

VINH HOAN CORPORATION

**CONSOLIDATED 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

Enterprise code No. 1400112623 dated 17 April 2007 which was initially issued by the Department of Planning and Investment of Dong Thap Province with the latest amended Enterprise registration certificate dated 14 January 2020.

Chairwoman

Mrs. Truong Thi Le Khanh

Board of Directors

Mrs. Truong Thi Le Khanh	Chairwoman
Mrs. Nguyen Ngo Vi Tam	Member
Mr. Vo Phu Duc	Member
Mrs. Truong Tuyet Hoa	Member
Mrs. Nguyen Thi Kim Dao	Member

Board of Supervision

Mrs. Nguyen Thi Cam Van	Head
Mr. Nguyen Quang Vinh	Member
Mrs. Phan Thi Kim Hoa	Member (from 26 April 2019)
Mrs. Nguyen Thi Thai Ly	Member (until 26 April 2019)

Board of Management

Mrs. Nguyen Ngo Vi Tam	General Director
Mr. Huynh Duc Trung	Permanent Director
Mrs. Nguyen Thi Kim Dao	Director - Finance
Mrs. Ho Thanh Hue	Director - Production
Mrs. Truong Tuyet Hoa	Director - Sales
Mrs. Dang Thi Thuong	Director - Sustainable development
Mrs. Le Thi Dieu Thi	Director - Quality control

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 CONSOLIDATED FINANCIAL STATEMENTS

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group 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 Group and which enable consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the consolidated financial statements. The Board of Management is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud or errors.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements as set out on pages 5 to 45 which give a true and fair view of the financial position of the Group 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 consolidated financial statements.

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 consolidated financial statements of Vinh Hoan Corporation ("the Company") and its subsidiaries (together referred to as "the Group") which were prepared on 31 December 2019 and approved by the Board of Management on 20 March 2020. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2019, the consolidated income statement and the consolidated cash flow statement for the year then ended, and explanatory notes to the consolidated financial statements including significant accounting policies, as set out on pages 5 to 45.

The Board of Management's Responsibility

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements and for such internal control which the Board of Management determines as necessary to enable the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

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

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

Auditor's Opinion

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

Other Matters

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



Quach Thanh Chau
Audit Practising Licence No.
0875-2018-006-1
Authorised signatory

Report reference number: HCM9028
Ho Chi Minh City, 20 March 2020



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

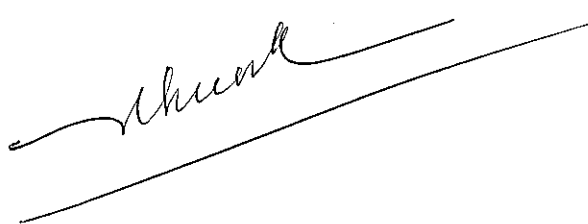
CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2019 VND	2018 VND
100	CURRENT ASSETS		4,611,361,279,524	4,140,347,276,090
110	Cash		86,421,954,986	43,241,847,762
111	Cash	4	86,421,954,986	43,241,847,762
120	Short-term investments		1,491,779,322,456	607,749,887,456
123	Investments held to maturity	5(a)	1,491,779,322,456	607,749,887,456
130	Short-term receivables		1,516,143,620,145	2,001,762,641,975
131	Short-term trade accounts receivable	6	1,421,607,853,952	1,923,825,653,716
132	Short-term prepayments to suppliers	7	66,241,022,579	57,710,280,128
136	Other short-term receivables	8	31,363,947,940	24,064,216,893
137	Provision for doubtful debts – short term		(3,069,204,326)	(3,837,508,762)
140	Inventories	9	1,413,752,203,473	1,385,654,133,209
141	Inventories		1,492,289,086,177	1,501,722,872,955
149	Provision for decline in value of inventories		(78,536,882,704)	(116,068,739,746)
150	Other current assets		103,264,178,464	101,938,765,688
151	Short-term prepaid expenses		6,536,514,481	12,309,483,720
152	Value Added Tax to be reclaimed		96,727,663,983	89,629,281,968
200	LONG-TERM ASSETS		2,001,053,018,640	2,158,165,179,189
210	Long-term receivables		5,884,206,875	1,563,796,625
216	Other long-term receivables		5,884,206,875	1,563,796,625
220	Fixed assets		1,504,402,862,517	1,397,238,799,687
221	Tangible fixed assets	11(a)	1,215,525,158,155	1,110,184,998,800
222	Historical cost		2,180,298,582,377	1,958,910,920,456
223	Accumulated depreciation		(964,773,424,222)	(848,725,921,656)
227	Intangible fixed assets	11(b)	288,877,704,362	287,053,800,887
228	Historical cost		304,346,297,214	294,120,452,518
229	Accumulated amortisation		(15,468,592,852)	(7,066,651,631)
240	Long-term asset in progress		335,185,361,275	258,754,816,482
242	Construction in progress	12	335,185,361,275	258,754,816,482
250	Long-term investments		1,414,429,978	389,355,091,933
252	Investments in associates	5(b)	-	387,940,661,955
253	Investments in other entities		1,414,429,978	1,414,429,978
260	Other long-term assets		154,166,157,995	111,252,674,462
261	Long-term prepaid expenses	10	111,684,450,815	60,973,104,588
262	Deferred income tax assets	19(a)	2,589,989,790	4,689,035,714
269	Goodwill	13	39,891,717,390	45,590,534,160
270	TOTAL ASSETS		6,612,414,298,164	6,298,512,455,279

The notes on pages 10 to 45 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December	
			2019 VND	2018 VND
300	LIABILITIES		1,735,133,858,202	2,283,330,774,315
310	Short-term liabilities		1,715,663,613,251	2,250,750,376,315
311	Short-term trade accounts payable	14	282,494,891,430	274,386,646,870
312	Short-term advances from customers		20,030,330,991	11,434,807,754
313	Tax and other payables to the State	15	146,942,597,476	257,436,065,576
314	Payable to employees		138,818,558,545	137,477,117,757
315	Short-term accrued expenses		10,436,534,524	5,834,139,125
319	Other short-term payables	16	217,941,357,768	258,562,649,346
320	Short-term borrowings	17	866,025,048,602	1,269,447,095,123
322	Bonus and welfare funds	20	32,974,293,915	36,171,854,764
330	Long-term liabilities		19,470,244,951	32,580,398,000
341	Deferred income tax liabilities	19(b)	3,066,844,176	14,895,000,000
342	Provision for long-term liabilities	18	7,208,887,000	7,951,048,000
343	Fund for science and technology development		9,194,513,775	9,734,350,000
400	OWNERS' EQUITY		4,877,280,439,962	4,015,181,680,964
410	Capital and reserves		4,877,280,439,962	4,015,181,680,964
411	Owners' capital	21, 22	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	22	223,774,789,900	223,774,789,900
415	Treasury shares	22	(114,215,880,222)	-
421	Undistributed earnings	22	2,931,951,970,284	2,867,367,461,064
421a	- Undistributed post-tax profits of previous years		1,752,829,445,064	1,609,911,936,752
421b	- Post-tax profit of current year		1,179,122,525,220	1,257,455,524,312
429	Non-controlling interests	23	2,000,000,000	-
440	TOTAL RESOURCES		6,612,414,298,164	6,298,512,455,279



Ha Thi Phuong Thuy Hong Nhung
Preparer/Chief Accountant



Truong Thi Le Khanh
Legal representative
20 March 2020

The notes on pages 10 to 45 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

Code		Note	Year ended 31 December	
			2019 VND	2018 VND
01	Revenue from sales of goods and rendering of services		7,894,986,105,874	9,406,877,067,192
02	Less deductions		(27,841,769,961)	(135,547,982,698)
10	Net revenue from sales of goods and rendering of services	27	7,867,144,335,913	9,271,329,084,494
11	Cost of goods sold and services rendered	28	(6,334,061,978,625)	(7,231,966,110,890)
20	Gross profit from sales of goods and rendering of services		1,533,082,357,288	2,039,362,973,604
21	Financial income	29	251,192,603,804	137,003,001,788
22	Financial expenses	30	(89,669,571,442)	(167,116,436,972)
23	- Including: Interest expense	30	(59,533,476,528)	(55,985,954,528)
24	Profit sharing from investment in associates		14,106,613,236	78,751,826,955
25	Selling expenses	31	(251,818,635,593)	(210,445,968,727)
26	General and administration expenses	32	(148,800,093,568)	(143,565,499,402)
30	Net operating profit		1,308,093,273,725	1,733,989,897,246
31	Other income		11,848,078,947	3,162,655,021
32	Other expenses		(10,570,032,647)	(49,590,427,383)
40	Net other income/(expenses)		1,278,046,300	(46,427,772,362)
50	Net accounting profit before tax		1,309,371,320,025	1,687,562,124,884
51	Business income tax ("BIT") - current	33	(139,977,904,705)	(252,063,378,043)
52	BIT - deferred	19,33	9,729,109,900	6,599,729,522
60	Net profit after tax		1,179,122,525,220	1,442,098,476,363
	Attributable to:			
61	Shareholders of the Parent Company		1,179,122,525,220	1,442,181,690,312
62	Non-controlling interest	23	-	(83,213,949)
70	Earnings per share	25	12,559	15,489
71	Diluted earnings per share	25	12,559	15,489

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Ha Thi Phuong Thuy Hong Nhung
Preparer/Chief Accountant

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CÔNG TY
CỔ PHẦN
VINH HOAN
TP. CAO LÃNH - T. BÌNH THẠM
Số B.K.K.D: 1406112623
Trương Thị Lê Khanh
Legal representative
20 March 2020

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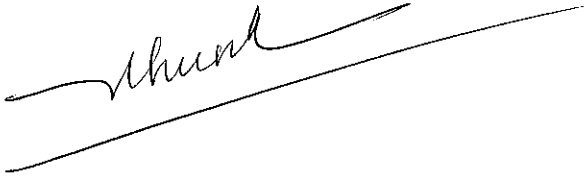
CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code	Note	Year ended 31 December	
		2019 VND	2018 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		1,309,371,320,025	1,687,562,124,884
		Adjustments for:	
02			
	11,13	165,204,005,292	156,301,707,548
03		(39,042,322,478)	96,329,303,996
04		(555,705,304)	7,887,799,279
05		(220,657,895,270)	(42,374,234,602)
06		59,533,476,528	55,985,954,528
08		1,273,852,878,793	1,961,692,655,633
09		648,229,469,821	(1,293,522,710,875)
10		9,433,786,778	(652,644,352,130)
11		(66,864,541,568)	843,749,914,400
12		(44,938,376,988)	(12,220,952,695)
14		(58,961,146,349)	(54,708,108,455)
15		(247,486,607,966)	(97,800,115,214)
17	15	(24,027,037,274)	(14,319,100,327)
20		1,489,238,425,247	680,227,230,337
CASH FLOWS FROM INVESTING ACTIVITIES			
21		(377,607,282,176)	(714,768,152,175)
22		16,989,455,686	169,488,131,314
23		(1,971,459,435,000)	(1,777,720,000,000)
24		1,087,430,000,000	1,542,792,362,468
25		-	(116,700,000)
26		430,453,567,064	6,085,194,315
27		70,776,015,095	72,159,720,416
30		(743,417,679,331)	(702,079,443,662)
CASH FLOWS FROM FINANCING ACTIVITIES			
31		-	10,380,718,000
32		(114,215,880,222)	-
33		4,677,272,193,820	4,932,839,245,502
34	17	(5,080,694,240,341)	(4,559,898,419,884)
36	24	(184,987,352,875)	(363,381,375,400)
40		(702,625,279,618)	19,940,168,218
50		43,195,466,298	(1,912,045,107)
60		43,241,847,762	45,344,991,423
61	4	(15,359,074)	(191,098,554)
70	4	86,421,954,986	43,241,847,762

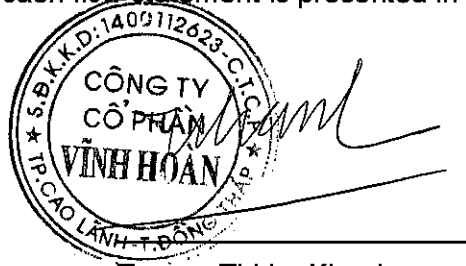
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CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Additional information relating to the consolidated cash flow statement is presented in Note 36.



Ha Thi Phuong Thuy Hong Nhung
Preparer/Chief Accountant



Trương Thị Lê Khanh
Legal representative
20 March 2020

The notes on pages 10 to 45 are an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED 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 the HOSE.

The principal activities of the Company and its subsidiaries in the Group are:

- growing domestic aquaculture; processing and preserving aquatic products and products made from aquatic products; trading aquatic products, materials serving the production and processing of aquatic products and processing of aquatic feed; and
- extracting and manufacturing of hydrolyzed collagen and gelatin for medicine, cosmetics and food.

The normal business cycle of the Group 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	
			31.12.2019	31.12.2018
Subsidiaries				
Vinh Phuoc Food Co., Ltd	Manufacturing and preserving 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 preserving 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 PT 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 consolidated financial statements**

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. The consolidated financial statements have been prepared under the historical cost convention except for investments in associates, and business combinations as presented in Note 2.5.

The accompanying consolidated 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's. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam's.

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

2.2 Fiscal year

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

2.3 Currency

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

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 recognised as income or expenses in the consolidated income statement.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 Basis of consolidation****Subsidiaries**

Subsidiaries are all entities over which the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

In a multi-phase acquisition, when determining goodwill or bargain purchase, the consideration is the sum of the total consideration on the date of acquiring control and previous considerations remeasured to fair value on the date of control acquisition.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling transactions and interests

The Group applies a policy of treating transactions with non-controlling interests ("NCI") as transactions with parties external to the Group.

NCI are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

Changes in the Group's interest in a subsidiary that does not result in a loss of control is accounted for as a transaction with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received is recorded directly in the undistributed earnings under equity.

In a divestment of the Group's interest in a subsidiary that results in a loss of control, the difference between the Group's share in the net assets of the subsidiary and the net proceeds from divestment is recognised in the consolidated income statement. The retained interest in the entity will be accounted for as either an investment in an other entity or investment to be equity accounted for since the divestment date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 Basis of consolidation (continued)*****Associates***

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

2.6 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is recognised as an asset and is amortised on a straight-line basis over its estimated period of benefit but not exceeding 10 years.

Goodwill on acquisitions of investments in associates is included in the carrying amount of the investments at the date of acquisition. The Group does not amortise this goodwill.

On disposal of subsidiaries, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on the disposal.

Goodwill is tested annually for impairment and carried at cost less accumulated amortisation less accumulated impairment losses. If there is evidence that the impairment during the year is higher than the annual goodwill charge, the Group records the impairment immediately in the accounting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.7 Cash**

Cash comprises cash on hand and cash at banks.

2.8 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 consolidated balance sheet based on the remaining period from the consolidated balance sheet date to the maturity date.

2.9 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. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

The Group applies the perpetual system for inventories.

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

2.10 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. Changes in the provision balance during the accounting fiscal year are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.10 Investments (continued)****(b) Investments in associates**

Investments in associates are accounted for using the equity method when preparing the consolidated financial statements (Note 2.5).

(c) 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.

Provision for investments in other entities is made when there is a diminution in value of the investments at the year end. Regarding investments in listed shares or the investments whose fair value can be determined reliably, the provision for diminution in value is made when the cost is higher than the market value. For other investments, provision for diminution in value is made when the entities make losses, except when the loss was anticipated by the Board of Management before date of investment. Changes in the provision balance during the accounting fiscal year are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

2.11 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 a 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 consolidated 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 of each asset class are as follows:

Plants and structures	5 – 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 certificates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.11 Fixed assets (continued)**

Prepayments for land rental contracts, which became effective before or in 2003 and are granted lands 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 consolidated 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 Group's accounting policies. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

2.12 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 consolidated income statement on a straight-line basis over the term of the lease.

2.13 Prepaid expenses

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

2.14 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 consolidated balance sheet based on remaining period from the consolidated balance sheet date to the maturity date.

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

Borrowings include borrowings from banks.

Borrowings is classified into long-term and short-term borrowings on the consolidated balance sheet based on remaining period from the consolidated 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 Group 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 Group'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 consolidated income statement when incurred.

2.16 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.

2.17 Provisions

Provisions are recognised when the Group 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.

2.18 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.19 Provision for severance allowances**

In accordance with Vietnamese labour laws, employees of the Group 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 Group 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 Group.

The severance allowance is accrued at the end of the reporting period on the basis that each employee is entitled to 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 year prior to the consolidated balance sheet date.

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

2.20 Capital and reserves

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 Group's accumulated results after BIT at the reporting date.

2.21 Appropriation of profit*Dividend*

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

Bonus and welfare fund is appropriated from the Group's net profit and subject to shareholders' approval at the Group's General Meeting. This fund is presented as a liability on the consolidated 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 consolidated balance sheet.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.22 Revenue recognition****(a) Revenue from sales of goods**

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

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group 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 Group ; 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 sales obligation. In cases where that the Group gives promotional goods to customers associated with their purchases, the Group allocates the total considerations received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of sales in the consolidated income statement.

(b) Revenue from rendering of services

Revenue from rendering of services is recognised in the consolidated income statement when the services are rendered. Revenue from rendering of services is only recognised when all four (4) following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The percentage of completion of the transaction at the consolidated 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 Group has established the receiving right from investees.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.23 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 year but are incurred after the consolidated balance sheet date but before the issuance of the consolidated financial statements are recorded as deduction of revenue of the period.

2.24 Cost of goods sold and services rendered

Cost of goods sold or 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.

2.25 Financial expenses

Finance expenses are expenses incurred in the year for financial activities mainly including interest expense, provision for diminution in value of investments in other entities, losses incurred when selling foreign currencies and losses from foreign exchange differences.

2.26 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 cash expenses.

2.27 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 cash expenses.

2.28 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.28 Current and deferred income tax (continued)**

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 consolidated 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 consolidated 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.

2.29 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 Group, including holding companies, subsidiaries and associates are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group, key management personnel, including directors, 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 Group considers the substance of the relationship not merely the legal form.

2.30 Segment reporting

A segment is a component which can be separated by the Group engaged in providing products or services ("business segment"), or providing products or services within a particular economic environment ("geographical segment"). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Group's geographical segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Group's financial statements in order to help users of consolidated financial statements to understand and evaluate the situation the operations of the Group in a comprehensive way.

2.31 Accounting estimates

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated 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 consolidated 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 2.11); and
- Estimation of provision for decline in value of inventories (Note 9).

3 BUSINESS COMBINATION**(a) Divestment in Van Duc Tien Giang Food Export Company and Octogone Holding Pte., Ltd**

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 Group has signed agreements with investors and complete the transfer of the aforementioned shares in 2019. As a result, these company were no longer the associates of the Group as at the date of these financial statements.

(b) Dissolution of Vinh Hoan Food 2 Company Limited

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. Accordingly, the Group no longer consolidate this entity from the dissolution date.

(c) Capital contribution of Vinh Hoan Fish Hatchery Co., Ltd

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 Hoan 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.

4 CASH

	2019	2018
	VND	VND
Cash on hand	519,020,773	327,879,395
Cash at banks	85,902,934,213	42,913,968,367
	<u>86,421,954,986</u>	<u>43,241,847,762</u>

5 INVESTMENTS**(a) Investments held to maturity**

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

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 17).
- 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 17).

(b) Equity investments in other entities

	2019		2018	
	Cost VND	Provision VND	Cost VND	Provision VND
Van Duc Tien Giang (*)	-	-	386,880,055,875	-
Octogone (*)	-	-	1,060,606,080	-
	-	-	387,940,661,955	-

- (*) 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 Group has signed agreements with these investors and completed the share transfers in 2019.

6 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2019 VND	2018 VND
Third parties	1,420,416,577,523	1,903,425,578,215
Related parties (Note 37(b)(i))	1,191,276,429	20,400,075,501
	<u>1,421,607,853,952</u>	<u>1,923,825,653,716</u>

As at the date of these consolidated 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").

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).

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.

7 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2019 VND	2018 VND
Third parties	<u>66,241,022,579</u>	<u>57,710,280,128</u>

As at the date of this consolidated financial statements, the suppliers accounting for 10% or more of total short-term prepayments to suppliers were as below:

	2019 VND	2018 VND
Thang Long Power Company Ltd.,	16,815,000,000	-
TST Refrigeration Equipment and Thermal Insulation Company Ltd	14,945,150,450	-
Boi Anh One Member Company Ltd	<u>7,498,160,821</u>	<u>31,559,401,547</u>

8 OTHER SHORT-TERM RECEIVABLES

	2019	2018
	VND	VND
Term deposits interest receivables	20,766,485,776	8,235,345,808
Related parties (Note 37(b)(ii))	24,166,003	6,319,401,318
Advances	1,877,002,644	671,767,890
Others	8,696,293,517	8,837,701,877
	<u>31,363,947,940</u>	<u>24,064,216,893</u>

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

9 INVENTORIES

	2019		2018	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Raw materials	124,305,675,786	-	58,590,782,388	-
Tools and supplies	3,574,943,479	-	2,591,935,850	-
Work in progress	610,712,554,848	-	516,216,251,080	-
Finished goods	692,424,994,629	(78,536,882,704)	918,022,718,264	(116,068,739,746)
Properties for sales	24,700,569,047	-	-	-
Merchandise	5,784,706,931	-	6,301,185,373	-
Goods on consignment	30,785,641,457	-	-	-
	<u>1,492,289,086,177</u>	<u>(78,536,882,704)</u>	<u>1,501,722,872,955</u>	<u>(116,068,739,746)</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 security (Note 17).

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 17).

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	116,068,739,746	47,979,364,105
(Reveral of provision)/increase	(37,531,857,042)	95,089,375,641
Decrease due to disposal of subsidiaries	-	(27,000,000,000)
End of year	<u>78,536,882,704</u>	<u>116,068,739,746</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	32,613,217,991	7,635,739,393
Land rental	23,818,206,801	8,505,961,397
Compensation costs for land lease	17,653,956,225	18,044,818,725
Professional fee	12,846,344,149	7,407,596,557
Others	24,752,725,649	19,378,988,516
	<u>111,684,450,815</u>	<u>60,973,104,588</u>

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11 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	774,658,381,414	1,122,666,809,589	52,428,418,695	9,157,310,758	1,958,910,920,456
New purchases	3,012,517,400	52,748,274,608	6,210,000,000	4,067,273,436	66,038,065,444
Transfers from construction in progress (Note 12)	57,952,979,431	133,183,509,933	1,231,381,819	326,540,910	192,694,412,093
Disposals	(6,418,980,025)	(29,401,961,952)	(1,411,636,364)	(112,237,275)	(37,344,815,616)
As at 31 December 2019	829,204,898,220	1,279,196,632,178	58,458,164,150	13,438,887,829	2,180,298,582,377
Accumulated depreciation					
As at 1 January 2019	266,833,886,073	552,890,111,325	24,233,836,195	4,768,088,063	848,725,921,656
Charge for the year	52,864,039,972	89,241,231,680	7,268,831,108	1,729,144,541	151,103,247,301
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	314,114,256,389	614,183,141,565	30,091,030,939	6,384,995,329	964,773,424,222
Net book value					
As at 1 January 2019	507,824,495,341	569,776,698,264	28,194,582,500	4,389,222,695	1,110,184,998,800
As at 31 December 2019	515,090,641,831	665,013,490,613	28,367,133,211	7,053,892,500	1,215,525,158,155

11 FIXED ASSETS (continued)**(a) Tangible fixed assets (continued)**

As at 31 December 2019, the Group's tangible fixed assets with a carrying value of VND151,353,781,750 (as at 31 December 2018: VND169,440,512,470) were pledged to banks as securities for borrowings granted to the Group (Note 17).

Cost of fully depreciated tangible fixed assets but still in use as at 31 December 2019 was VND456,452,416,348 (as at 31 December 2018: VND443,769,390,036).

(b) Intangible fixed assets

	Land use rights VND	Computer software VND	Total VND
Historical cost			
As at 1 January 2019	292,122,432,460	1,998,020,058	294,120,452,518
New purchases	58,802,150	956,216,500	1,015,018,650
Transfers from construction in progress (Note 12)	8,722,131,693	488,694,353	9,210,826,046
As at 31 December 2019	<u>300,903,366,303</u>	<u>3,442,930,911</u>	<u>304,346,297,214</u>
Accumulated amortisation			
As at 1 January 2019	6,000,632,101	1,066,019,530	7,066,651,631
Charge for the year	7,945,000,268	456,940,953	8,401,941,221
As at 31 December 2019	<u>13,945,632,369</u>	<u>1,522,960,483</u>	<u>15,468,592,852</u>
Net book value			
As at 1 January 2019	<u>286,121,800,359</u>	<u>932,000,528</u>	<u>287,053,800,887</u>
As at 31 December 2019	<u><u>286,957,733,934</u></u>	<u><u>1,919,970,428</u></u>	<u><u>288,877,704,362</u></u>

As at 31 December 2019, the Group's land use rights with carrying value of VND42,852,671,071 (as at 31 December 2018: VND 43,867,778,575) were pledged to banks as securities for borrowings granted to the Group (Note 17).

Cost of fully amortised intangible fixed assets as at 31 December 2019 was VND942,106,790 (as at 31 December 2018: VND 705,229,790).

12 CONSTRUCTION IN PROGRESS

	2019 VND	2018 VND
Expenses related to fishponds	140,673,185,682	114,810,090,342
Cold storage	75,756,399,580	-
Fish powder factory workshop	44,134,088,628	-
Acquisition of fixed assets	14,937,832,613	83,005,376,229
Other construction in progress at		
Head office	5,280,375,655	13,040,429,061
House for employees	-	29,729,447,831
Others	54,403,479,117	18,169,473,019
	<u>335,185,361,275</u>	<u>258,754,816,482</u>

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

	2019 VND	2018 VND
Beginning of year	258,754,816,482	224,285,956,057
Increases	361,388,450,287	289,779,086,191
Transfers to tangible fixed assets (Note 11(a))	(192,694,412,093)	(132,036,152,388)
Transfers to inventories	(29,975,834,031)	-
Transfers to intangible fixed assets (Note 11(b))	(9,210,826,046)	-
Transfers to long-term prepaid expenses	(40,875,420,564)	-
Decrease due to disposal of subsidiaries	-	(63,946,921,227)
Disposal	(10,926,117,000)	(48,083,164,200)
Other decreases	(1,275,295,760)	(11,243,987,951)
	<u>335,185,361,275</u>	<u>258,754,816,482</u>

13 GOODWILL

	2019 VND	2018 VND
Beginning of year	45,590,534,160	113,486,889,793
Allocation	(5,698,816,770)	(7,273,438,007)
Decrease due to disposal of subsidiaries	-	(60,622,917,626)
	<u>39,891,717,390</u>	<u>45,590,534,160</u>

14 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2019		2018	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Third parties	282,494,891,430	282,494,891,430	273,601,770,451	273,601,770,451
Related parties (Note 37(b)(iii))	-	-	784,876,419	784,876,419
	<u>282,494,891,430</u>	<u>282,494,891,430</u>	<u>274,386,646,870</u>	<u>274,386,646,870</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.

15 TAX AND OTHER PAYABLES TO THE STATE

	2019 VND	2018 VND
BIT	139,649,542,917	247,158,246,178
VAT – domestic sales	4,875,428,171	2,071,219,509
Personal income tax	2,389,823,824	8,188,528,651
Others	27,802,564	18,071,238
	<u>146,942,597,476</u>	<u>257,436,065,576</u>

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

	As at 1.1.2019 VND	Payable during the year VND	Paid during the year VND	As at 31.12.2019 VND
BIT	247,158,246,178	139,977,904,705	(247,486,607,966)	139,649,542,917
VAT – Domestic sales	2,071,219,509	53,724,806,784	(50,920,598,122)	4,875,428,171
Personal income tax	8,188,528,651	16,047,937,629	(21,846,642,456)	2,389,823,824
Others	18,071,238	4,602,496,737	(4,592,765,411)	27,802,564
	<u>257,436,065,576</u>	<u>214,353,145,855</u>	<u>(324,846,613,955)</u>	<u>146,942,597,476</u>

16 OTHER SHORT-TERM PAYABLES

	2019	2018
	VND	VND
Export consignment fee (*)	149,055,673,473	-
The Trade Union (**)	28,873,337,116	28,753,988,040
Union fee	22,625,201,864	20,665,585,171
Dividend payable (Note 24)	150,138,775	329,605,650
Other payables	3,143,060,972	15,567,889,522
Related parties (Note 37(b)(iv))	14,093,945,568	193,245,580,963
	<u>217,941,357,768</u>	<u>258,562,649,346</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.

17 SHORT-TERM BORROWINGS

Movements of short-term borrowings during the year were as follows:

	As at 1.1.2019	Increase	Decrease	As at 31.12.2019
	VND	VND	VND	VND
Short-term loans	<u>1,269,447,095,123</u>	<u>4,677,272,193,820</u>	<u>(5,080,694,240,341)</u>	<u>866,025,048,602</u>

17 SHORT-TERM BORROWINGS (continued)

Details of short-term loans were as follows:

	2019	2018
	VND	VND
HSBC Bank (Vietnam) Limited (i)	202,575,269,313	300,380,000,000
Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV") – Tien Giang Province Branch (ii)	206,072,327,082	260,571,494,116
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 – Dong Thap Branch (iv)	238,561,326,398	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh City Branch (v)	116,429,979,252	387,766,927,245
	<u>866,025,048,602</u>	<u>1,269,447,095,123</u>

- (i) The balance represents borrowings in VND with applicable interest rates being specified for each drawdown to finance the Group's working capital. The borrowings are secured by trade accounts receivable (Note 6) and inventories (Note 9).
- (ii) The balance represents borrowings in VND with applicable interest rates being specified for each drawdown to finance the Group's working capital. The borrowings are secured by short-term deposits and the associated interest at BIDV Bank – Dong Thap Branch, amounting to VND196,415,000,000 (Note 5).
- (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 6) and inventories (Note 9).
- (iv) The balance represents borrowings in VND with applicable interest rates being specified for each drawdown to finance the Group'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 5).
- (v) The balance represents borrowings in VND with applicable interest rates being specified for each drawdown to finance the Group'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).

18 PROVISIONS FOR LONG-TERM LIABILITIES

Provision for long-term liabilities represents provision for severance allowance.

19 DEFERRED INCOME TAX

The gross movement in the deferred income tax without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(a) Deferred tax assets

	2019 VND	2018 VND
Beginning of year	4,689,035,714	3,140,451,514
Consolidated income statement (charge)/credit (Note 33)	<u>(2,099,045,924)</u>	<u>1,548,584,200</u>
End of year	<u><u>2,589,989,790</u></u>	<u><u>4,689,035,714</u></u>

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

(b) Deferred tax liabilities

	2019 VND	2018 VND
Beginning of year	14,895,000,000	19,946,145,322
Consolidated income statement credit (Note 33)	<u>(11,828,155,824)</u>	<u>(5,051,145,322)</u>
End of year	<u><u>3,066,844,176</u></u>	<u><u>14,895,000,000</u></u>

Deferred income tax liabilities mainly come from provision for diminution in value of investments in subsidiaries.

In 2019, the Group uses tax rate of 15% for determining deferred tax assets and deferred tax liabilities (2018: 15%).

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.

20 BONUS AND WELFARE FUND

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

	2019 VND	2018 VND
Beginning of year	36,171,854,764	48,172,124,848
Appropriated (Note 22)	20,000,000,000	10,941,230,243
Utilised	(23,197,560,849)	(14,053,450,327)
Decrease due to disposal of subsidiaries	-	(8,888,050,000)
	<u>32,974,293,915</u>	<u>36,171,854,764</u>
End of year	<u>32,974,293,915</u>	<u>36,171,854,764</u>

21 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) Movement 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 shares	(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.

VINH HOAN CORPORATION

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22 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Foreign exchange differences VND	Undistributed earnings VND	Non- controlling interests VND	Total VND
As at 1 January 2018	924,039,430,000	216,409,744,645	(3,015,672,745)	(357,597,012)	1,805,456,932,995	83,213,949	2,942,616,051,832
Net profit for the year	-	-	-	-	1,442,181,690,312	(83,213,949)	1,442,098,476,363
Re-issue treasury shares	-	7,365,045,255	3,015,672,745	-	-	-	10,380,718,000
2017 dividend declared	-	-	-	-	(184,603,766,000)	-	(184,603,766,000)
2018 interim dividend declared (*)	-	-	-	-	(184,726,166,000)	-	(184,726,166,000)
Profit appropriation to bonus and welfare fund	-	-	-	-	(10,941,230,243)	-	(10,941,230,243)
Others	-	-	-	357,597,012	-	-	357,597,012
As at 31 December 2018	924,039,430,000	223,774,789,900	-	-	2,867,367,461,064	-	4,015,181,680,964
Net profit for the year	-	-	-	-	1,179,122,525,220	-	1,179,122,525,220
2018 final dividend declared (*)	-	-	-	-	(184,807,886,000)	-	(184,807,886,000)
Purchase of treasury shares (**)	-	-	(114,215,880,222)	-	-	-	(114,215,880,222)
2019 dividend declared (***)	909,730,130,000	-	-	-	(909,730,130,000)	-	-
Profit appropriation to bonus and welfare fund (****)	-	-	-	-	(20,000,000,000)	-	(20,000,000,000)
Capital increased during the year	-	-	-	-	-	2,000,000,000	2,000,000,000
As at 31 December 2019	1,833,769,560,000	223,774,789,900	(114,215,880,222)	-	2,931,951,970,284	2,000,000,000	4,877,280,439,962

22 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 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 Group 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 VND 114,215,880,222.
- (***) In accordance with the Resolution of the Board of Directors on 29 November 2019, the Board of Directors approved dividend payment plan of 2019 in shares with total shares issued of 90,973,013, equivalent to VND909,730,130,000 from the undistributed earnings of 2018.
- (****) In accordance with the Resolution No. 01/DHCD/NQ/19 of the Annual General Meeting dated 26 April 2019, the Group appropriated an amount of VND20,000,000,000 from 2018's profit after tax of 2018 to the bonus and welfare funds for the year ended 2019.

23 NON-CONTROLLING INTEREST ("NCI")

Details of NCI were as follows:

	2019 VND	2018 VND
Share capital	2,000,000,000	700,000,000
Allocated losses	-	(700,000,000)
	<u>2,000,000,000</u>	<u>-</u>

Movements of the NCI were as follows:

	2019 VND	2018 VND
Beginning of year	-	83,213,949
Increase share capital	2,000,000,000	-
Allocated losses for the year	-	(83,213,949)
End of year	<u>2,000,000,000</u>	<u>-</u>

26 OFF BALANCE SHEET ITEMS (continued)**(b) Foreign currencies**

	2019	2018
United States Dollar ("USD")	202,137	1,255,473
Euro ("EUR")	1	306
Chinese Yuan Renminbi ("CNY")	3,114	3,308
	<u> </u>	<u> </u>

27 REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2019	2018
	VND	VND
Revenue		
Revenue from sales of finished goods	5,698,120,250,921	7,365,724,314,301
Revenue from sales of merchandises	1,162,709,947,805	864,339,064,166
Revenue from sales of by-products	969,965,375,570	1,102,358,015,774
Revenue from rendering of services	54,109,638,089	53,036,040,517
Revenue from sales of raw materials	10,080,893,489	21,419,632,434
	<u> </u>	<u> </u>
	7,894,986,105,874	9,406,877,067,192
Sales deductions		
Sales allowances	(20,712,479,716)	(130,445,563,339)
Sales returns	(7,129,290,245)	(5,102,419,359)
	<u> </u>	<u> </u>
	(27,841,769,961)	(135,547,982,698)
Net revenue from sales of goods and rendering of services	<u> </u>	<u> </u>
	7,867,144,335,913	9,271,329,084,494

28 COST OF GOODS SOLD AND SERVICES RENDERED

	2019	2018
	VND	VND
Cost of finished goods sold	4,396,776,565,588	5,313,506,084,951
Cost of merchandises sold	1,110,617,092,330	819,793,209,563
Cost of by-products sold	844,303,293,714	975,196,132,196
Cost of services provided	4,827,719,355	6,893,857,579
Cost of raw materials sold	15,069,164,680	20,703,415,741
(Reversal)/Provision for decline in value of inventories	(37,531,857,042)	95,089,375,641
Others	-	784,035,219
	<u> </u>	<u> </u>
	6,334,061,978,625	7,231,966,110,890

29 FINANCIAL INCOME

	2019 VND	2018 VND
Income from disposal of investments	120,745,154,926	-
Interest income from deposits	75,733,338,719	64,905,144,122
Realised foreign exchange gains	47,140,293,815	64,633,682,907
Interest income on the advances for purchases of raw materials	7,544,260,344	4,124,353,199
Others	29,556,000	3,339,821,560
	<u>251,192,603,804</u>	<u>137,003,001,788</u>

30 FINANCIAL EXPENSES

	2019 VND	2018 VND
Interest expense	59,533,476,528	55,985,954,528
Realised foreign exchange losses	29,558,675,340	34,114,798,298
Net loss from foreign currency translation at year-end	577,419,574	7,530,202,267
Loss from disposal of subsidiaries	-	69,284,816,179
Others	-	200,665,700
	<u>89,669,571,442</u>	<u>167,116,436,972</u>

31 SELLING EXPENSES

	2019 VND	2018 VND
Transportation, storage and other outsourced service expenses	186,960,524,258	138,313,163,818
Exhibition and advertising expenses	17,102,210,254	18,675,463,164
Staff costs	8,938,319,798	10,150,139,934
Others	38,817,581,283	43,307,201,811
	<u>251,818,635,593</u>	<u>210,445,968,727</u>

32 GENERAL AND ADMINISTRATION EXPENSES

	2019	2018
	VND	VND
Staff costs and welfare	55,595,124,759	50,251,394,825
Tools and supplies	13,010,518,374	7,179,709,197
Depreciation and amortization of fixed assets	10,485,254,857	11,711,278,304
Allocation of goodwill	5,698,816,770	7,273,438,007
Others	64,010,378,808	67,149,679,069
	<u>148,800,093,568</u>	<u>143,565,499,402</u>

33 BIT

In accordance with Circular No. 96/2015/TT-BTC dated 22 June 2015 issued by the Ministry of Finance, the Company and Vinh Phuoc Food Co., Ltd are subject to BIT rate of 15% for aquaculture processing activities.

Subsidiaries of the Group have the obligations to pay BIT are as follows:

Vinh Hoan Collagen Co., Ltd ("Vinh Hoan Collagen")

In accordance with Investment Certificate No. 51121000127 dated 14 March 2013 issued by the People's Committee of Dong Thap Province, Vinh Hoan Collagen is subject to the BIT rate of 10% in 30 years from the first year generating revenue from incentive activities, and is exempt from BIT for 4 years from the first year making taxable profit from the project and entitled to a 50% reduction for 9 years thereafter.

Thanh Binh Dong Thap One Member Company Limited ("Thanh Binh")

In accordance with Investment Certificate No. 7664856881 dated 28 February 2017 issued by the People's Committee of Dong Thap Province, Thanh Binh is exempt from BIT for 2 years from the first year making profit and entitled to 50% reduction for 4 years thereafter for the additional income in the expansion project. Thanh Binh is subject to BIT rate of 10% for aquaculture processing activities and 20% for other activities.

Vinh Hoan Fish Hatchery Co., Ltd ("Vinh Hoan Fish Hatchery")

In accordance with Decision 819/QD-UBND dated 12 April 2019 issued by the People's Committee of An Giang Province and Circular No. 96/2015/TT-BTC dated 22 June 2015 issued by the Ministry of Finance, Vinh Hoan Fish Hatchery is exempt from BIT for 4 years from the first year making profit and entitled to 50% reduction for 9 years thereafter. Vinh Hoan Fish Hatchery is subject to BIT rate of 10% for aquaculture raising activities.

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

33 BIT (continued)

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

	2019 VND	2018 VND
Net accounting profit before tax	1,309,371,320,025	1,687,562,124,884
Tax calculated at a rate of 20%	261,874,264,005	337,512,424,977
Effect of:		
Income not subject to tax	(18,476,173,000)	(15,750,365,391)
Non-deductible expenses	2,635,593,364	4,091,583,704
Tax incentive	(114,286,676,724)	(81,881,067,519)
Utilisation of previously unrecognised tax losses	-	(4,418,903,610)
Tax losses for which no deferred income tax asset was recognised	(1,498,212,840)	879,328,573
Over-provision in previous years	-	(20,497,535)
Others	-	5,051,145,322
BIT charge	130,248,794,805	245,463,648,521
Charged to the consolidated income statement:		
BIT – current	139,977,904,705	252,063,378,043
BIT – deferred (*)	(9,729,109,900)	(6,599,729,522)
	130,248,794,805	245,463,648,521

(*) Deferred income tax income incurred during the year are mainly as below:

	2019 VND	2018 VND
Taxable temporary differences	3,066,844,176	14,895,000,000
Reversal of deferred income tax assets	4,689,035,714	3,140,451,514
Deductible temporary differences	(2,589,989,790)	(4,689,035,714)
Reversal of deferred income tax liabilities	(14,895,000,000)	(19,946,145,322)
Total deferred income tax	(9,729,109,900)	(6,599,729,522)

34 COST OF OPERATION BY FACTOR

	2019	2018
	VND	VND
Raw materials	6,783,669,147,125	7,267,652,647,878
Outsourced service expenses	1,066,297,296,110	838,417,277,239
Labour	784,019,039,009	760,221,527,228
Depreciation, amortisation and allocation of goodwill	165,204,005,292	156,301,707,548
Other cash expenses	191,307,395,213	188,574,830,491
	<u>8,990,496,882,749</u>	<u>9,211,167,990,384</u>

35 SEGMENT REPORTING*Geographical segment:*

The Group's activities are mainly segmented by export and domestic activities. The Group does not monitor its operation results, fixed assets, other non-current assets or non-cash major expenses by the geographical areas of customers.

	2019	2018
	VND	VND
Export sale	6,574,167,873,197	7,828,733,084,649
Domestic sale	1,292,976,462,716	1,442,595,999,845
	<u>7,867,144,335,913</u>	<u>9,271,329,084,494</u>

Business activity segment:

Growing, processing and trading aquatic products are the main activities that generate revenue and profit for the Group, while the other revenue streams only account for a small portion of the Group's total revenue; therefore the Board of Management has determined that the Group has operated in only one business segment.

36 ADDITIONAL INFORMATION FOR THE ITEMS OF THE STATEMENT OF CASH FLOWS

	2019 VND	2018 VND
(a) Non-cash transactions affect the statement of cash flows		
Transfers from construction in progress to tangible fixed assets	192,694,412,093	132,036,152,388
Purchase tangible fixed assets and construction in progress were not yet paid	<u>9,958,831,641</u>	<u>13,447,049,575</u>
(b) Amount of loan actually withdrawn during the year		
Proceeds from borrowings following normal borrowing contracts	<u>4,677,272,193,820</u>	<u>4,932,839,245,502</u>
(c) Amount of loan principal actually paid during the year		
Repayments for borrowings following normal borrowing contracts	<u>5,080,694,240,341</u>	<u>4,559,898,419,884</u>

37 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>i) Sales of goods and rendering of services</i>		
Octogone (Guangzhou) Trading Co., Ltd (*)	319,573,411,453	303,549,904,485
Van Duc Tien Giang (*)	22,336,214,683	49,664,919,821
Van Duc Food Co., Ltd.	7,929,237,114	7,684,258,097
	<u>349,838,863,250</u>	<u>360,899,082,403</u>
<i>ii) Purchases of goods and services</i>		
Van Duc Tien Giang (*)	8,440,846,799	21,378,254,097
Van Duc Food Co., Ltd.	116,200	-
Individuals	26,622,495,360	51,443,889,800
	<u>35,063,458,359</u>	<u>72,822,143,897</u>
<i>iii) Disposals of fixed assets</i>		
Van Duc Food Co., Ltd.	<u>15,191,995,392</u>	<u>51,152,531,314</u>
<i>iv) Purchases of fixed assets</i>		
Van Duc Tien Giang (*)	<u>2,481,818,182</u>	-

37 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	2019 VND	2018 VND
v) Compensation of key management		
Gross salaries and other benefits	25,599,136,382	29,522,163,775
	<u>25,599,136,382</u>	<u>29,522,163,775</u>
vi) Short-term lending		
Van Duc Tien Giang (*)	6,000,000,000	-
	<u>6,000,000,000</u>	<u>-</u>
vii) Interest income from lending		
Van Duc Tien Giang (*)	29,556,000	325,249,000
	<u>29,556,000</u>	<u>325,249,000</u>

(*) 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 Group.

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

(b) Year end balances with related parties

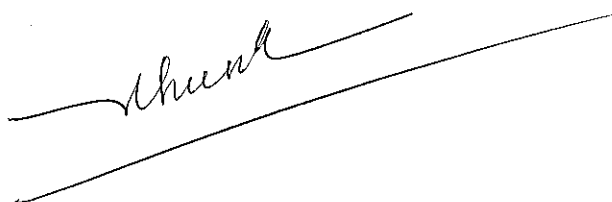
	2019 VND	2018 VND
i) Short-term trade accounts receivable (Note 6)		
Van Duc Tien Giang	-	17,284,229,152
Van Duc Food Co., Ltd	1,191,276,429	3,115,846,349
	<u>1,191,276,429</u>	<u>20,400,075,501</u>
ii) Other short-term receivables (Note 8)		
Octogone	-	6,000,000,000
Van Duc Tien Giang	-	94,039,000
Board of Directors and Management	24,166,003	225,362,318
	<u>24,166,003</u>	<u>6,319,401,318</u>
iii) Short-term payables (Note 14)		
Van Duc Tien Giang	-	784,876,419
	<u>-</u>	<u>784,876,419</u>
iv) Other short-term payables (Note 16)		
Van Duc Food Co., Ltd.	14,093,945,568	28,042,019,445
Van Duc Tien Giang	-	165,203,561,518
	<u>14,093,945,568</u>	<u>193,245,580,963</u>

38 OPERATING LEASES COMMITMENTS

The future minimum lease payments 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 consolidated financial statements were approved by the Board of Management on 20 March 2020.



Ha Thi Phuong Thuy Hong Nhung
Preparer/Chief Accountant




Trương Thị Lê Khanh
Legal representative

