Movements of share capital

	Number of shares	Ordinary shares VND	Treasury share VND	Total VND
As at 1 January 2018	92,403,943	924,039,430,000	-	924,039,430,000
As at 31 December 2018	92,403,943	924,039,430,000	-	924,039,430,000
Treasury share	(1,430,930)	-	(114,215,880,222)	(114,215,880,222)
New shares issued	90,973,013	909,730,130,000	-	909,730,130,000
As at 31 December 2019	181,946,026	1,833,769,560,000	(114,215,880,222)	1,719,553,679,778

Par value per share: VND10,000.

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21 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Undistributed earnings VND	Total VND
As at 1 January 2018	924,039,430,000	216,408,744,645	(3,015,672,745)	1,378,491,719,849	2,515,925,221,749
Net profit for the year	-	-	-	1,711,363,147,698	1,711,363,147,698
Treasury shares re-issued	-	7,365,045,255	3,015,672,745	-	10,380,718,000
2017 dividends declared (Note 22)	-	-	-	(184,603,766,000)	(184,603,766,000)
2018 interim dividends declared (Note 22) (*)	-	-	-	(184,726,166,000)	(184,726,166,000)
Appropriation to bonus and welfare fund (Note 19)	-	-	-	(10,941,230,243)	(10,941,230,243)
As at 31 December 2018	924,039,430,000	223,774,789,900	-	2,709,583,705,304	3,857,397,925,204
Net profit for the year	-	-	-	698,112,510,582	698,112,510,582
Treasury shares purchase (**)	-	-	(114,215,880,222)	-	(114,215,880,222)
2018 final dividends declared (Note 22) (*)	-	-	-	(184,807,886,000)	(184,807,886,000)
2019 dividends declared (Note 22) (***)	909,730,130,000	-	-	(909,730,130,000)	-
Appropriation to bonus and welfare fund (Note 19) (****)	-	-	-	(20,000,000,000)	(20,000,000,000)
As at 31 December 2019	1,833,769,560,000	223,774,789,900	(114,215,880,222)	2,293,158,199,886	4,236,486,669,564

(*) In accordance with the Resolution No. 01/DHCD/NQ/19 of the Annual General Meeting dated 26 April 2019, the Company's shareholders approved dividend payment in cash with a ratio of 40% of par value (VND4,000 per share), equivalent to VND369,534,052,000 from the undistributed earnings of 2018, in which the Company declared 20% cash dividend payout, equivalent to VND184,726,166,000, in 2018 and paid the remaining dividends, equivalent to VND184,807,886,000, in 2019.

(**) In accordance with the Resolution of the Board of Directors on 30 August 2019, the Board of Directors approved the purchase of 2,000,000 treasury shares, equivalent to VND114,215,880,222.

(***) In accordance with the Resolution of the Board of Directors on 29 November 2019, the Board of Directors approved dividend payment of 2019 in shares with total shares issued of 90,973,013, equivalent to VND909,730,130,000 from the undistributed earnings of 2018.

21 MOVEMENTS IN OWNERS' EQUITY (continued)

(****) In accordance with the Resolution No. 01/DHCD/NQ/19 of the Annual General Meeting dated 26 April 2019, the Company appropriated an amount of VND20,000,000,000 from profit after tax of 2018 to the bonus and welfare funds for the year ended 31 December 2019.

22 DIVIDENDS

	2019 VND	2018 VND
Beginning of year	329,605,650	179,712,750
Dividends payable during the year	184,807,886,000	369,329,932,000
Dividends paid in cash	(184,987,352,875)	(369,220,123,400)
Others	-	40,084,300
End of year	<u>150,138,775</u>	<u>329,605,650</u>

23 OFF BALANCE SHEET ITEMS**(a) Operating leases commitments**

The future minimum lease receipts under non-cancellable operating leases were presented in Note 35.

(b) Foreign currencies

	2019 VND	2018 VND
United States Dollar ("USD")	199,122.40	768,438.32
Euro ("EUR")	0.99	305.85
Chinese Yuan Renminbi ("CNY")	<u>3,113.74</u>	<u>3,308.20</u>

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24 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2019 VND	2018 VND
Revenue		
Revenue from sales of finished goods	4,495,594,465,921	5,910,650,899,895
Revenue from sales of merchandises	1,185,994,447,805	871,501,083,119
Revenue from sales of by-products	630,686,899,724	893,802,764,631
Revenue from rendering of services	105,943,015,116	152,187,504,046
Revenue from sales of raw materials	9,809,642,180	13,309,865,561
	<u>6,428,028,470,746</u>	<u>7,841,452,117,252</u>
Sales deductions		
Sales allowances	(15,703,044,111)	(90,155,064,109)
Sales returns	(7,124,420,245)	(2,858,558,079)
	<u>(22,827,464,356)</u>	<u>(93,013,622,188)</u>
Net revenue from sales of goods and rendering of services	<u>6,405,201,006,390</u>	<u>7,748,438,495,064</u>

25 COST OF GOODS SOLD AND SERVICES RENDERED

	2019 VND	2018 VND
Cost of finished goods sold	3,650,906,231,363	4,267,074,268,041
Cost of merchandises sold	1,132,810,670,330	827,545,012,010
Cost of by-products sold	630,052,386,258	863,458,066,790
Cost of services rendered	5,790,261,891	14,673,008,911
Cost of raw materials sold	14,402,182,978	13,288,450,626
(Reversal of provision)/provision for decline in value of inventories	(40,751,434,042)	72,535,952,644
	<u>5,393,210,298,778</u>	<u>6,058,574,759,022</u>

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26 FINANCIAL INCOME

	2019 VND	2018 VND
Dividend received (*)	92,380,864,998	504,691,431,352
Interest income from deposits	75,713,043,798	64,821,187,004
Realised foreign exchange gains	38,686,626,784	56,651,305,075
Interest income from lending	26,564,129,000	25,786,155,836
Income from disposal of investment in associate	16,902,317,064	-
Interest income on the advances for purchases of raw materials	5,994,174,344	4,124,353,199
Other financial income	-	89,910,006
	<u>256,241,155,988</u>	<u>656,164,342,472</u>

(*) In accordance with the Resolutions of the Board of Members on 27 March 2019 and 1 June 2019, Van Duc Tien Giang declared dividend payment to the Company from its undistributed earnings at the end of quarter 1 of the year 2019, amounting to VND92,380,864,998.

27 FINANCIAL EXPENSES

	2019 VND	2018 VND
Interest expenses	46,144,147,038	39,316,767,091
Realised foreign exchange losses	24,676,039,622	33,204,414,620
Provision/(reversal of provision) for diminution in value of investments	12,340,092,397	(25,478,857,533)
Net loss from foreign currency translation at year-end	2,105,234,827	6,806,612,717
Financial support for a subsidiary (Note 34a(x))	-	38,651,286,693
Others	482,611,403	-
	<u>85,748,125,287</u>	<u>92,500,223,588</u>

28 SELLING EXPENSES

	2019 VND	2018 VND
Transportation, storage and other outsourced service expenses	211,087,784,917	158,475,806,852
Exhibition and advertising expenses	17,102,210,254	18,675,463,164
Staff costs	8,938,319,798	10,131,132,017
Other expenses	35,062,008,592	36,043,287,487
	<u>272,190,323,561</u>	<u>223,325,689,520</u>

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29 GENERAL AND ADMINISTRATION EXPENSES

	2019 VND	2018 VND
Staff costs	35,846,395,276	35,917,106,525
Office tools and supplies	12,307,168,265	5,959,461,833
Depreciation and amortisation	5,998,289,108	8,711,816,505
Appropriation to Fund for Science and Technology Development	-	10,000,000,000
Other expenses	43,607,964,622	39,066,909,269
	<u>97,759,817,271</u>	<u>99,655,294,132</u>

30 NET OTHER INCOME

	2019 VND	2018 VND
Other income		
Net gains on disposal of fixed assets	7,705,356,461	1,151,124,408
Income from sales of scraps	1,906,233,731	709,747,728
Gains on revaluation of assets contributed to a subsidiary	-	7,360,253,964
Others	3,727,006,807	2,415,722,425
	<u>13,338,596,999</u>	<u>11,636,848,525</u>
Other expenses		
Support and donations	5,226,846,560	-
Penalty expenses	-	782,281,403
Others	4,652,711,357	4,248,553,581
	<u>9,879,557,917</u>	<u>5,030,834,984</u>

31 BIT

In accordance with Circular No. 96/2015/TT-BTC dated 22 June 2015 issued by the Ministry of Finance, the Company is subject to BIT ("BIT") at the rate of 15% for aquaculture processing activities.

The Company's other activities are subject to the BIT rate of 20%.

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 20% as follows:

	2019 VND	2018 VND
Net accounting profit before tax	815,992,636,563	1,937,152,884,815
Tax calculated at a rate of 20%	163,198,527,313	387,430,576,963
Effect of:		
Income not subject to tax	(18,476,173,000)	(100,938,286,270)
Non-deductible expenses	1,296,440,121	587,932,502
Tax incentive	(28,138,668,453)	(62,221,447,339)
Under-provision in previous years	-	930,961,261
BIT charge	<u>117,880,125,981</u>	<u>225,789,737,117</u>
Charged to the separate income statement:		
BIT – current	116,893,833,343	225,732,674,747
BIT – deferred (Note 18)	986,292,638	57,062,370
	<u>117,880,125,981</u>	<u>225,789,737,117</u>

32 COSTS OF OPERATION BY FACTOR

	2019 VND	2018 VND
Raw materials	6,030,054,573,158	6,264,641,775,896
Outsourced service expenses	944,342,457,223	768,788,299,722
Labour	478,144,233,758	550,863,954,401
Depreciation and amortisation expenses	49,243,107,636	62,959,049,171
Others	162,182,838,118	160,523,933,455
	<u>7,663,967,209,893</u>	<u>7,807,777,012,645</u>

33 ADDITIONAL INFORMATION ON CERTAIN ITEMS OF THE SEPARATE STATEMENT OF CASH FLOWS

	Year ended 31 December	
	2019 VND	2018 VND
(a) Non-cash transactions affecting the separate cash flow statement		
Purchase of fixed assets and other long-term assets that have not been settled	9,958,831,641	5,161,827,468
Capital contribution to subsidiary by fixed assets	-	83,143,345,033
	-	83,143,345,033
(b) Amount of borrowings actually drawn down during the year		
Proceeds from borrowings following normal borrowing contracts	3,380,555,120,282	3,908,639,308,194
	3,380,555,120,282	3,908,639,308,194
(c) Amount of borrowings actually repaid during the year		
Repayments of borrowings following normal borrowing contracts	3,889,011,936,748	3,449,390,098,764
	3,889,011,936,748	3,449,390,098,764
34 RELATED PARTY DISCLOSURES		
(a) Related party transactions		
During the year, the following major transactions were carried out with related parties:		
	2019 VND	2018 VND
<i>j) Revenue from sales of goods and rendering of services</i>		
Subsidiaries		
Thanh Binh Dong Thap One Member Co., Ltd.	490,621,761,096	490,815,602,707
Vinh Hoan Collagen Co., Ltd.	18,349,904,073	18,961,521,557
Vinh Phuoc Food Co., Ltd.	23,377,089,573	521,604,494
Associates		
Van Duc Tien Giang (*)	22,336,214,683	59,945,029,631
Other related parties		
Octogone (Guangzhou) Trading Co., Ltd. (*)	319,573,411,453	303,549,904,485
Van Duc Food Co., Ltd.	7,929,237,114	7,680,167,188
	882,187,617,992	881,473,830,062

34 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	2019 VND	2018 VND
<i>ii) Purchases of goods and services</i>		
Subsidiaries		
Vinh Hoan Collagen Co., Ltd.	534,598,295,195	282,542,963,915
Vinh Phuoc Food Co., Ltd.	500,800,301,456	33,289,819,093
Thanh Binh Dong Thap One Member Co., Ltd.	14,284,160,440	121,857,906,989
Vinh Hoan 2 Food Co., Ltd.	-	2,789,363,800
Associates		
Van Duc Tien Giang (*)	8,440,846,799	18,060,393,181
Other related parties		
Individuals	26,622,495,360	44,128,540,120
Van Duc Food Co., Ltd.	116,200	-
	<u>1,084,746,215,450</u>	<u>502,668,987,098</u>
<i>iii) Sales of fixed assets</i>		
Subsidiaries		
Thanh Binh Dong Thap One Member Co., Ltd.	3,033,373,022	100,000,000
Vinh Phuoc Food Co., Ltd.	-	100,000,000
Associates		
Van Duc Tien Giang (*)	-	51,152,531,314
Other related parties		
Van Duc Food Co., Ltd.	15,191,995,392	-
	<u>18,225,368,414</u>	<u>51,352,531,314</u>

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34 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	2019 VND	2018 VND
iv) Purchases of fixed assets		
Associates		
Van Duc Tien Giang (*)	2,481,818,182	-
v) Capital contribution (Note 4(b))		
Subsidiaries		
Vinh Phuoc Food Co., Ltd.	100,000,000,000	300,000,000,000
Vinh Hoan Fish Hatchery	28,900,000,000	-
Thanh Binh Dong Thap One Member Co., Ltd.	-	83,143,345,033
	<u>128,900,000,000</u>	<u>383,143,345,033</u>
vi) Divestment		
Subsidiary and associates		
Vinh Hoan 2 Food Co., Ltd.	99,300,000,000	-
Octogone (*)	-	11,930,625,000
	<u>99,300,000,000</u>	<u>11,930,625,000</u>
vii) Dividend received		
Associates		
Van Duc Tien Giang (*)	92,380,864,998	497,829,865,192
Octogone (*)	-	6,000,000,000
	<u>92,380,864,998</u>	<u>503,829,865,192</u>

34 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	2019 VND	2018 VND
viii) Short-term lending		
Subsidiaries		
Vinh Phuoc Food Co., Ltd	282,700,000,000	167,685,000,000
Vinh Hoan Collagen Co., Ltd	137,200,000,000	282,400,000,000
Thanh Binh Dong Thap One Member Co., Ltd.	74,200,000,000	311,200,000,000
Vinh Hoan 2 Food Co., Ltd.	-	58,230,000,000
Associates		
Van Duc Tien Giang (*)	6,000,000,000	171,000,000,000
	<u>500,100,000,000</u>	<u>990,515,000,000</u>
ix) Interest income from short-term lending		
Subsidiaries		
Vinh Phuoc Food Co., Ltd	11,675,792,000	2,024,203,836
Vinh Hoan Collagen Co., Ltd	8,241,706,000	10,371,175,000
Thanh Binh Dong Thap One Member Co., Ltd.	6,617,075,000	6,205,718,000
Vinh Hoan 2 Food Co., Ltd.	-	4,179,190,000
Associates		
Van Duc Tien Giang (*)	29,556,000	3,005,869,000
	<u>26,564,129,000</u>	<u>25,786,155,836</u>
x) Financial support for a subsidiary (Note 27)		
Subsidiaries		
Vinh Hoan 2 Food Co., Ltd.	-	38,651,286,693
xi) Compensation of key management		
Gross salaries and other benefits	20,298,087,383	25,474,908,560

(*) These are transactions for the period from 1 January 2019 and 30 June 2019 in which Van Duc Tien Giang was an associate of the Company.

These are transactions for the period from 1 January 2019 and 31 August 2019 in which Octogone was an associate of the Company.

34 RELATED PARTY DISCLOSURES (continued)

(b) Year-end balances with related parties

	2019 VND	2018 VND
<i>i) Short-term trade accounts receivable (Note 5)</i>		
Subsidiaries		
Thanh Binh Dong Thap One Member Co., Ltd.	18,187,023,814	71,600,671,006
Associates		
Van Duc Tien Giang	-	11,869,754,315
Other related parties		
Van Duc Food Co., Ltd.	1,191,276,429	3,115,846,349
	<u>19,378,300,243</u>	<u>86,586,271,670</u>
<i>ii) Short-term lendings (Note 7)</i>		
Subsidiaries		
Vinh Phuoc Food Co., Ltd.	317,485,000,000	152,685,000,000
Vinh Hoan Collagen Co., Ltd.	88,350,000,000	245,350,000,000
Thanh Binh Dong Thap One Member Co., Ltd.	7,893,746,000	306,993,746,000
	<u>413,728,746,000</u>	<u>705,028,746,000</u>
<i>iii) Other short-term receivables (Note 8)</i>		
Subsidiaries		
Vinh Phuoc Food Co., Ltd.	2,108,600,000	737,115,000
Vinh Hoan Collagen Co., Ltd.	330,369,000	1,212,414,000
Thanh Binh Dong Thap One Member Co., Ltd.	69,886,000	1,596,134,415
Associates		
Van Duc Tien Giang	-	94,039,000
Octogone	-	6,000,000,000
Other related parties		
Board of Management and Directors	24,166,003	225,362,318
	<u>2,533,021,003</u>	<u>9,865,064,733</u>

34 RELATED PARTY DISCLOSURES (continued)

(b) Year-end balances with related parties (continued)

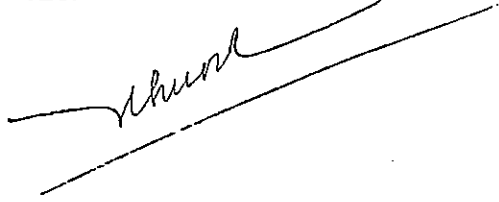
	2019 VND	2018 VND
<i>iv) Short-term trade accounts payable (Note 13)</i>		
Subsidiaries		
Vinh Hoan Collagen Co., Ltd.	60,238,949,837	27,547,809,069
Vinh Phuoc Food Co., Ltd.	41,779,040,043	4,947,652,955
	<u>102,017,989,880</u>	<u>32,495,462,024</u>
<i>v) Other short-term payables (Note 15)</i>		
Subsidiaries		
Thanh Binh Dong Thap One Member Co., Ltd.	449,435,728,661	455,110,843,598
Vinh Hoan Collagen Co., Ltd.	2,670,000,000	1,310,000,000
Associates		
Van Duc Tien Giang	-	165,203,561,518
Other related parties		
Van Duc Food Co., Ltd.	14,093,945,568	28,042,019,445
	<u>466,199,674,229</u>	<u>649,666,424,561</u>

35 OPERATING LEASES COMMITMENTS

The future minimum lease payment under non-cancellable operating leases are as follows:

	2019 VND	2018 VND
Within one year	8,475,952,356	4,723,752,054
Between one and five years	31,738,275,305	18,895,008,214
Over five years	33,065,424,857	25,922,371,221
Total minimum payments	<u>73,279,652,518</u>	<u>49,541,131,489</u>

The separate financial statements were approved by the Board of Management on 20 March 2020.



Ha Thi Phuong Thuy Hong Nhung
Preparer/Chief Accountant



Phuong Thi Le Khanh
Legal representative
20 March 2020

