

VINH HOAN CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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FOR THE YEAR ENDED 31 DECEMBER 2020

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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 and the latest amendment dated 14 January 2020.

#### 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
Mr. Nguyen Van Khanh	Member (from 15 May 2020)

#### Board of Supervision

Mrs. Nguyen Thi Cam Van	Head
Mr. Nguyen Quang Vinh	Member
Mrs. Phan Thi Kim Hoa	Member

#### 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
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#### Registered office

National Highway 30, Ward 11, Cao Lanh City,  
Dong Thap Province, Vietnam

#### Auditor

PwC (Vietnam) Limited

## VINH HOAN CORPORATION

### STATEMENT OF THE 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, "the Group") which give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and the results of its consolidated operations and its consolidated 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 consolidated 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 and errors.

### APPROVAL OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

We hereby, approve the accompanying consolidated financial statements as set out on pages 5 to 48 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese 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  
Chairwoman  
Legal representative

Dong Thap Province, SR Vietnam  
23 March 2021



## **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, "the Group") which were prepared on 31 December 2020 and approved by the Board of Management on 23 March 2021. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2020, 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 48.

### **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 of the Group in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements and for such internal control which the Board of Management determines is 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 a conclusion on the interim 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 2020, 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.

Done on behalf of PwC (Vietnam) Limited



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

Tran Do Vy Ha  
Audit Practising Licence No.  
3780-2021-006-1

Report reference number: HCM10300  
Ho Chi Minh City, 23 March 2021

## CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2020 VND	2019 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>4,735,480,614,844</b>	<b>4,611,361,279,524</b>
<b>110</b>	<b>Cash</b>	<b>4</b>	<b>40,754,357,119</b>	<b>86,421,954,986</b>
111	Cash		40,754,357,119	86,421,954,986
<b>120</b>	<b>Short-term investments</b>		<b>1,373,509,116,682</b>	<b>1,491,779,322,456</b>
121	Trading securities		9,009,562,792	-
123	Investments held-to-maturity	5(a)	1,364,499,553,890	1,491,779,322,456
<b>130</b>	<b>Short-term receivables</b>		<b>1,689,197,986,932</b>	<b>1,516,143,620,145</b>
131	Short-term trade accounts-receivable	6	1,272,797,382,564	1,421,607,853,952
132	Short-term prepayments to suppliers	7	387,184,750,968	66,241,022,579
136	Other short-term receivables	8	32,285,057,726	31,363,947,940
137	Provision for doubtful debts – short term		(3,069,204,326)	(3,069,204,326)
<b>140</b>	<b>Inventories</b>	<b>9</b>	<b>1,508,248,100,907</b>	<b>1,413,752,203,473</b>
141	Inventories		1,615,051,511,431	1,492,289,086,177
149	Provision for decline in value of inventories		(106,803,410,524)	(78,536,882,704)
<b>150</b>	<b>Other current assets</b>		<b>123,771,053,204</b>	<b>103,264,178,464</b>
151	Short-term prepaid expenses		7,237,710,342	6,536,514,481
152	Value Added Tax ("VAT") to be reclaimed		116,533,342,862	96,727,663,983

The notes on pages 11 to 48 are an integral part of these consolidated financial statements.

**CONSOLIDATED BALANCE SHEET**  
 (continued)

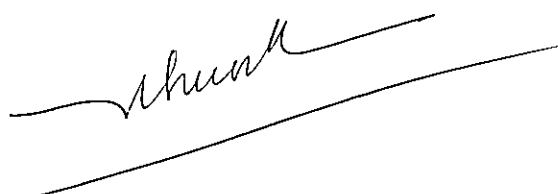
Code	ASSETS (continued)	Note	As at 31 December	
			2020 VND	2019 VND
<b>200</b>	<b>LONG-TERM ASSETS</b>		<b>2,466,381,698,344</b>	<b>2,001,053,018,640</b>
<b>210</b>	<b>Long-term receivables</b>		<b>1,409,400,875</b>	<b>5,884,206,875</b>
216	Other long-term receivables		1,409,400,875	5,884,206,875
<b>220</b>	<b>Fixed assets</b>		<b>1,808,480,650,835</b>	<b>1,504,402,862,517</b>
221	Tangible fixed assets	11(a)	1,503,221,696,211	1,215,525,158,155
222	Historical cost		2,645,840,066,444	2,180,298,582,377
223	Accumulated depreciation		(1,142,618,370,233)	(964,773,424,222)
227	Intangible fixed assets	11(b)	305,258,954,624	288,877,704,362
228	Historical cost		330,283,179,570	304,346,297,214
229	Accumulated amortisation		(25,024,224,946)	(15,468,592,852)
<b>240</b>	<b>Long-term assets in progress</b>		<b>384,173,639,519</b>	<b>335,185,361,275</b>
242	Construction in progress	12	384,173,639,519	335,185,361,275
<b>250</b>	<b>Long-term investments</b>		<b>62,129,308,148</b>	<b>1,414,429,978</b>
252	Investments in associate	5(b)	10,714,878,170	-
253	Investments in other entities		1,414,429,978	1,414,429,978
255	Investments held-to-maturity	5(a)	50,000,000,000	-
<b>260</b>	<b>Other long-term assets</b>		<b>210,188,698,967</b>	<b>154,166,157,995</b>
261	Long-term prepaid expenses	10	173,689,614,457	111,684,450,815
262	Deferred income tax assets	20(a)	2,306,183,890	2,589,989,790
269	Goodwill	13	34,192,900,620	39,891,717,390
<b>270</b>	<b>TOTAL ASSETS</b>		<b>7,201,862,313,188</b>	<b>6,612,414,298,164</b>

The notes on pages 11 to 48 are an integral part of these consolidated financial statements.




**CONSOLIDATED BALANCE SHEET**  
 (continued)

Code	RESOURCES	Note	As at 31 December	
			2020 VND	2019 VND
<b>300</b>	<b>LIABILITIES</b>		<b>2,026,131,280,738</b>	<b>1,735,133,858,202</b>
<b>310</b>	<b>Short-term liabilities</b>		<b>1,941,003,567,698</b>	<b>1,715,663,613,251</b>
311	Short-term trade accounts payable	14	326,317,752,890	282,494,891,430
312	Short-term advances from customers		35,202,569,043	20,030,330,991
313	Tax and other payables to the State	15	62,869,019,240	146,942,597,476
314	Payable to employees	16	196,957,119,299	138,818,558,545
315	Short-term accrued expenses		8,942,359,945	10,436,534,524
319	Other short-term payables	17	127,595,532,441	217,941,357,768
320	Short-term borrowings	18(a)	1,105,500,470,997	866,025,048,602
322	Bonus and welfare fund	21	77,618,743,843	32,974,293,915
<b>330</b>	<b>Long-term liabilities</b>		<b>85,127,713,040</b>	<b>19,470,244,951</b>
338	Long-term borrowings	18(b)	69,207,840,274	-
341	Deferred income tax liabilities	20(b)	5,214,440,271	3,066,844,176
342	Provision for long-term liabilities	19	6,973,035,000	7,208,887,000
343	Fund for science and technology development		3,732,397,495	9,194,513,775
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>5,175,731,032,450</b>	<b>4,877,280,439,962</b>
<b>410</b>	<b>Capital and reserves</b>		<b>5,175,731,032,450</b>	<b>4,877,280,439,962</b>
411	Owners' capital	22,23	1,833,769,560,000	1,833,769,560,000
411a	- Ordinary shares with voting rights		1,833,769,560,000	1,833,769,560,000
412	Share premium	23	223,774,789,900	223,774,789,900
415	Treasury shares	23	(114,215,880,222)	(114,215,880,222)
421	Undistributed earnings	23	3,228,412,162,202	2,931,951,970,284
421a	- Undistributed post-tax profits of previous years		2,509,103,792,023	1,752,829,445,064
421b	- Post-tax profit of current year		719,308,370,179	1,179,122,525,220
429	Non-controlling interests	23	3,990,400,570	2,000,000,000
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>7,201,862,313,188</b>	<b>6,612,414,298,164</b>



 Ha Thi Phuong Thuy Hong Nhung  
 Preparer/Chief Accountant

  
 Trương Thị Lê Khanh  
 Chairwoman  
 23 March 2021

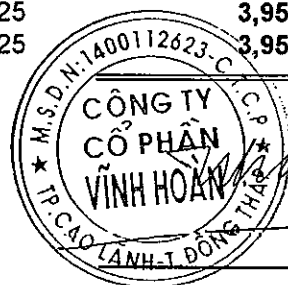
The notes on pages 11 to 48 are an integral part of these consolidated financial statements.

## CONSOLIDATED INCOME STATEMENT

Code	Note	Year ended 31 December	
		2020 VND	2019 VND
01	Revenue from sales of goods and rendering of services	7,165,405,539,359	7,894,986,105,874
02	Less deductions	(128,225,882,061)	(27,841,769,961)
10	Net revenue from sales of goods and rendering of services	27 7,037,179,657,298	7,867,144,335,913
11	Cost of goods sold and services rendered	28 (6,022,405,771,176)	(6,334,061,978,625)
20	Gross profit from sales of goods and rendering of services	1,014,773,886,122	1,533,082,357,288
21	Financial income	29 227,243,906,746	251,192,603,804
22	Financial expenses	30 (101,236,678,342)	(89,669,571,442)
23	- Including: Interest expense	30 (38,407,804,147)	(59,533,476,528)
24	(Loss)/profit sharing from investment in associates	(285,121,830)	14,106,613,236
25	Selling expenses	31 (171,201,249,991)	(251,818,635,593)
26	General and administration expenses	32 (148,133,984,196)	(148,800,093,568)
30	Net operating profit	821,160,758,509	1,308,093,273,725
31	Other income	12,202,915,269	11,848,078,947
32	Other expenses	(30,093,357,896)	(10,570,032,647)
40	Net other (expenses)/income	(17,890,442,627)	1,278,046,300
50	Net accounting profit before tax	803,270,315,882	1,309,371,320,025
51	Business income tax ("BIT") - current	33 (81,540,143,138)	(139,977,904,705)
52	BIT - deferred	20,33 (2,431,401,995)	9,729,109,900
60	Net profit after tax	719,298,770,749	1,179,122,525,220
	Attributable to:		
61	Shareholders of the Company	719,308,370,179	1,179,122,525,220
62	Non-controlling interest	(9,599,430)	-
70	Earnings per share	25 3,953	12,137
71	Diluted earnings per share	25 3,953	12,137

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Ha Thi Phuong Thuy Hong Nhung  
Preparer/Chief Accountant



Truong Thi Le Khanh  
Chairwoman  
23 March 2021

The notes on pages 11 to 48 are an integral part of these consolidated financial statements.

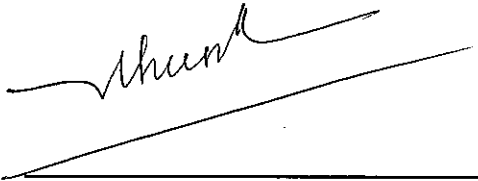
**CONSOLIDATED CASH FLOW STATEMENT**  
**(Indirect method)**

Code	Note	Year ended 31 December	
		2020 VND	2019 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01		<b>803,270,315,882</b>	<b>1,309,371,320,025</b>
		Adjustments for:	
02			
	11,13	202,679,138,289	165,204,005,292
03		28,030,675,820	(39,042,322,478)
04		1,164,868,526	(555,705,304)
05		(130,188,720,427)	(220,657,895,270)
06	30	38,407,804,147	59,533,476,528
08		<b>943,364,082,237</b>	<b>1,273,852,878,793</b>
09		(139,424,843,033)	648,229,469,821
10		(122,762,425,254)	9,433,786,778
11		(113,856,023,701)	(66,864,541,568)
12		(20,079,209,536)	(44,938,376,988)
13		(9,009,562,792)	-
14		38,115,544,744	(58,961,146,349)
15	15	(164,831,046,503)	(247,486,607,966)
17		(19,773,792,613)	(24,027,037,274)
20		<b>391,742,923,549</b>	<b>1,489,238,425,247</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21		(554,222,328,595)	(377,607,282,176)
22			
		3,551,935,166	16,989,455,686
23		(2,173,172,650,689)	(1,971,459,435,000)
24		2,250,452,419,255	1,087,430,000,000
25		(11,000,000,000)	-
26		-	430,453,567,064
27		100,157,134,258	70,776,015,095
30		<b>(384,233,490,605)</b>	<b>(743,417,679,331)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31		2,000,000,000	-
32		-	(114,215,880,222)
33	36	4,416,695,507,695	4,677,272,193,820
34	36	(4,108,012,245,026)	(5,080,694,240,341)
36	24	(363,859,660,800)	(184,987,352,875)
40		<b>(53,176,398,131)</b>	<b>(702,625,279,618)</b>
50		<b>(45,666,965,187)</b>	<b>43,195,466,298</b>
60	4	<b>86,421,954,986</b>	<b>43,241,847,762</b>
61		(632,680)	(15,359,074)
70	4	<b>40,754,357,119</b>	<b>86,421,954,986</b>

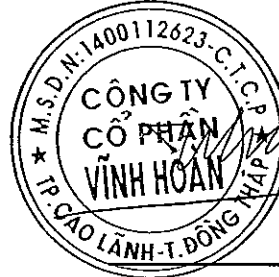
The notes on pages 11 to 48 are an integral part of these consolidated financial statements.

**CONSOLIDATED CASH FLOW STATEMENT (continued)**  
**(Indirect method)**

Major non-cash transactions related to the consolidated cash flow statement in the year ended 31 December 2020 are presented in Note 36.



Ha Thi Phuong Thuy Hong Nhung  
Preparer /Chief Accountant

  
Trương Thị Lê Khanh  
Chairwoman  
23 March 2021

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**
**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 on 24 December 2007 in accordance with Decision No. 179/QĐ-SGDHCM issued by Ho Chi Minh Stock Exchange.

The principal activities of the Company and its subsidiaries (together referred to as "the Group") 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 processing of aquatic feed; and
- extracting and manufacturing of hydrolized collagen and gelatin for medicine, cosmetics and food.

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

As at 31 December 2020, the Company had 5 subsidiaries. Details of the Company's subsidiaries are presented below:

Company name	Principal activities	Address of registered office	Percentage of ownership and voting rights	
			31.12.2020	31.12.2019
<b>Subsidiaries</b>				
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 (Note 3(a))	Manufacturing fish hatchery	Vinh Buong Hamlet, Vinh Hoa Commune, Thanh Binh District, Dong Thap Province	98%	96%
Feed One Company Limited (Note 3(b))	Manufacturing cattle, poultry and aquatic products	Industrial Cluster My Hiep, My Hiep Commune, Cao Lanh District, Dong Thap Province, Viet Nam	96,15%	-

**1 GENERAL INFORMATION (continued)***Capital commitment*

Pursuant to the resolution of the Board of Directors dated 16 December 2020, the Board of Directors approved the resolution to establish Vinh Technology Pte Ltd. in Singapore with the charter capital of USD150,000. The principle activities of the company are developing, import and export trading of seafood products, chemicals, materials and by-products of food industry; import and export trading of functional foods. As at 31 December 2020, the Company has not made capital contribution to this subsidiary.

**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 the consolidation as presented in Note 2.5.

The accompanying consolidated financial statements are not intended to present the financial position and consolidated 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 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 language consolidated financial statements.

**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 the Vietnamese Dong ("VND" or "Dong"). The Group determine their accounting currencies based on the currencies which are mainly used 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 recognized as income or expenses in the consolidated income statement.

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

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 the its foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the consolidated income statement.

**2.5 Basis of consolidation****Subsidiaries**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies 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 Group 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 interim consolidated income statement.

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

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.

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.5 Basis of consolidation (continued)****Non-controlling transactions and interests (continued)**

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions 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 another entity or investment to be equity accounted for since the divestment date.

**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 joint ventures and associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in joint ventures and associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its joint ventures' and 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 a joint venture or associate equals or exceeds its interest in the joint venture or associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture or associate.

Accounting policies of joint ventures and 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 joint ventures and associates are eliminated to the extent of the Group's interest in the joint ventures and 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 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.

On disposal of subsidiaries, the attributable amount of unamortised goodwill is included in the determination of the profit/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, cash at bank, demand deposits.

**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 estimated 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.

The Group applies the perpetual method for inventories.

Provision is made, when necessary, for obsolete, slow-moving and defective inventory items. The difference between the provision of this year and the provision of the previous year is recognised as an increase or decrease of cost of goods sold in the year.

**2.10 Investments****(a) Trading securities**

Trading securities are securities which the Group hold for sales and hold for main purpose of trading to earn profits.

Trading securities are initially recorded at historical cost including cost of acquisition and any expenditure that is directly attributable to the cost of acquisition. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the year end. The provision for diminution in value of trading securities is made when their cost is higher than their fair value. Changes in the provision balance during the accounting 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)****(a) Trading securities (continued)**

The Group recognises trading securities when it has ownership of the assets, specifically as follows:

- Listed securities are recognised at the time of order matching;
- Unlisted securities are recognised at the time when official ownership is established in accordance with regulations.

Profit or loss from liquidation or disposal of trading securities is recognised in the consolidated income statement. The costs of trading securities disposed of are determined by using the moving weighted average method.

**(b) Investments held-to-maturity**

Investments held-to-maturity are investments which the Group has positive intention and ability to hold until maturity.

Investments held-to-maturity include term deposits, lendings 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 period 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.

Investments held-to-maturity are classified into short-term and long-term investments held-to-maturity on the consolidated balance sheet based on remaining period from the consolidated balance sheet date to the maturity date.

**(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 accounted for initially at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the year end.

**(d) Provision for investments in other entities**

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 those whose fair value can be determined reliably, the provision for diminution in value is made when cost is higher than market value. For other investments, provision for diminution in value is made when the investees make losses.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.10 Investments (continued)****(d) Provision for investments in other entities ( continued)**

Changes in the provision balance during the accounting period 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 or amortisation. Historical cost includes any expenditure that is directly attributable to the acquisition of the fixed assets bringing them to 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, such expenditure is charged to the consolidated income statement when incurred.

*Depreciation*

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

Buildings 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 are comprised of [land use rights with an indefinite useful life, land use rights with a definite useful life, and prepayments for land rental contracts which are in effective before 2003 and are granted land use right certificates] as follows:

- 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 lands use rights certificates, are recorded in accordance with the guidance of Circular No.45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance and allocated using the straight-line method over 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.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.11 Fixed assets (continued)***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, which are recorded at cost and comprise of such necessary costs to newly construct, to repair and maintain, to upgrade, to renew or equip the projects with technologies as construction costs; costs of tools and equipment; compensation and resettlement costs; project management expenditure; construction consulting expenditure; 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 income statement on a straight-line basis over the period 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 using the straight-line method 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 not related to purchase 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.

**2.15 Borrowings**

Borrowings include borrowings from banks.

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

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

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 the assets. The capitalisation rate is the weighted average of the interest rates applicable to the Group's borrowings that are outstanding during the year, 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 year but not yet paid for due to pending invoices or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting year.

**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 Group's 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.

**2.19 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.

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

The severance allowance is accrued at the end of the reporting year 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 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 Owners' 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 shall be re-issued in the year 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 net profit***Dividends*

The Company's dividends are recognised as a liability in the consolidated financial statements in the year in which the dividends are approved by the shareholders at General Meeting.

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

*Bonus and welfare fund*

The bonus and welfare fund are appropriated from the Group's profit after BIT and subject to shareholders' approval at the 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 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 sale obligation. In cases where 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 goods sold 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 rendering, 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:

- 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 year of the related revenue from sales of products, goods and rendering of services are recorded as a deduction from the revenue of that year.

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 a deduction from the revenue of the year.

**2.24 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 year, and recorded on the basis of matching with revenue and on a prudence concept.

**2.25 Financial expenses**

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

**2.26 Selling expenses**

Selling expenses represent expenses that are incurred in the process of selling products, goods and providing services.

**2.27 General and administration expenses**

General and administration expenses represent expenses for administrative purposes.

**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 year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, 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 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.



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

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit 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 enterprise, key management personnel, including Board of Management members and Board of Directors, close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering its relationship with each related party, 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 and which is engaged in sales of goods or rendering of services (business segment) or sales of goods or rendering of 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 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 expense during the financial period.

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the consolidated financial statements of the Group and that are believed to be reasonable under the circumstances.

**3 BUSINESS COMBINATION****(a) Capital contribution to Vinh Hoan Hatchery Co., Ltd**

Pursuant to the resolution of the Board of Directors dated 21 May 2020, the Board of Directors approved the resolution to increase the committed capital commitment by VND50,000,000,000, accounting for 98% of the registered charter capital of Vinh Hoan Hatchery Co., Ltd, which locates in Vinh Buong Hamlet, Vinh Hoa Commune, Tan Chau District, An Giang Province, whose main industry is manufacturing domestic aquaculture. As at 31 December 2020, the actual contributed capital and the capital commitment are VND46,900,000,000 and VND51,100,000,000 respectively.

**(b) Capital contribution to Feed One Company Limited**

The Group established Vinh Hoan 4 Co., Ltd., pursuant to Enterprise registration certificate No. 1401711796 issued on 5 April 2012. As at 31 December 2020, Vinh Hoan 4 Co., Ltd., has been renamed to Feed One Company Limited, with the capital contribution of the Group is VND50,000,000,000, accounting for 96,150%. Accordingly, the Group has consolidated this subsidiary as at 31 December 2020.

**4 CASH AND CASH EQUIVALENTS**

	2020 VND	2019 VND
Cash on hand	3,259,344,477	519,020,773
Cash at banks	37,495,012,642	85,902,934,213
	<u>40,754,357,119</u>	<u>86,421,954,986</u>

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

	2020		2019	
	Cost VND	Book value VND	Cost VND	Book value VND
i. Short-term				
Term deposits at banks	1,364,499,553,890	1,364,499,553,890	1,491,779,322,456	1,491,779,322,456
ii. Long-term				
Bonds	50,000,000,000	50,000,000,000	-	-
	<u>1,414,499,553,890</u>	<u>1,414,499,553,890</u>	<u>1,491,779,322,456</u>	<u>1,491,779,322,456</u>

(i) The term deposits at banks included 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.

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

As at 31 December 2020, some bank deposits were pledged as security for borrowings granted to the Group with details as follow:

- The term deposits amounting to VND45,000,000,000 at Asia Commercial Bank (“ACB”) - Cao Lanh Transaction Office were pledged to Viet Nam Joint Stock Commercial Bank for Industry and Trade - Dong Thap Branch as a security for a credit facilities granted to the Company (Note 18 (a)).
- The term deposits amounting to VND50,000,000,000 at ACB - Dong Thap Branch were pledged BIDV - Tien Giang Branch as a security for a credit facilities granted to the Company (Note 18(a)).
- The term deposits amounting to VND50,000,000,000 at the Maritime Commercial Joint Stock Bank (“Maritime”) were pledged Thanh Binh Dong Thap Company Limited at BIDV - Tien Giang Branch as a security for a credit facilities granted to the Company. (Note 18 (a)).

(ii) Including bonds with a term of 7 years from the date of issuance with floating interest rate denominated in VND.

**(b) Investment in an associate**

	2020		2019	
	Cost VND	Provision VND	Cost VND	Provision VND
Mai Thien Thanh Company Limited	10,714,878,170	-	-	-

As at the approval date of the consolidated financial statements, the Group has not determined the fair value of these investments for disclosure in the consolidated financial statements because they do not have listed prices and Vietnamese Accounting Standards, the Vietnamese (Corporate) Accounting System and applicable regulations on preparation and presentation of consolidated financial statements do not provide detailed guidance on the methods to determine fair value.

## 5 INVESTMENTS (continued)

## (b) Investments in associate (continued)

Movements of the investments in associate during the year are as follows:

	Giá trị VND
As at 1 January 2019	-
As at 31 December 2019	-
Increase from acquisition during the year	11,000,000,000
Loss sharing from associate	(285,121,830)
As at 31 December 2020	<u>10,714,878,170</u>

## 6 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2020 VND	2019 VND
Third parties	1,266,616,036,397	1,420,416,577,523
Related parties (Note 37(b)(i))	6,181,346,167	1,191,276,429
	<u>1,272,797,382,564</u>	<u>1,421,607,853,952</u>

As at the date of the consolidated balance sheet, details of customers accounting for 10% or more of the total short-term trade accounts receivables as follow:

	31.12.2020 VND	31.12.2019 VND
Coast Beacon Inc.	854,744,090,758	805,245,602,134
Octogone (Guangzhou) Trading Co.,Ltd	198,766,872,286	270,801,406,432
	<u>1,053,510,963,044</u>	<u>1,076,047,008,566</u>

As at 31 December 2020, trade accounts receivable of USD10,000,000 (equivalent to VND230,350,000,000 as translated using the exchange rate as at 31 December 2020) was pledged to ANZ Bank (Vietnam) Ltd. ("ANZ Bank") – Ho Chi Minh Branch (Note 18(a)).

As at 31 December 2020, trade accounts receivable of VND300,000,000,000 was pledged to HSBC Bank (Vietnam) Ltd. ("HSBC Bank") (Note 18(a)).

As at 31 December 2020 and 31 December 2019, the balances of short-term trade accounts receivable which were past due over 3 years amounting to VND3,202,360,444.

**7 SHORT-TERM PREPAYMENTS TO SUPPLIERS**

	2020 VND	2019 VND
Third parties	387,184,750,968	66,241,022,579

Details of suppliers accounting for 10% or more of the total balance:

	2020 VND	2019 VND
State Capital Investment Corporation (i)	347,661,502,500	-

(i) This balance comprises the prepayment for the transfer of shares of Sa Giang Export Import Joint Stock Company from State Capital Investment Corporation (Note 39(i)).

**8 OTHER SHORT-TERM RECEIVABLES**

	2020 VND	2019 VND
Interest receivables from lendings	19,852,051,784	20,766,485,776
Advances	2,139,647,480	1,877,002,644
Others	10,293,358,462	8,696,293,517
Related parties (Note 37(b)(ii))	-	24,166,003
	<u>32,285,057,726</u>	<u>31,363,947,940</u>

As at 31 December 2020 and 31 December 2019, there was no balance of other receivables past due or not past due but doubtful.

**9 INVENTORIES**

	2020		2019	
	Cost VND	Provision VND	Cost VND	Provision VND
Raw materials	128,189,924,524	-	124,305,675,786	-
Tools and supplies	5,604,648,672	-	3,574,943,479	-
Work in progress	707,840,620,794	-	610,712,554,848	-
Finished goods	577,130,869,385	(106,803,410,524)	692,424,994,629	(78,536,882,704)
Properties for sales	24,883,486,647	-	24,700,569,047	-
Merchandise	40,212,800,431	-	5,784,706,931	-
Goods on consignment	131,189,160,978	-	30,785,641,457	-
	<u>1,615,051,511,431</u>	<u>(106,803,410,524)</u>	<u>1,492,289,086,177</u>	<u>(78,536,882,704)</u>

**9 INVENTORIES (continued)**

As at 31 December 2020 and 31 December 2019, inventories amounting to USD4,000,000 (equivalent to VND92,140,000,000 as translated using the exchange rate as at 31 December 2020) were pledged to ANZ Bank – Ho Chi Minh Branch for a credit facility granted to the Group (Note 18(a)).

As at 31 December 2020, inventories amounting to VND206,500,000,000 (as at 31 December 2019: VND202,300,000,000, equivalent to USD8,750,000 as translated using the exchange rate as at 31 December 2019) were pledged to HSBC Bank (Vietnam) Ltd. as a security for a credit facility granted to the Group (Note 18(a)).

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

	<b>2020</b> <b>VND</b>	<b>2019</b> <b>VND</b>
Beginning of year	78,536,882,704	116,068,739,746
Increase/(reversal)	28,266,527,820	(37,531,857,042)
End of year	<u>106,803,410,524</u>	<u>78,536,882,704</u>

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

**10 LONG-TERM PREPAID EXPENSES**

	<b>2020</b> <b>VND</b>	<b>2019</b> <b>VND</b>
Fishpond construction and reinforcing fisheries	73,742,248,841	32,613,217,991
Land rental	21,227,733,658	23,818,206,801
Professional fee	20,683,743,864	12,846,344,149
Compensation costs for land lease	17,263,093,725	17,653,956,225
Others	40,772,794,369	24,752,725,649
	<u>173,689,614,457</u>	<u>111,684,450,815</u>

VINH HOAN CORPORATION

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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
<b>Historical cost</b>					
As at 1 January 2020	829,204,898,220	1,279,196,632,178	58,458,164,150	13,438,887,829	2,180,298,582,377
New purchases	46,124,199,946	35,125,220,939	7,632,243,046	2,650,156,091	91,531,820,022
Transfers from construction in progress (Note 12)	189,401,957,813	198,547,939,061	4,838,490,909	10,070,617,354	402,859,005,137
Disposals	(8,718,151,033)	(17,427,359,484)	(2,703,830,575)	-	(28,849,341,092)
As at 31 December 2020	1,056,012,904,946	1,495,442,432,694	68,225,067,530	26,159,661,274	2,645,840,066,444
<b>Accumulated depreciation</b>					
As at 1 January 2020	314,114,256,389	614,183,141,565	30,091,030,939	6,384,985,329	964,773,424,222
Charge for the year	63,016,760,869	114,112,250,673	6,690,289,476	3,605,388,407	187,424,689,425
Disposals	(950,458,144)	(7,223,779,060)	(1,405,506,210)	-	(9,579,743,414)
As at 31 December 2020	376,180,559,114	721,071,613,178	35,375,814,205	9,990,383,736	1,142,618,370,233
<b>Net book value</b>					
As at 1 January 2020	515,090,641,831	665,013,490,613	28,367,133,211	7,053,892,500	1,215,525,158,155
As at 31 December 2020	679,832,345,832	774,370,819,516	32,849,253,325	16,169,277,538	1,503,221,696,211

As at 31 December 2020, the Group's tangible fixed assets with a carrying value of VND133,309,851,807 (as at 31 December 2019: VND151,353,781,750) were pledged to banks as security for borrowings granted to the Group (Note 18).

Historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2020 was VND512,123,701,558 (as at 31 December 2019: VND456,452,416,348).

## 11 FIXED ASSETS (continued)

## (b) Intangible fixed assets

	Land use rights VND	Computer software VND	Total VND
<b>Historical cost</b>			
As at 1 January 2020	300,903,366,303	3,442,930,911	304,346,297,214
New purchases	24,844,973,396	519,475,000	25,364,448,396
Transfers from construction in progress (Note 12)	-	624,775,000	624,775,000
Others	(52,341,040)	-	(52,341,040)
As at 31 December 2020	325,695,998,659	4,587,180,911	330,283,179,570
<b>Accumulated amortisation</b>			
As at 1 January 2020	13,945,632,369	1,522,960,483	15,468,592,852
Charge for the year	8,885,896,703	669,735,391	9,555,632,094
As at 31 December 2020	22,831,529,072	2,192,695,874	25,024,224,946
<b>Net book value</b>			
As at 1 January 2020	286,957,733,934	1,919,970,428	288,877,704,362
As at 31 December 2020	302,864,469,587	2,394,485,037	305,258,954,624

As at 31 December 2020, the Group's land use rights with carrying value of VND41,837,563,567 (as at 31 December 2019: VND42,852,671,071) were pledged to banks as security for borrowings granted to the Group (Note 18).

Historical cost of fully amortised intangible fixed assets as at 31 December 2020 was VND1,127,023,633 (as at 31 December 2019: VND942,106,790).

## 12 CONSTRUCTION IN PROGRESS

Details of construction in progress by projects were as follows:

	2020 VND	2019 VND
Purchase fixed assets	121,031,980,575	14,937,832,613
Expenses related to fishponds	80,849,941,493	140,673,185,682
Project of frozen storage	76,266,843,447	75,756,399,580
Fishmeal factory	64,159,557,781	44,134,088,628
Others	41,865,316,223	59,683,854,772
	384,173,639,519	335,185,361,275



**12 CONSTRUCTION IN PROGRESS (continued)**

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

	2020 VND	2019 VND
Beginning of year	335,185,361,275	258,754,816,482
Purchases	495,099,208,348	361,388,450,287
Transfers to tangible fixed assets (Note 11(a))	(402,859,005,137)	(192,694,412,093)
Transfers to intangible fixed assets (Note 11(b))	(624,775,000)	(9,210,826,046)
Disposal	-	(10,926,117,000)
Others	(42,627,149,967)	(72,126,550,355)
End of year	<u>384,173,639,519</u>	<u>335,185,361,275</u>

**13 GOODWILL**

	2020 VND	2019 VND
Beginning of year	39,891,717,390	45,590,534,160
Allocation	(5,698,816,770)	(5,698,816,770)
End of year	<u>34,192,900,620</u>	<u>39,891,717,390</u>

**14 SHORT-TERM TRADE ACCOUNTS PAYABLE**

	2020		2019	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Third parties	300,632,436,340	300,632,436,340	282,494,891,430	282,494,891,430
Related parties (Note 37(b)(iii))	25,685,316,550	25,685,316,550	-	-
	<u>326,317,752,890</u>	<u>326,317,752,890</u>	<u>282,494,891,430</u>	<u>282,494,891,430</u>

As at 31 December 2020, and 31 December 2019, the Group has no supplier accounting for 10% or more of the total balance.

As at 31 December 2020 and 31 December 2019, there was no balance of short-term trade accounts payable that was past due.

**15 TAX AND OTHER PAYABLE TO THE STATE**

	2020 VND	2019 VND
BIT	56,358,639,552	139,649,542,917
VAT – domestic sales	5,164,231,374	4,875,428,171
Personal income tax	1,304,103,074	2,389,823,824
Others	42,045,240	27,802,564
	<u>62,869,019,240</u>	<u>146,942,597,476</u>

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

	As at 1.1.2020 VND	Payable during the year VND	Paid during the year VND	As at 31.12.2020 VND
BIT	139,649,542,917	81,540,143,138	(164,831,046,503)	56,358,639,552
VAT – domestic sales	4,875,428,171	72,628,256,920	(72,339,453,717)	5,164,231,374
Personal income tax	2,389,823,824	18,910,608,190	(19,996,328,940)	1,304,103,074
Others	27,802,564	709,954,830	(695,712,154)	42,045,240
	<u>146,942,597,476</u>	<u>173,788,963,078</u>	<u>(257,862,541,314)</u>	<u>62,869,019,240</u>

**16 PAYABLES TO EMPLOYEES**

As at 31 December 2020 and 31 December 2019, the balance of payable to employees represents the 12<sup>th</sup> and 13<sup>th</sup> month salary based on 2020 and 2019 work performance payable to the Group's employees.

**17 OTHER SHORT-TERM PAYABLES**

	2020 VND	2019 VND
Related parties (Note 37(b)(iv))	69,252,480,780	161,444,187,131
Third parties:		
- Union fee	27,121,237,210	22,625,201,864
- Dividend payable (Note 24)	182,529,975	150,138,775
- Other payables	31,039,284,476	33,721,829,998
	<u>127,595,532,441</u>	<u>217,941,357,768</u>

As at 30 December 2020 and 31 December 2019, there was no balance of other short-term payables that was past due.

## 18 BORROWINGS

## a) Short-term borrowings:

	As at 1.1.2020 VND	Increase VND	Decrease VND	As at 31.12.2020 VND
Short-term loans	<u>866,025,048,602</u>	<u>4,347,487,667,421</u>	<u>(4,108,012,245,026)</u>	<u>1,105,500,470,997</u>

Details of short-term borrowings are as follows:

	31.12.2020 VND	31.12.2019 VND
HSBC Bank (Vietnam) Limited (i)	345,947,307,613	202,575,269,313
Vietnam Joint Stock Commercial Bank for Industry and Trade – Dong Thap Branch (ii)	318,322,357,977	238,561,326,398
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh City Branch (iii)	237,850,207,662	116,420,979,252
Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV") – Tien Giang Province Branch (iv)	120,281,507,755	206,072,327,082
ANZ Bank (Vietnam) Limited – Ho Chi Minh City Branch (v)	83,090,000,000	102,386,146,557
	<u>1,105,500,470,997</u>	<u>866,025,048,602</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 short-term trade accounts receivables (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 Asia Commercial Joint Stock Bank ("ACB") - Cao Lanh Transaction (Note 5 (a)).
- (iii) The balance represents borrowings in VND with applicable interest rates being specified for each drawdown to finance the Group's working capital. This loan is secured by mortgaging the land use rights and fixed assets of workshop 1, workshop 2 and workshop 3 (Note 11).
- (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 ACB – Dong Thap Branch and Maritime bank (Note 5(a)).
- (v) The balance represents borrowings in VND. Interest rates are specified for each drawdown. The borrowings are secured by short-term trade accounts receivable (Note 6) and inventories (Note 9).

**18 BORROWINGS (continued)****b) Long- term borrowings:**

	As at 1.1.2020 VND	Increase VND	Decrease VND	As at 31.12.2020 VND
Bank loans	-	69,207,840,274	-	69,207,840,274

(\*) The balance represents the loans from the Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh City Branch for the expansion of the project to increase the capacity of the Collagen and Gelatin factory. This loan is secured by machinery and equipments of the Group.

**19 PROVISION FOR LONG-TERM LIABILITIES**

The balance represents the provision for severance allowance.

**20 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**

	2020 VND	2019 VND
Beginning of year	2,589,989,790	4,689,035,714
Consolidated income statement charge (Note 33)	(283,805,900)	(2,099,045,924)
End of year	<u>2,306,183,890</u>	<u>2,589,989,790</u>

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

**Details of deferred tax assets:**

	2020 VND	2019 VND
Deductible temporary differences	<u>2,306,183,890</u>	<u>2,589,989,790</u>

**20 DEFERRED INCOME TAX (continued)****(b) Deferred tax liabilities**

	2020 VND	2019 VND
Beginning of year	3,066,844,176	14,895,000,000
Consolidated income statement credit (Note 33)	2,147,596,095	(11,828,155,824)
End of year	<u>5,214,440,271</u>	<u>3,066,844,176</u>

**Details of deferred tax liabilities**

	2020 VND	2019 VND
Taxable temporary differences	<u>5,214,440,271</u>	<u>3,066,844,176</u>

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

Tax rate of 15% was used for determining deferred tax assets and deferred tax liabilities for the year ended 31 December 2020 (2019: 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.

**21 BONUS AND WELFARE FUND**

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

	2020 VND	2019 VND
Beginning of year	32,974,293,915	36,171,854,764
Appropriated (Note 23)	58,956,126,261	20,000,000,000
Utilised	(14,311,676,333)	(23,197,560,849)
End of year	<u>77,618,743,843</u>	<u>32,974,293,915</u>

**22 OWNERS' CAPITAL****(a) Number of shares**

	2020		2019	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	<u>183,376,956</u>	<u>-</u>	<u>183,376,956</u>	<u>-</u>
Number of shares issued	183,376,956	-	183,376,956	-
Number of shares repurchased	<u>1,430,930</u>	<u>-</u>	<u>1,430,930</u>	<u>-</u>
Number of existing shares in circulation	<u>181,946,026</u>	<u>-</u>	<u>181,946,026</u>	<u>-</u>

**(b) Movement of share capital**

	Number of shares	Ordinary shares VND	Treasury share VND	Total VND
As at 1 January 2019	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	<u>90,973,013</u>	<u>909,730,130,000</u>	<u>-</u>	<u>909,730,130,000</u>
As at 31 December 2019 and as at 31 December 2020	<u>181,946,026</u>	<u>1,833,769,560,000</u>	<u>(114,215,880,222)</u>	<u>1,719,553,679,778</u>

Par value per share: VND10,000.

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23 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Undistributed earnings VND	Non-controlling interests VND	Total VND
As at 1 January 2019	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)	-	-
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
Capital increased during the year	-	-	-	-	2,000,000,000	2,000,000,000
Net profit for the year	-	-	-	719,308,370,179	(9,599,430)	719,298,770,749
2020 interim dividend declared (*)	-	-	-	(363,892,052,000)	-	(363,892,052,000)
Appropriation to bonus and welfare fund (**)	-	-	-	(58,956,126,261)	-	(58,956,126,261)
As at 31 December 2020	1,833,769,560,000	223,774,789,900	(114,215,880,222)	3,228,412,162,202	3,990,400,570	5,175,731,032,450

(\*) In accordance with the Resolution of the Board of Directors on 24 September 2020, the Board of Directors approved dividend payment of 2020 with a ratio of 20% of par value, equivalent to VND363,892,052,000.

(\*\*) In accordance with the Resolution No. 01/DHC/NQ/20 of the Annual General Meeting dated 15 May 2020, the Company's shareholders approved the appropriation to bonus and welfare fund amounting at VND58,956,126,261 equivalent to 5% of profit after tax of shareholders of the Company in 2019.

**24 DIVIDENDS**

Movements of dividends payable during the year were as follows:

	2020 VND	2019 VND
Beginning of year	150,138,775	329,605,650
Dividends payable (Note 22)	363,892,052,000	184,807,886,000
Dividends paid in cash	(363,859,660,800)	(184,987,352,875)
End of year (Note 17)	<u>182,529,975</u>	<u>150,138,775</u>

**25 EARNINGS PER SHARE AND DILUTED EARNING PER SHARE****(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare fund by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Group and held as treasury shares:

	<u>For the year ended</u>	
	31.12.2020	31.12.2019
Net profit attributable to shareholders (VND)	719,308,370,179	1,179,122,525,220
Less amount allocated to bonus and welfare funds 2019 (VND) (*)	-	(58,956,126,261)
	<u>719,308,370,179</u>	<u>1,120,166,398,959</u>
Weighted average number of ordinary shares in issue (shares)	181,946,026	92,292,511
Basic earnings per share (VND)	<u>3,953</u>	<u>12,137</u>

At the date of these consolidated financial statements, the Group has not appropriated the undistributed net profit to bonus and welfare fund because it has not been approved by the shareholders at the Annual General Meeting.

(\*) The net profit attributable to shareholders used to compute basic earnings per share for the year ended 31 December 2019 was adjusted for the provisional appropriation to bonus and welfare fund of VND58,956,126,261 from undistributed earnings of year 2019 according to the resolution of Annual General Meeting No. 01/DHDCCD/NQ/20 dated 15 May 2020. Bonus and welfare fund is adjusted by VND58,956,126,261 for the purpose of calculating basic earnings per share for the year ended 31 December 2019.



**25 EARNINGS PER SHARE AND DILUTED EARNING PER SHARE (continued)****(a) Basic earnings per share (continued)**

Basic earnings per share of for year ended 31 December 2019 were recalculated as follows:

	For the year ended 31.12.2019		
	As previously reported	Adjustments	As restated under Circular 200
Net profit attributable to shareholders (VND)	1,179,122,525,220	(58,956,126,261)	1,120,166,398,959
Weighted average number of ordinary shares in issue (shares)	92,292,511	-	92,292,511
Basic earnings per share (VND)	12,776		12,137

**(b) Diluted earnings per share**

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders, which already subtracted the bonus and welfare fund, by the weighted average number of ordinary shares outstanding during the year and the ordinary shares expected to be issued. The Group has no dilutive potential ordinary shares during the year and up to the date of these consolidated financial statements, so diluted earnings per share are equal to basic earnings per share.

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

The future minimum lease payments under non-cancellable operating leases are presented in Note 38.

**(b) Foreign currencies**

	31.12.2020	31.12.2019
United States Dollar ("USD")	390,960	202,137
Euro ("EUR")	1	1
Chinese Yuan Renminbi ("CNY")	2,920	3,114

**27 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES**

	2020 VND	2019 VND
<b>Revenue from sales of goods and rendering of services</b>		
Revenue from sales of finished goods	5,062,287,110,194	5,698,120,250,921
Revenue from sales of by-products	1,252,949,785,850	969,965,375,570
Revenue from sales of merchandises	798,920,639,736	1,162,709,947,805
Revenue from rendering of services	33,401,841,906	54,109,638,089
Revenue from sales of raw materials	17,846,161,673	10,080,893,489
	<u>7,165,405,539,359</u>	<u>7,894,986,105,874</u>
<b>Sales deductions</b>		
Sales allowances	(62,003,772,419)	(20,712,479,716)
Sales returns	(66,222,109,642)	(7,129,290,245)
	<u>(128,225,882,061)</u>	<u>(27,841,769,961)</u>
<b>Net revenue from sales of goods and rendering of services</b>	<u>7,037,179,657,298</u>	<u>7,867,144,335,913</u>

**28 COST OF GOODS SOLD AND SERVICES RENDERED**

	2020 VND	2019 VND
Cost of finished goods sold	4,143,612,788,068	4,396,776,565,588
Cost of by-products sold	1,092,010,355,454	844,303,293,714
Cost of merchandises sold	730,004,266,595	1,110,617,092,330
Cost of services rendered	10,010,424,326	4,827,719,355
Cost of raw materials sold	18,501,408,913	15,069,164,680
Provision/(reversal) for decline in value of inventories	28,266,527,820	(37,531,857,042)
	<u>6,022,405,771,176</u>	<u>6,334,061,978,625</u>

**29 FINANCIAL INCOME**

	<b>2020</b> <b>VND</b>	<b>2019</b> <b>VND</b>
Interest income from deposits	96,963,045,266	75,733,338,719
Interest income from trading securities	64,448,793,921	-
Realised foreign exchange gains	61,284,033,160	47,140,293,815
Dividend received	2,279,655,000	-
Interest income on the advances for purchases of raw materials	2,189,850,039	7,544,260,344
Income from disposal of investments	-	120,745,154,926
Others	78,529,360	29,556,000
	<u>227,243,906,746</u>	<u>251,192,603,804</u>

**30 FINANCIAL EXPENSES**

	<b>2020</b> <b>VND</b>	<b>2019</b> <b>VND</b>
Realised foreign exchange losses	45,447,572,018	29,558,675,340
Interest expense	38,407,804,147	59,533,476,528
Loss from trading securities	16,216,433,651	-
Net loss from foreign currency translation at year end	1,164,868,526	577,419,574
	<u>101,236,678,342</u>	<u>89,669,571,442</u>

**31 SELLING EXPENSES**

	<b>2020</b> <b>VND</b>	<b>2019</b> <b>VND</b>
Transportation, storage and other outsourced service expenses	107,541,184,627	186,960,524,258
Exhibition and advertising expenses	12,801,453,807	17,102,210,254
Staff costs	11,772,999,205	8,938,319,798
Others	39,085,612,352	38,817,581,283
	<u>171,201,249,991</u>	<u>251,818,635,593</u>

**32 GENERAL AND ADMINISTRATION EXPENSES**

	2020 VND	2019 VND
Staff costs and welfare	65,118,669,281	55,595,124,759
Tools and supplies	11,985,852,806	13,010,518,374
Depreciation and amortization	9,343,355,300	10,485,254,857
Allocation of goodwill	5,698,816,770	5,698,816,770
Others	55,987,290,039	64,010,378,808
	<u>148,133,984,196</u>	<u>148,800,093,568</u>

**33 BIT**

The Group's subsidiaries are entitled to BIT rates base on its industries and according to its Investment registration certificate.

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:

	2020 VND	2019 VND
Net accounting profit before tax	803,270,315,882	1,309,371,320,025
Tax calculated at a rate of 20%	160,654,063,176	261,874,264,005
Effect of:		
Income not subject to tax	(398,906,634)	(18,476,173,000)
Non-deductible expenses	2,497,847,012	2,635,593,364
Tax incentive	(84,219,636,058)	(114,286,676,724)
Tax losses for which no deferred income tax asset was recognised	5,384,191,076	(1,498,212,840)
Over-provision in previous years	53,986,561	-
Business income tax charge	<u>83,971,545,133</u>	<u>130,248,794,805</u>
Charged to income statement:		
Business income tax – current	81,540,143,138	139,977,904,705
Business income tax – deferred (*)	2,431,401,995	(9,729,109,900)
	<u>83,971,545,133</u>	<u>130,248,794,805</u>

**33 BIT (continued)**

(\*) Deferred income tax expenses incurred during the year were mainly as below:

	2020 VND	2019 VND
Taxable temporary differences	5,214,440,271	3,066,844,176
Reversal of deferred income tax assets	2,589,989,790	4,689,035,714
Deductible temporary differences	(2,306,183,890)	(2,589,989,790)
Reversal of deferred income tax liabilities	(3,066,844,176)	(14,895,000,000)
Total deferred income tax incomes	<u>2,431,401,995</u>	<u>(9,729,109,900)</u>

**34 COST OF OPERATION BY FACTOR**

Costs of operation by factor represent all costs incurred during the year from the Company's operating activities, excluding cost of merchandise for trading activities. The details are as follows:

	2020 VND	2019 VND
Raw materials	5,196,637,317,785	4,260,488,726,323
Outsourced service expenses	1,103,131,222,034	1,159,006,004,179
Labour costs	951,038,205,291	768,125,913,369
Depreciation, amortisation and allocation of goodwill	192,048,059,701	158,000,022,886
Others	250,043,374,821	154,168,812,440
	<u>7,692,898,179,632</u>	<u>6,499,789,479,197</u>

**35 SEGMENT REPORTING**

*Geographical segments:*

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.

	2020 VND	2019 VND
Export sales	5,932,816,267,830	6,574,167,873,197
Domestic sales	1,104,363,389,468	1,292,976,462,716
Net sales	<u>7,037,179,657,298</u>	<u>7,867,144,335,913</u>

**35 SEGMENT REPORTING (continued)***Business activity segments:*

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 CASH FLOW STATEMENT****(a) Non-cash transactions affecting the consolidated statement of cash flows**

	2020 VND	2019 VND
Transfers from construction in progress to tangible fixed assets	402,859,005,137	192,694,412,093
Purchase tangible fixed assets and construction in progress were not yet paid	<u>57,773,148,171</u>	<u>9,958,831,641</u>

**(b) Amount of loan actually withdrawn during the year**

	2020 VND	2019 VND
Proceeds from borrowings following normal borrowing contracts	<u>4,416,695,507,695</u>	<u>4,677,272,193,820</u>

**(c) Amount of loan principal actually paid during the year**

	2020 VND	2019 VND
Repayments for borrowings following normal borrowing contracts	<u>4,108,012,245,026</u>	<u>5,080,694,240,341</u>

## 37 RELATED PARTY DISCLOSURES

The Company has transactions and balances with below related parties:

Related parties	Relationship
Van Duc Tien Giang Food Export Co., Ltd.	Related company of Chairwoman
Van Duc Food Co., Ltd.	Related company of Chairwoman
Mai Thien Thanh Co., Ltd (*)	Associate company

## (a) Related party transactions

During the year, the following major transactions were carried out with related parties:

	2020 VND	2019 VND
<b><i>i) Sales of goods and rendering of services</i></b>		
Van Duc Tien Giang Food Export Co., Ltd.	27,242,497,864	22,336,214,683
Van Duc Food Co., Ltd.	5,492,218,596	7,929,237,114
Mai Thien Thanh Co., Ltd	86,707,000	-
Individuals	12,534,248,000	-
	<u>45,355,671,460</u>	<u>30,265,451,797</u>
<b><i>ii) Purchases of goods and services</i></b>		
Van Duc Tien Giang Food Export Co., Ltd.	41,447,352,235	8,440,846,799
Mai Thien Thanh Co., Ltd	7,754,648,000	-
Van Duc Food Co., Ltd.	-	116,200
Individuals	46,138,412,790	26,622,495,360
	<u>95,340,413,025</u>	<u>35,063,458,359</u>
<b><i>iii) Disposals of fixed assets</i></b>		
Van Duc Food Co., Ltd.	-	15,191,995,392
<b><i>iv) Purchases of fixed assets</i></b>		
Van Duc Tien Giang Food Export Co., Ltd.	400,000,000	2,481,818,182
<b><i>v) Compensation of key management</i></b>		
Gross salaries and other benefits	22,510,073,315	25,599,136,382
<b><i>vi) Short-term lending</i></b>		
Van Duc Tien Giang Food Export Co., Ltd.	-	6,000,000,000

## 37 RELATED PARTY DISCLOSURES (continued)

## (a) Related party transactions (continued)

	2020 VND	2019 VND
<b>vii) Interest income from lending</b>		
Van Duc Tien Giang Food Export Co., Ltd.	-	29,556,000
	<u>                    </u>	<u>                    </u>
<b>viii) Dividends received</b>		
Van Duc Tien Giang Food Export Co., Ltd.	-	92,380,864,998
	<u>                    </u>	<u>                    </u>

(\* These are transactions for the period from July 2020 in which Mai Thien Thanh Limited Company became an associate of the Company.

## (b) Year end balances with related parties

	31.12.2020 VND	31.12.2019 VND
<b>i) Short-term trade accounts receivable (Note 6)</b>		
Van Duc Tien Giang Food Export Co., Ltd.	5,265,705,225	-
Van Duc Food Co., Ltd	899,932,942	1,191,276,429
Mai Thien Thanh Co., Ltd	15,708,000	-
	<u>6,181,346,167</u>	<u>1,191,276,429</u>
<b>ii) Other short-term receivables (Note 8)</b>		
Board of Directors and Management	-	24,166,003
	<u>                    </u>	<u>                    </u>
<b>iii) Short-term trade accounts payable (Note 14)</b>		
Van Duc Tien Giang Food Export Company	24,199,756,710	-
Mai Thien Thanh Co., Ltd	1,485,475,200	-
Individuals	84,640	-
	<u>25,685,316,550</u>	<u>                    </u>



**37 RELATED PARTY DISCLOSURES (continued)****(b) Year end balances with related parties (continued)**

	31.12.2020 VND	31.12.2019 VND
<b>iv) Other short-term payables (Note 17)</b>		
Van Duc Tien Giang Food Export Co., Ltd.	54,338,932,630	147,350,241,563
Van Duc Food Co., Ltd.	14,913,548,150	14,093,945,568
	<u>69,252,480,780</u>	<u>161,444,187,131</u>

**38 OPERATING LEASES COMMITMENTS**

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

	2020 VND	2019 VND
Within one year	8,501,359,229	8,475,952,356
Between one and five years	27,315,725,998	31,738,275,305
Over five years	28,893,804,253	33,065,424,857
Total	<u>64,710,889,480</u>	<u>73,279,652,518</u>

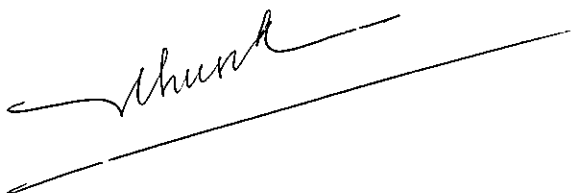
**39 EVENTS AFTER THE CONSOLIDATED BALANCE SHEET DATE**

- (i) On 22 January 2021, the Group has received the transfer of 3,565,759 shares of Sa Giang Export Import JSC. (stock code is SGC and listed on Hanoi Stock Exchange) from State Capital Investment Corporation, therefore becomes the parent company holding 3,665,759 shares with ownership of 51.29%.
- (ii) Pursuant to resolution of the Board of Directors dated 9 February 2021, the Board of Directors approved the capital commitment of VND70,000,000,000 accounting for 70% the registered charter capital of Thanh Ngoc Agricultural Food Co., Ltd., allocated at An Phu Hamlet, An Nhon Commune, Chau Thanh District, Dong Thap Province whose main industry is producing juice from fruits.

VINH HOAN CORPORATION

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The consolidated financial statements were approved by the Board of Management on 23 March 2021



Ha Thi Phuong Thuy Hong Nhung  
Chief Accountant/Preparer



Truong Thi Le Khanh  
Chairwoman

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