



VINH HOAN

**INNOVATION**  
ANNUAL REPORT

**2018**







**AQUACULTURE, NOT THE INTERNET,  
REPRESENTS THE MOST PROMISING  
INVESTMENT OPPORTUNITY  
OF THE 21<sup>ST</sup> CENTURY.**

*Peter Drucker,  
Economist and Nobel Laureate*

# LIST OF ABBREVIATIONS/ SHORT FORMS

**AGM:** Annual General Shareholders Meeting

**BoD or the Board:** Board of Directors

**BoM:** Board of Management

**SB:** Supervisory Board

**The Company or the Group or Vinh Hoan:**  
collectively referred to Vinh Hoan Corporation if not otherwise specified

**Co., Ltd:** Limited Company

**VND:** Vietnamese Dong

**USD:** United States Dollar

**HOSE:** Hochiminh Stock Exchange

**VASEP:** Vietnam Association of Seafood Exporters and Producers

**NPAT:** Net Profit After Tax



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# GENERAL INFORMATION

**Trading name:**

VINH HOAN CORPORATION

**English name:**

VINH HOAN CORPORATION

**Abbreviation:**

VINH HOAN CORP.

**Business Registration No.:**

1400112623

**Charter Capital:**

VND 924,039,430,000

**Address:**

National Road 30, Ward 11, Cao Lanh city,  
Dong Thap province

**Tel:**

+84 277 389 1166

**Fax:**

+84 277 389 1062

**Website:**

[www.vinhhoan.com](http://www.vinhhoan.com)

**Stock Symbol:**

VHC



# 01

## GENERAL INFORMATION

- 1.1 Message from the Chairwoman
- 1.2 Company introduction
- 1.3 Company structure - Organization chart - Management team
- 1.4 Development strategy 2019

## 1.1

## MESSAGE FROM THE CHAIRWOMAN



Dear valued shareholders,

The year 2018 was an exceptional year for the pangasius industry with a total export value of 2.26 billion USD, an increase of 26.5% from the previous year. We celebrated our first “trillion dong” net profit after tax milestone with 1,442 billion VND for 2018. On behalf of Vinh Hoan, I am delighted to present our results and would like to sincerely thank our shareholders, who have trusted and accompanied us along this spectacular journey.

Vinh Hoan’s values – innovation and differentiation – are core to our development. As we reach new heights in 2018, we continue to create a sustainable future by continuously improving our farming and production management systems.

At the beginning of 2019, we initiated a high-tech pangasius hatchery project in Vinh Hoa islet, An Giang province to address the biggest challenge in our industry – fingerlings – in order to improve farming performance and to create a platform for continuous technological innovation. Our team is studying farming processes of various aquatic species, both domestically and abroad, for potential adaptation to our supply chain.

At the end of 2018, we established Vinh Phuoc Food Co., Ltd. in Chau Thanh district, Dong Thap province. It acquired



a fish processing facility with a total industrial area of 17 hectares and a total farming area of 70 hectares. This facility is strategically located in an area with convenient logistics infrastructure, abundant labor resources, and a sizable fish raw material supply. Vinh Phuoc and our existing facilities are located in the same river stream, allowing us to further improve economies of scale in our raw materials supply management from the Tien River and the Hau River of Mekong Delta, with the potential to further expand production capacity and open up to new opportunities from other related industries.

All Vinh Hoan factories, whether new or old, are regularly maintained and upgraded with machinery and equipment. We continuously improve our production lines to streamline human resource, maximize raw material recovery, and optimize production processes.

In the spirit of innovation and differentiation, we encourage every employee to contribute suggestions and ideas in their everyday activities so we can build an open and innovative organizational culture. We are not afraid to step out of our comfort zone. We are always cognizant of the rapidly changing industry landscape to continuously evolve and differentiate in every step of the production process.

In 2019 and the coming years, we will continue to improve ourselves and the industry's mindset to promote the reputation of Vietnamese pangasius along with Vinh Hoan brand – a delicious, high-quality product. We strive to be the seafood of choice for consumers by crafting a narrative of scientific research and continuous improvement by Vietnamese aquaculture professionals; and by adapting to market demand for healthy, nutritious, and convenient food solutions.

People at Vinh Hoan are committed to constantly listening, learning, acting professionally, and being devoted to the distributors, supermarkets, and restaurants who place their confidence in selecting Vinh Hoan as their trusted partner and vendor.

On behalf of everyone at Vinh Hoan, I am grateful for your continued support. Thanks to our long-term development strategy, Vinh Hoan has a solid foundation to achieve new heights in our future development.

Sincerely,

**Chairwoman of the Board**



**TRUONG THI LE KHANH**

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**INNOVATION IS THE FUTURE  
OF AQUACULTURE**

---

**62%**

**of food fish will come  
from aquaculture by 2030**





# 1.2

## COMPANY INTRODUCTION

### 1.2.1 OUR MISSION - OUR VISION - OUR CORE VALUES

#### OUR MISSION

To affirm our market-leading position in and contribute to sustainable aquaculture globally by innovation, environmental protection, and efficiency improvement throughout our supply chain.

#### OUR VISION

To be a global aquaculture leader providing safe, sumptuous, and healthy food solutions in a sustainable and environmentally friendly manner.

#### OUR CORE VALUES

Through 5 areas

- **COMMITMENT:** Say and do the right things
- **INNOVATION:** Constant development and differentiation
- **DEDICATION:** Work wholeheartedly for the benefit of all
- **SHARING:** Sharing is caring
- **PROFESSIONALISM:** Prompt and proactive actions under strict regulatory compliance

#### BUSINESS PHILOSOPHY

Exceed customer expectations, honesty and compliance.

## 1.2.2 COMPANY HISTORY

Vinh Hoan was established in 1997 in Dong Thap province, specializing in the farming and processing of frozen pangasius products. Vinh Hoan is the leader in farming, production, and export of the pangasius industry. The Company has achieved the following milestones over its history of more than 20 years:

**1997 :** Mdm. Truong Thi Le Khanh established Vinh Hoan as a private enterprise.

**1998 :** Vinh Hoan converted from private enterprise to a limited company.

**1999 :** Vinh Hoan established the first seafood workshop located at Cao Lanh city, Dong Thap province commenced operation.

**2000 :** Workshop 1 was accredited with EU code for export to European markets (DL.147).

**2005 :** Workshop 1 was accredited with ISO 9001:2000; ISO 14001:2004; BRC:2005 and IFS version 4 certifications.

**2007 :**

- Established Vinh Hoan (USA) Inc. in California, USA;
- Established Vinh Hoan Feed 1 JSC;
- Commenced operation of the Workshop 2 (DL.61);
- Vinh Hoan listed on the Ho Chi Minh Stock Exchange.

**2008 :** Commenced operation of the Workshop 3 (DL.500).



- 2009**
- Vinh Hoan's farms were accredited with AQUAGAP certification;
  - Vinh Hoan's laboratory was accredited with ISO/IEC 17025:2005 certification.

- 2010**
- Vinh Hoan became the No. 1 Vietnam exporter by export value according to the Vietnam Association of Seafood Exporters and Producers (VASEP);
  - Farms were accredited with Global GAP certification;
  - Quality control systems were accredited with ISO 22000 certification.

- 2011**
- Vinh Hoan and Mdm. Truong Thi Le Khanh were awarded the Labor Medal Class III by the President of the Socialist Republic of Vietnam according to Decision No. 150/QĐ-CTN dated January 28, 2011;
  - Received the Best Retail Product prize in Seafood Prix d'Elite at the European Seafood Exhibition in Brussels, Belgium;
  - Vinh Hoan's farms and processing facilities were accredited with Best Aquaculture Practice (BAP) 2-star.

- 2012**
- Vinh Hoan was awarded the Labor Medal Class II by the President of the Socialist Republic of Vietnam according to Decision No. 1261/QĐ-CTN dated August 21, 2012;
  - Vinh Hoan was the first pangasius company to be accredited with Aquaculture Stewardship Council (ASC) certification for sustainable farming.

- 2013**
- Vinh Hoan's barramundi farms were accredited with Global GAP;
  - Commenced construction of Vinh Hoan's collagen and gelatin facility with a total capacity of 2,000 tons of finished products per year.

- 2014**
- Vinh Hoan was the only seafood company named in the Top 50 Best Listed Companies by Forbes Vietnam;
  - Named as one of the Top 50 Best Performing Companies in Vietnam by Investment Review magazine;
  - Divested Vinh Hoan 1 Feed JSC.

## 2015

- The collagen and gelatin facility commenced operation and was accredited with ISO 9001, ISO 14001, GMP-WHO, and Halal certifications;
- Vinh Hoan became the first pangasius company in the world to be accredited with BAP 4-star for the entire chain of custody from hatchery, feed, farming to processing;
- Received priority in customs clearance processes in accordance with Decision No. 2669/QĐ-TCHQ dated September 14, 2015 signed by the Director General of General Department of Customs;
- Vinh Hoan continued to be named in Top 50 Best Listed Companies in Vietnam by Forbes Vietnam,

## 2016

- Increased foreign ownership limit to 100% to attract strategic investors;
- Vinh Hoan continued to be named in Top 50 Best Listed Companies in Vietnam by Forbes Vietnam;
- Appointed Ms. Nguyen Ngo Vi Tam (formerly Sales and Marketing Director) as CEO;
- Vinh Hoan was awarded the Labor Medal Class I by the President of the Socialist Republic of Vietnam in accordance with Decision No. 2248/QĐ-CTN dated September 20, 2016;
- Mdm. Truong Thi Le Khanh was awarded the Labor Medal Class II by the President of the Socialist Republic of Vietnam according to Decision No. 2262/QĐ-CTN dated October 25, 2016;
- CEO Nguyen Ngo Vi Tam and Project Director Huynh Duc Trung were awarded the Labor Medal Class III by the President of the Socialist Republic of Vietnam according to Decision No. 2053/QĐ-CTN dated September 20, 2016 and Decision No. 166 dated January 18, 2016, respectively.





### 1.2.3 PRINCIPAL BUSINESS LINES REGISTERED

- Inland aquaculture;
- Processing and preserving aquatic products;
- Trading of raw agricultural products and preprocessing materials in the aquatic products and aquatic feed industries;
- Trading of aquatic products and related husbandry products used in producing and processing of aquatic products;
- Trading of chemicals used in producing and processing aquatic products;
- Trading of machines, equipment and supplies used in producing and processing aquatic products and aquatic feeds;
- Producing fish meal;
- Producing oil and fat from animals and plants;
- Extracting and producing gelatin and hydrolyzed collagen;
- Exporting and importing of gelatin, hydrolyzed collagen, and pharmaceutical ingredients; importing chemicals and materials used in producing gelatin, hydrolyzed collagen, cosmetics and supplements.

### 1.2.4 PRODUCT PORTFOLIO

#### **CONSUMERS, ALONG WITH EVER-CHANGING CULINARY TRENDS, ARE THE MOTIVATION AND ENDLESS INSPIRATION TO VINH HOAN FOR NEW PRODUCTS DEVELOPMENT**

Consumers, along with ever-changing culinary trends, are the motivation and endless inspiration for food processing companies like a Vinh Hoan to enrich its product portfolio, and to increase consumer with a demand diversified portfolio.

We understand that modern consumers lack time to cook, yet demand delicious, unique, nutritious and convenient products. They are prepared to pay more for natural and environmentally friendly foods with clear ingredient labeling for natural.

Therefore, Vinh Hoan constantly creates delicious, nutritious, and convenient seafood products, helping consumers to crease memorable culinary experiences with friends and families.

Besides, the Company is constantly striving to be a supplier of high quality seafood and sustainable aquaculture. We focus on responsible farming and production with strict farming standards, animal welfare and transparent traceability under the standards of BAP 4\* and ASC covering fingerlings, feed, raw material fish to final production. Pangasius is considered one of the safest farmed fish species globally, and its farming and production process is subject to stringent environmental, social and governance standards certified by international third-party certification bodies.

Our R&D's understanding of consumer needs helped new product development. Vinh Hoan's value-added products have won various awards: "Seafood Harmony" was the winner of the Seafood Prix d'Elite Health and Nutrition at Seafood Expo Global, Brussels 2009; "Provocake" was the winner of the Seafood Prix d'Elite Health and Nutrition at Seafood Expo Global, Brussels 2011; "Pangasius Onigiri Rice Balls" was a finalist of Seafood Excellent Awards, Brussels 2018; and "Fish Bites" was awarded "Innovation of the Year" prize by the Australian supermarket Woolworths.



Vinh Hoan's product list for 2018 includes 3 main product groups: food, functional foods, and by-products:

- Food group: including fish fillet, Ready-to-Cook products, Ready-to-Eat products
- Functional food group: including collagen and gelatin
- By-products: products made from the utilization of the remaining raw materials of fish fillet processing.

### Fillet products

The main product of Vinh Hoan is sustainable and environmentally friendly pangasius fillets. It has become a popular white fish globally thanks to the following characteristics:

- Suitable for aquaculture and easy to process:
  - Native species of the Mekong River
  - Easy reproduction
  - High disease resistance
  - Low feed conversion ratio
  - Can be sustainably farmed
  - Ease of filleting
- Suitable for families:
  - White meat, naturally firm texture, mild taste, suitable for consumers of all ages
  - Ease of cooking, versatile applications for all kinds of cuisines
  - Competitive pricing



## Ready-to-Cook products

Formed breaded pangasius  
 "Hand-made" breaded pangasius  
 Marinated pangasius  
 Pangasius skewers





### Ready-to-Eat products

Kabayaki pangasius: grilled pangasius with Kabayaki sauce

Onigiri rice balls filled with kabayaki pangasius

Fish skin snacks



### Collagen & gelatin

Vinh Hoan is the only company in Vietnam to apply high-tech in researching and developing collagen and gelatin from pangasius skin successfully, in order to optimize the efficiency of fish skin from fillet processing. Collagen is gaining popularity in the functional food and cosmetics industry. Gelatin is an essential ingredient in the pharmaceuticals and confectionery production. Collagen and gelatin products from Vinh Hoan Collagen Co., Ltd have high purity, solubility, permeability, and compatibility with natural body collagen. It is easily absorbed by human body, homogeneous is ASC, GMP-WHO, HACCP, HALAL, ISO 9001, ISO 14000 certified, and is chosen by major manufacturers worldwide.



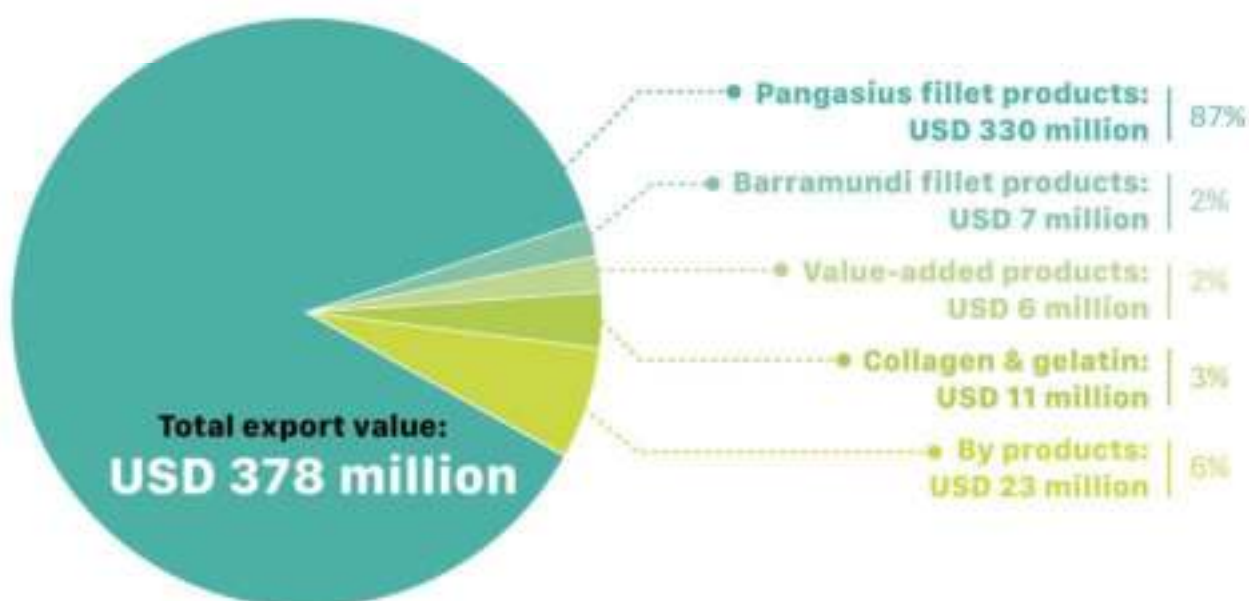


### By-products

Vinh Hoan continues to optimize the recovery value through the processing of fishmeal, fish oil, and other by-products. Fish oil and fishmeal are used in the production of animal feed and refined fish oil can also be used in food processing for human consumption. Fish fins and fish air bladders are widely used in Asian dishes.



### Export sales in 2018 are divided into product groups







### 1.2.5 BUSINESS PREMISES IN 2018

Vinh Hoan constantly develops its production system to maximize long-term capacity and productivity.

#### Domestic sites:

- Headquarters at Cao Lanh city, Dong Thap province with three pangasius and value-added products factories.
- Ho Chi Minh city – Branch is in charge of sales and investor relations.
- Vinh Hoan Collagen One Member Co., Ltd. produces collagen and gelatin at Cao Lanh city, Dong Thap province.
- Thanh Binh Dong Thap One Member Co., Ltd. has two pangasius factories and one factory for processing fishmeal and fish oil at Thanh Binh district, Dong Thap province.
- Fish farms, concentrated mainly in Dong Thap, Tien Giang, An Giang and Ben Tre provinces. In 2018, the Company completed land procedures, and started construction and farming 219 hectares at Tan Hung district, Long An province;
- Vinh Hoan Food 2 Co., Ltd. had two rice mills at Lap Vo district, Dong Thap province. In October 2018, the Company completed transferring assets of Vinh Hoan 2 Food Co., Ltd. to a foreign partner. In early 2019, the Company also completed the dissolution procedure of Vinh Hoan 2.
- In September 2018, Vinh Phuoc Food Co., Ltd. was established to acquire the pangasius factory in Chau Thanh district, Dong Thap province and a farming area in Ben Tre;



## 1.2.6 COMPETITIVE LANDSCAPE

In 2018, Vinh Hoan continued to maintain its leading position in Vietnam's pangasius industry, with the group's market share reaching 15% at the end of 2018. With this result, Vinh Hoan is ranked No. 2 among Vietnamese seafood exporters in terms of export value.

The top 5 largest pangasius exporters showed high growth in market share over the past two years, from 35% to 40%. All of these enterprises have revenue growth at the double-digit level. However, there were some major changes in the Top 5. For example, Hung Vuong (HOSE: HVG) from the second position in 2017 was out of Top 10 in 2018 with the market share dropping sharply from 7% to 2%, replaced by Bien Dong with strong growth from 6% to 10%. Another company also entered Top 5 in 2018 is Truong Giang, with market share increasing from 3% to 4%.

### Top 5 largest pangasius exporters in Vietnam (2010-2018)

Unit: USD million

Source: VASEP

2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>VINH HOAN</b> 126.4	<b>VINH HOAN</b> 150.7	<b>VINH HOAN</b> 154.9	<b>VINH HOAN</b> 166.2	<b>VINH HOAN</b> 207.4	<b>VINH HOAN</b> 227.6	<b>VINH HOAN</b> 251.2	<b>VINH HOAN</b> 270.3	<b>VINH HOAN</b> 345.1
HUNG VUONG 100.9	HUNG VUONG 123.5	HUNG VUONG 111.9	AGIFISH 112.6	HUNG VUONG 139.7	BIEN DONG 116.7	BIEN DONG 134.0	HUNG VUONG 120.6	BIEN DONG 218.1
VIET AN 61.7	AGIFISH 84.0	AGIFISH 91.9	HUNG VUONG 105.5	NAM VIET 109.8	HUNG VUONG 95.7	HUNG VUONG 102.2	BIEN DONG 114.2	NAM VIET 134.1
AGIFISH 58.8	VIET AN 83.0	VIET AN 82.8	NAM VIET 86.7	AGIFISH 84.6	NAM VIET 93.1	GOLDEN QUALITY 100.7	I.D.I. 96.7	I.D.I. 126.6
NAM VIET 58.2	NAM VIET 53.7	I.D.I. 58.3	I.D.I. 79.7	BIEN DONG 76	I.D.I. 67.5	NAM VIET 80.2	NAM VIET 85.3	TRUONG GIANG 91.9
<b>The pangasius industry</b> 1,427	<b>The pangasius industry</b> 1,856	<b>The pangasius industry</b> 1,744	<b>The pangasius industry</b> 1,720	<b>The pangasius industry</b> 1,777	<b>The pangasius industry</b> 1,565	<b>The pangasius industry</b> 1,715	<b>The pangasius industry</b> 1,788	<b>The pangasius industry</b> 2,261

### 1.2.7 EXPORT MARKETS

#### PANGASIOUS EXPORT MARKETS OF VINH HOAN

The structure of export markets of Vinh Hoan had no major changes, with the U.S., China, the U.K. and Canada continuing to be the four largest markets. However, markets perform differently:

- Expanding markets: the U.S., China, Belgium, Japan, the Netherlands, Spain, Switzerland, etc., and
- Shrinking markets: the U.K., Canada and Australia due to insufficient supply caused by the shortage of raw material.

In 2018, a serious shortage of fingerlings and raw material fish led to low inventory level, the Company adjusted sales activities by prioritizing strategic markets and certain high-end mid-end costumes with suitable selling prices.

#### PANGASIOUS EXPORT MARKETS OF THE INDUSTRY

The export market structure of Vietnamese pangasius industry had no major changes, with the U.S., China, Latin America and ASEAN countries remaining as the main markets. However, in 2018, the U.S. and ASEAN markets showed significant growth while the Latin American markets retreated, mainly due to a sharp increase in raw material prices which led to selective export strategies.

#### VINH HOAN'S MARKET SHARE IN SOME MAJOR MARKETS

In the U.S., Vinh Hoan continued to be the leader accounting for 50% market share of Vietnamese pangasius.

In China, Vinh Hoan continued to be the third largest supplier, with its market share increasing slightly from 8% to 9%, and focusing primarily on the high-end segment.







# 1.3

## COMPANY STRUCTURE - ORGANIZATION CHART - MANAGEMENT TEAM

### 1.3.1 COMPANY STRUCTURE



**(1)**

**Vinh Hoan 2 Food Co., Ltd.** was established in accordance with Business Registration Certificate No. 1401420853 dated July 27<sup>th</sup>, 2011 by the Department of Planning and Investment of Dong Thap province.

- Charter capital: VND 100,000,000,000; of which VND 99,300,000,000 (equivalent to 99.3%) was contributed by Vinh Hoan Corporation.
- Principal business: grains milling, rice polishing, trading and importing/exporting of rice.
- In October 2018, Vinh Hoan Corporation sold substantially all assets of Vinh Hoan 2 Food Co., Ltd. to a foreign investor. In early 2019, Vinh Hoan 2 Food Co., Ltd. was dissolved.

**(2)**

**Vinh Hoan 4 One Member Co., Ltd.** was established in accordance with Business Registration Certificate No. 140171196 dated April 5<sup>th</sup>, 2012 by the Department of Planning and Investment of Dong Thap province.

- Charter capital: VND 50,000,000,000; Vinh Hoan Corporation has yet contributed in this company.
- Principal business: processing and preserving seafood and other fishery products.
- Investment for construction and operation of Vinh Hoan 4 One Member Co., Ltd. has not commenced.

**(3)**

**Vinh Hoan Collagen One Member Co., Ltd.** was established in accordance with Business Registration Certificate No. 1401587429 dated on December 2<sup>nd</sup>, 2011 by the Department of Planning and Investment of Dong Thap province.

- Charter capital: VND 100,000,000,000; fully contributed by Vinh Hoan Corporation.
- Principal business: extracting and manufacturing of hydrolyzed collagen and gelatin.

**(4)**

**Thanh Binh Dong Thap One Member Co., Ltd.** was acquired by Vinh Hoan Corporation in early 2017.

- Business Registration Certificate No. 1402054046 by the Department of Planning and Investment of Dong Thap province.
- Charter capital as of December 31<sup>st</sup>, 2018: VND 233,143,345,033; fully held by Vinh Hoan Corporation.
- Principal business: Aquaculture, processing, preserving and trading of fish and other fishery products.

**(5)**

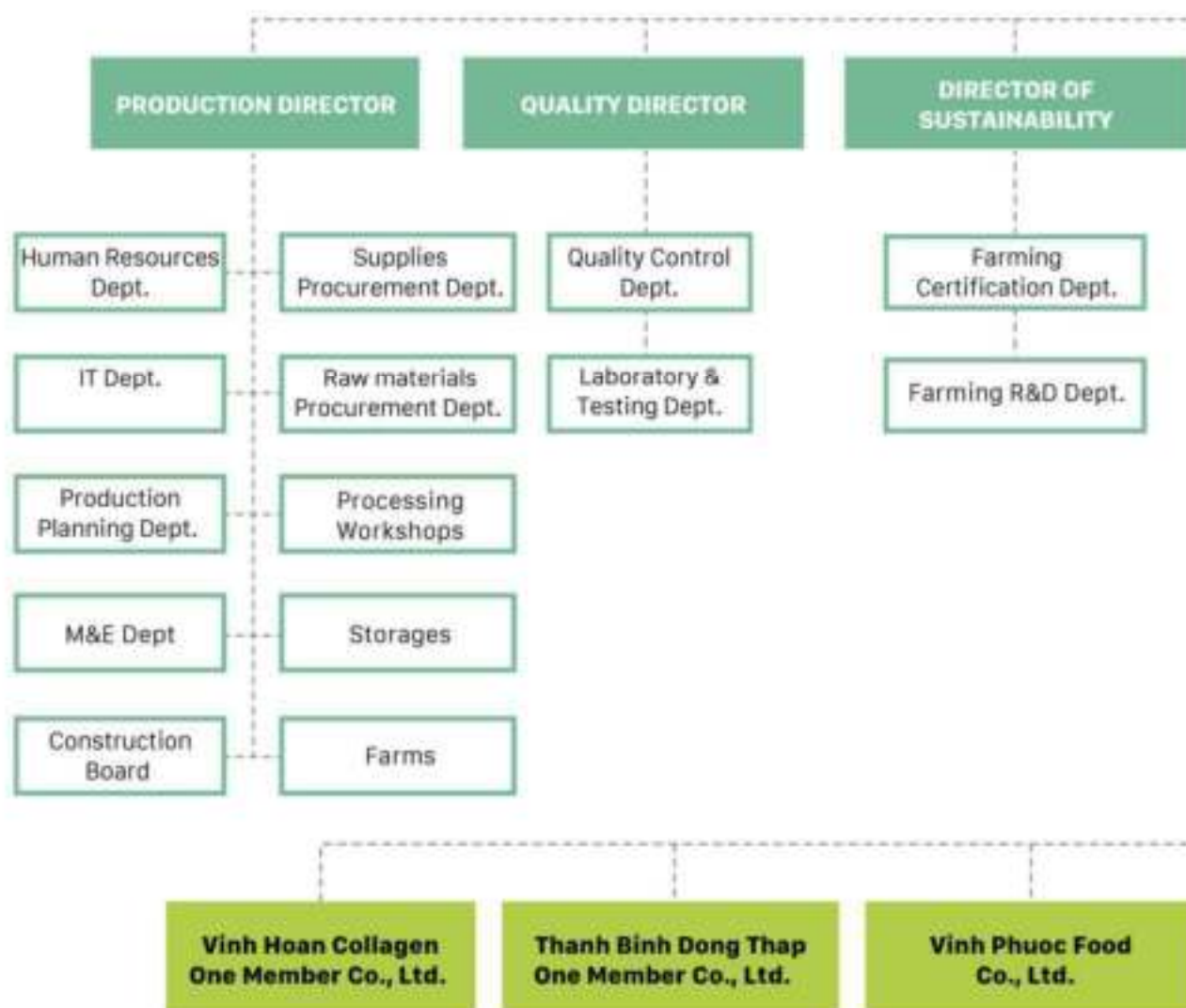
**Vinh Phuoc Food Co., Ltd.** was established by Vinh Hoan Corporation in September 2018.

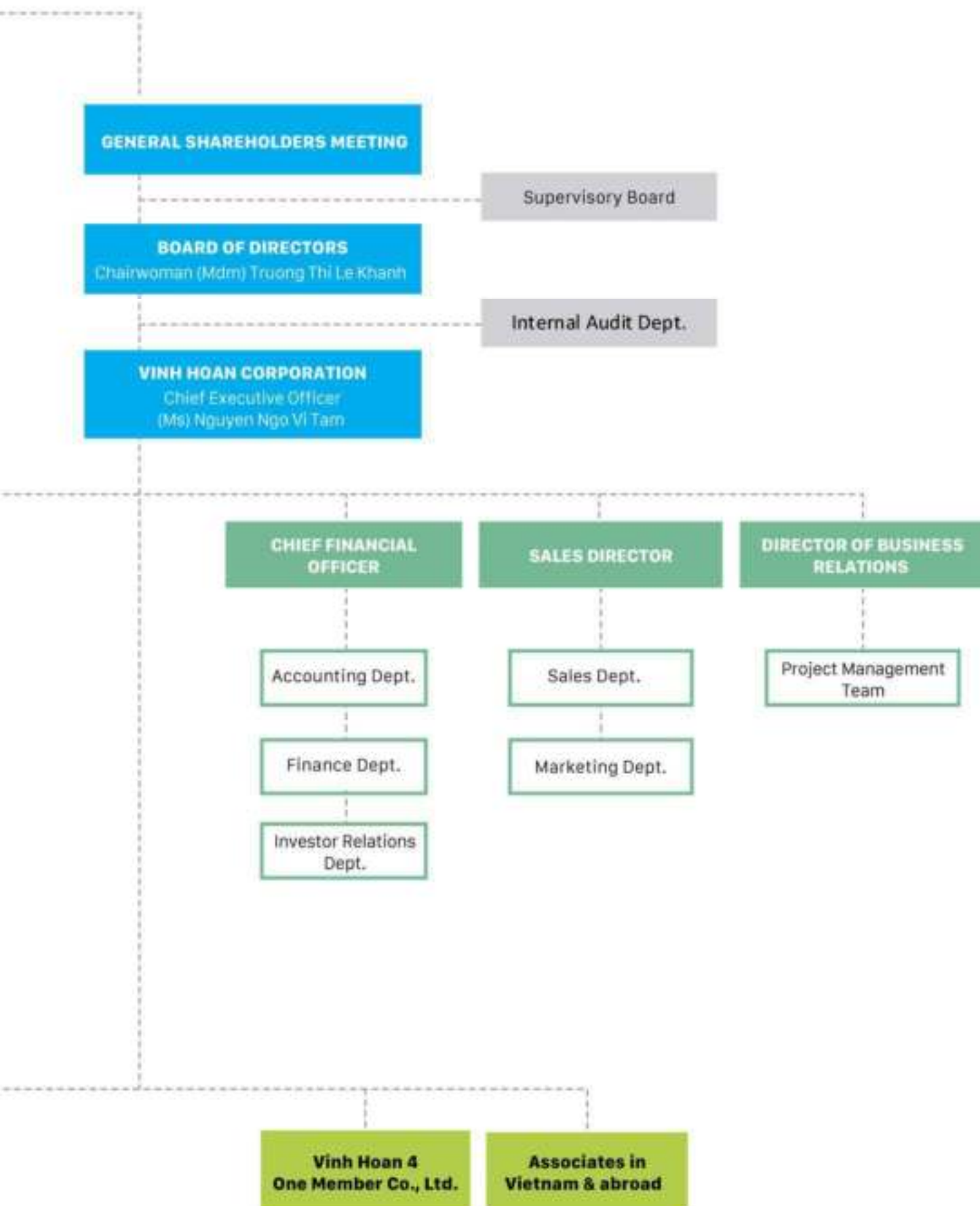
- Business Registration Certificate No. 1402103399 by the Department of Planning and Investment of Dong Thap province.
- Charter capital as of December 31<sup>st</sup>, 2018: VND 300,000,000,000; fully held by Vinh Hoan Corporation.
- Principal business: Aquaculture, processing, preserving and trading of fish and other fishery products.



### 1.3.2 ORGANIZATION CHART

- Vinh Hoan is structured as a corporation with Shareholders, Supervisory Board, Board of Directors, Board of Management including CEO, and functional directors (sales, finance, production, quality, and sustainability) and the directors of subsidiaries and affiliates.
- Direct reporting to the directors are managers, heads of departments. The departments are structured by operating functions from farming, processing to sales.
- The subsidiaries are managed by the directors, reporting directly to CEO. The affiliates, mainly in charge of sales and market development activities align with sales strategy of the parent company, report to Sales Director.







### 1.3.3 THE BOARD OF DIRECTORS AND SUBCOMMITTEES OF THE BOARD

#### THE BOARD OF DIRECTORS FOR OFFICE TERM 2017 – 2021

The annual General Assembly of Shareholders in 2017 had elected the Board of Directors for office term 2017 – 2021 as follows

- |                            |                         |
|----------------------------|-------------------------|
| • Mdm. Trương Thị Lê Khanh | Chairwoman of the Board |
| • Ms. Nguyễn Ngô Vĩ Tam    | Member of the Board     |
| • Ms. Trương Tuyet Hoa     | Member of the Board     |
| • Ms. Nguyễn Thị Kim Dao   | Member of the Board     |
| • Mr. Võ Phú Đức           | Member of the Board     |

There is no change in the BoD's personnel in 2018.

## INTRODUCTION TO THE BOARD OF DIRECTORS



01

**MDM. TRUONG THI LE KHANH****Chairwoman of the Board**

Ownership of VHC shares  
(as of March 22, 2019) **42.83%**

- Year of birth: 1961
- Qualifications: Bachelor of Economics
- She has served as the Chairwoman of the BoD since 2007.

In 1997, she founded and led Vinh Hoan from a small processing facility to one of the largest companies in farming and processing pangasius.

She is known as one of the leading business women in the Vietnamese pangasius industry, who takes a great part in pioneering for the sustainability of this industry.

She is the Chairwoman of the Board, focusing on the strategic planning activities and improving the management of the Company.

Mdm. Truong Thi Le Khanh has been granted multiple honorable and prestigious awards as followings:

**2018**

- Entrepreneur for the Mekong Delta community
- Excellent Entrepreneur Award in Mekong Delta 2018  
- Vietnam Chamber of Commerce and Industry
- Top 50 Most Influential Vietnamese Women 2018  
- Forbes (Vietnam)

**2017**

- Second Class Labor Medal, for excellent business result in 2011-2015, contributing to the building of socialism and national protection  
- The President of the Socialist Republic of Vietnam
- Top 50 Most Influential Vietnamese Women 2017  
- Forbes (Vietnam)
- Chairwoman of the Freshwater Fish Committee  
- Vietnam Association of Seafood Exporters and Processors

**2016**

- Top 20 Most Influential Vietnamese Women 2016  
- Forbes (Vietnam)





01

## MDM. TRUONG THI LE KHANH

### Chairwoman of the Board

Ownership of VHC shares  
(as of March 22, 2019) **42.83%**

- Year of birth: 1961
- Qualifications: Bachelor of Economics
- She has served as the Chairwoman of the BoD since 2007.

## 2015

- Top 50 Best Business Leaders with Outstanding Business Achievements and Leadership

- *The Business Review*

## 2014

- Representative Vietnamese Businesswoman with the Golden Rose cup

- *Vietnam Chamber of Commerce and Industry*

- Top 50 Best Business Leaders with Outstanding Business Achievements and Leadership

- *The Business Review*

## 2013

- Successful Intellectual Businesswoman of Saigon 2013

- *Vietnam Union of Science and Technology Associations*

- Top 10 Most Successful Vietnamese Businesswomen

- *Forbes (Vietnam)*

## 2011

- Third Class Labor Medal, for having excellent business result in 2005-2009, contributing to the building of socialism and national protection.

- *The President of the Socialist Republic of Vietnam*



02

**MS. NGUYEN NGO VI TAM****Board Member**

Ownership of VHC shares  
(as of March 22, 2019)

**0.12%**

- Year of birth: 1979
- Qualifications:  
Bachelor of Laws; MBA
- Years with Vinh Hoan: 16 years
- She has been a BoD member since 2007

Ms. Nguyen Ngo Vi Tam joined Vinh Hoan as a sales person in 2003. She was promoted to Sales Manager in 2006 and Vice Sales Director in 2008. This title was renamed as Sales and Marketing Director in 2014. Since May 23, 2016, Ms. Nguyen Ngo Vi Tam has been appointed as a General Director of the Company.

Ms. Nguyen Ngo Vi Tam has led Vinh Hoan's sales and marketing team for over 10 years and under her leadership, the export turnover has recorded a fivefold increase. In the process of development and expansion of production capacity, she played an important role in market development and branding activities to ensure corresponding sales growth.

She also successfully sets up an international sales team that speaks multiple languages and is experienced in various distribution channels. She is also responsible for managing the establishments and operations of sales offices in the United States, Singapore and China and product development division.

She also handles the anti-dumping case in the U.S., investor relations, and advises the Board of Directors on strategies for long-term development and plays a key role in the implementation of these strategies.

She was awarded with many merits and prizes as below:

**2018**

- Merit of Excellent Achievements on Tasks 2018

- Chairman of Dong Thap Provincial People's Committee

**2017**

- Third Class Labor Medal

- The President of the Socialist Republic of Vietnam





# 02

**MS. NGUYEN NGO VI TAM**

**Board Member**

Ownership of VHC shares  
(as of March 22, 2019)

**0.12%**

- Year of birth: 1979
- Qualifications:  
Bachelor of Laws; MBA
- Years with Vinh Hoan: 16 years
- She has been a BoD member since 2007

## 2016

- Top 40 under 40 year old fisheries leaders  
- *Intrafish*

## 2012

- Merit of Excellent Achievements on Tasks 2012  
- *Chairman of Dong Thap Provincial People's Committee*

## 2011

- Merit of Outstanding Achievements in the National Economy Development  
- *The Prime Minister of the Socialist Republic of Vietnam*

## 2007

- Merit of Outstanding Achievements in Aquaculture and Seafood Business  
- *Minister of Agriculture and Rural Development*



03

**MS. TRUONG TUYET HOA****Board Member**

Ownership of VHC shares  
(as of March 22, 2019) **0.02%**

- Year of birth: 1976
- Qualifications:  
Bachelor of Economics; MBA
- Years with Vinh Hoan: 22 years
- She has been a BoD member since 2015

Ms. Truong Tuyet Hoa was one of first employees of Vinh Hoan since its inception. She was among the first key salespersons and has led the sales team to thrive in the development history of the Company.

Ms. Truong Tuyet Hoa was appointed as Sales Manager in 2009 before being promoted to Sales Director in 2017. She plays an important role in planning and implementation of business plans and sales strategies of the Company as well as effective management of exports, logistics, and after-sale services.

She was awarded with many merits and prizes as below:

**2018**

- Merit of Excellent Achievements on Tasks 2018  
- Chairman of Dong Thap Provincial People's Committee

**2017**

- Merit of Excellent Performance in the Establishment and Development of Vinh Hoan Corporation on the Company's 20<sup>th</sup> Anniversary  
- Chairman of Dong Thap Provincial People's Committee

**2012**

- Merit of Excellent Achievements on Tasks 2012  
- Chairman of Dong Thap Provincial People's Committee

**2007**

- Merit of Outstanding Achievements in Aquaculture and Seafood Business  
- Minister of Agriculture and Rural Development





# 04

## MS. NGUYEN THI KIM DAO

### Board Member

Ownership of VHC shares  
(as of March 22, 2019) **0.09%**

- Year of birth: 1979
- Qualifications: Bachelor of Accounting
- Years with Vinh Hoan: 16 years
- She has been a BoD member since March 10, 2016

Ms. Nguyen Thi Kim Dao served as the Chief Accountant for 10 years before being appointed as the CFO in 2014.

She manages accounting and financial procedures of Vinh Hoan to ensure strict compliance, accuracy and truthfulness and optimize the capital efficiency for Vinh Hoan and its subsidiaries.

Ms. Dao also took part in the early phase of tackling the anti-dumping case in the U.S.. In addition, she also advises the Board of Directors on many important financial strategies and cost management policies for the Company.

She was awarded with the below merits:

## 2018

- Merit of Excellent Achievements on Tasks 2018  
- Chairman of Dong Thap Provincial People's Committee

## 2014

- Merit of Outstanding Achievements in the National Economy Development  
- The Prime Minister of the Socialist Republic of Vietnam

## 2012

- Merit of Excellent Achievements on Tasks 2012  
- Chairman of Dong Thap Provincial People's Committee

## 2007

- Merit of Outstanding Achievements in Aquaculture and Seafood Business  
- Minister of Agriculture and Rural Development



05

**MR. VO PHU DUC****Board Member**

Ownership of VHC shares  
(as of March 22, 2019)

**1.49%**

- Year of birth: 1976
- Qualifications:  
Construction Engineer
- Years with Vinh Hoan: 16 years
- He has been a BoD member since 2012

Mr. Vo Phu Duc started working at Vinh Hoan in 2003 and has been constantly managing many projects to expand the production capacity of the Company: from fillet processing to food, rice and collagen, gelatin manufacturing.

In the period of 2007 – 2013, he was Director Vinh Hoan Feed. The Company's revenue increased rapidly and contributed greatly to the corporation. After the sale of Vinh Hoan Feed, Mr. Vo Phu Duc was nominated as the Director of Vinh Hoan Collagen on August 01, 2013. Under his management, the operation at Vinh Hoan Collagen commenced on schedule; meanwhile, the technical standards of the finished products and production efficiency were achieved. He advises the Board of Directors in strategies related to technology development and innovations.

He was awarded with below merits:

**2018**

- Merit of Excellent Achievements on Tasks 2018  
- Chairman of Dong Thap Provincial People's Committee

**2014**

- Merit of Outstanding Achievements in the National Economy Development  
- The Prime Minister of the Socialist Republic of Vietnam



## THE BOARD OF DIRECTORS' SUBCOMMITTEES

On January 06, 2017, the Board of Directors decided to form two subcommittees directly reporting to the Board of Directors, including:

- Procurement subcommittee; and
- Human Resources – Policies – Compensation subcommittee.

### Functions – Missions



#### PROCUREMENT SUBCOMMITTEE:

- Counsel, suggest and support the work of the Board of Directors in formulating and implementing the plans and policies on the purchase of goods and services.
- Optimize the performance of the purchase of goods and services for manufacturing:
  - Periodic supplier audits;
  - Monitor of the procurement process to ensure no loss;
  - Review the effectiveness of the procurement process to ensure timely supply for production;
  - Review and recommend to add or replace procurement personnel.
- Other specific functions and tasks as appointed by the BoD. at the specific time.



#### HUMAN RESOURCES – POLICIES – COMPENSATION SUBCOMMITTEE:

- Formulate the policies of salary, bonuses and benefits for the Company's employee;
- Formulate the annual salary regime based on the scale of production and the business results;
- Annually evaluate personnel policies, salary and bonus structure, benefits for the Company's management team, and suggest necessary changes in front of the General Assembly of Shareholders at the subsequent meeting;
- Other specific functions/missions as appointed by the BoD. related to salary – bonuses – benefits for the employees of the Company.

### Personnel of subcommittees (as of December 31, 2018)

#### PROCUREMENT SUBCOMMITTEE:

No	Full Name	Position	Title
1	Truong Thi Le Khanh	Chairwoman of BoD	Head of subcommittee
2	Nguyen Ngo Vi Tam	General Director	Deputy Head
3	Nguyen Thi Kim Dao	Finance Director	Member
4	Ho Thanh Hue	Production Director	Member
5	Vo Phu Duc	Director of Vinh Hoan Collagen One Member Co., Ltd.	Member
6	Phan Thi Bich Lien	Director of Thanh Binh Dong Thap One Member Co., Ltd.	Member

Changes in the personnel of the subcommittee in 2018: Ms. Huynh Thi Tuyet Nga is no longer the member of the Procurement subcommittee.

#### SUBCOMMITTEE OF HUMAN RESOURCES – POLICIES – COMPENSATION

No	Full Name	Position	Title
1	Truong Thi Le Khanh	Chairwoman of BoD	Head of subcommittee
2	Nguyen Ngo Vi Tam	General Director	Deputy Head
3	Nguyen Thi Kim Dao	Finance Director	Member
4	Ho Thanh Hue	Production Director	Member
5	Vo Phu Duc	Director of Vinh Hoan Collagen One Member Co., Ltd.	Member
6	Ho Thi Nhu Nguyet	Vinh Hoan's Human Resource	Member

Changes in the personnel of the subcommittee in 2018: Ms. Huynh Thi Tuyet Nga is no longer the member of the subcommittee of Human Resources – Policies – Compensation.









### 1.3.4 THE BOARD OF MANAGEMENT

The Board of Management ("BoM") include General Director who has overall responsibility for managing the business and Directors who are in charge of different functions and subsidiaries.

Changes in BoM personnel in 2018: None



## INFORMATION ABOUT MEMBERS OF THE BoM



01

**MS. NGUYEN NGO VI TAM****General Director***Please refer to Section I.3.3. THE BOARD OF DIRECTORS*

02

**MS. TRUONG TUYET HOA****Sales Director***Please refer to Section I.3.3. THE BOARD OF DIRECTORS*

03

**MS. NGUYEN THI KIM DAO****Finance Director***Please refer to Section I.3.3. THE BOARD OF DIRECTORS*

04

**MR. VO PHU DUC****Director of Vinh Hoan Collagen One Member Co., Ltd.***Please refer to Section I.3.3. THE BOARD OF DIRECTORS*





05

**MS. HO THANH HUE****Production Director**Ownership of VHC shares  
(as of March 22, 2019)**0.04%**

- Year of birth: 1982
- Qualifications: Environmental Engineer
- Years with Vinh Hoan: 15 years

Ms. Ho Thanh Hue joined Vinh Hoan as a Quality Assurance Department's staff, then was gradually appointed in the position of production management including Vice Quality Assurance Manager in 2006 and Factory Vice Manager in 2007. From 2007-2009, she was appointed as Assistant Production Director before being promoted to Production Director on Mar 01, 2014. She was responsible for managing all production activities of the Company including construction projects, maintenance, planning, purchasing materials and organizing daily activities of the fish processing workshops. She has played an important role in implementing the capacity expansion strategy in recent years to keep up with the sales growth and meeting the ever-increasing demand for product quality and productivity improvement. In 2018, Ms. Hue represented Vinh Hoan to manage the research "Humane Way to Dispatch Fish to Ensure Animal Welfare and Filet Product Quality", part of the "Developing Premium Pangasius' Fillets" project under the "Pangasius as National Product" project implemented by Ministry of Agriculture and Rural Development.

She has received a number of prizes and awards, as follows:

**2018**

- Merit of Excellent Achievements on Tasks 2018  
- Chairman of People's Committee of Dong Thap Province

**2014**

- Merit of Excellent Achievements on Tasks 2014  
- Chairman of People's Committee of Dong Thap Province

**2012**

- Merit of Excellent Achievements on Tasks 2012  
- Chairman of People's Committee of Dong Thap Province



06

**MS. LE THI DIEU THI****Quality Director**Ownership of VHC shares  
(as of March 22, 2019)**0.01%**

- Year of birth: 1975
- Qualifications: Engineer of Food Technology, Bachelor of Business Administration
- Years with Vinh Hoan: 19 years

Ms. Le Thi Dieu Thi joined Vinh Hoan in 2000 as a quality controller. After that, she was gradually appointed into managing positions regarding quality control including: Secretary of the ISO Committee in 2003; Team leader of the HACCP team cum Secretary of the ISO Committee in 2004, Vice Manager of Quality Assurance Department in 2006, Manager of Quality Assurance Department in 2008, and Quality Director on December 25, 2017.

From 2008 - 2017, she was in charge of the entire Quality Assurance Department and its staff; implementing training on skills and mindset for all production staff; monitoring and maintaining effective quality assurance. As a result, the Company continuously has achieved good results in audits carried out by customers, third parties and authorities, fostering trust and great reputation for the Company.

Besides, she always focuses on improving and leading her teammates to be professional, active, enthusiastic and creative in production via frequent training courses to update knowledge and skills; thus, being able to provide customers with products which meet the highest standards of quality and food safety, helping to increase competitiveness of the Company against other companies in the industry.

With her acumen and effort in her work, she has received a number of prizes and awards, as follows:

**2017**

- Merit of Excellent Performance in the Establishment and Development of Vinh Hoan Corporation on the Company's 20<sup>th</sup> Anniversary

- Chairman of People's Committee of Dong Thap province

**2012**

- Merit of Excellent Achievements on Tasks 2012

- Chairman of People's Committee of Dong Thap province



06

## MS. LE THI DIEU THI

### Quality Director

Ownership of VHC shares  
(as of March 22, 2019)

**0.01%**

- Year of birth: 1975
- Qualifications: Engineer of Food Technology, Bachelor of Business Administration
- Years with Vinh Hoan: 19 years

## 2007

- Merit of Excellent Achievements on Tasks 2007  
- Director of Fisheries Department

## 2006

- First prize in 60<sup>th</sup> Anniversary of Vietnam's Commercial Industry  
- Director of Department of Commerce and Tourism of Dong Thap province
- Successful in creating and operating managing system which meet standards ISO 9001, ISO 14001, BRC & IFS  
- Director of Vinh Hoan Co., Ltd.





07

**MS. DANG THI THUONG****Director of Sustainability**

Ownership of VHC shares  
(as of March 22, 2019) **0.01%**

- Year of birth: 1987
- Qualifications: Master of Biology
- Years with Vinh Hoan: 9 years

Ms. Dang Thi Thuong started working for Vinh Hoan in 2010. She was responsible for farm certification activities before being appointed as Director of Aquaculture and Director of Sustainability in 2014 and 2017, respectively she led multiple successful international aquaculture certification programs for the Company, specifically ASC and BAP, contributing to the development of revenue and promotion of Vinh Hoan's brand over the years. As the Company positioned itself as a leading company in global sustainable aquaculture, Ms. Thuong continues to play a vital role in the Company's strategy heading towards 100% farms being certified by 2020. She also represents the Company in the research and development projects in the field of domestic and international aquaculture.

She has received the below award:

2017

- Merit of Excellent Performance in the Establishment and Development of Vinh Hoan Corporation on the Company's 20<sup>th</sup> Anniversary

- Chairman of People's Committee of Dong Thap province



# 08

## MR. HUYNH DUC TRUNG

### Director of Business Relations

Ownership of VHC shares  
(as of March 22, 2019) **0.02%**

- Year of birth: 1963
- Qualifications: Engineer of Food Processing
- Years with Vinh Hoan: 19 years

Mr. Huynh Duc Trung is one of first employees of Vinh Hoan since its establishment. He played a key role in the construction and production management of the very first factories. He was appointed as Deputy Managing Director in charge of production and aquaculture for 13 years before being appointed as Project Director (later renamed as Director of Business Relations on Jan 01, 2017) who is responsible for land documentation for new farming projects, establishment and management of processes and activities related to the environment, labor union, security, safety of the workshops and labor safety in the Company.

He has received a number of prizes and awards, as follows:

## 2016

- Third Class Labor Medal, for having excellent business result in 2011-2015, contributing to the building of socialism and national protection

- The President of the Socialist Republic of Vietnam

## 2012

- Merit of Excellent Achievements on Tasks 2012

- Chairman of People's Committee of Dong Thap province

## 2011

- Merit of Outstanding Achievements in the National Economy Development

- Prime Minister of the Socialist Republic of Vietnam

## 2007

- Medal for the Agriculture and Rural Development

- Minister of Agriculture and Rural Development



09

**MS. PHAN THI BICH LIEN****Director of Thanh Binh Dong Thap One Member Ltd., Co.**Ownership of VHC shares (as of March 22, 2019) **0.003%**

- Year of birth: 1976
- Qualifications: Engineer of Seafood Farming
- Years with Vinh Hoan: 19 years

Ms. Phan Thi Bich Lien joined Vinh Hoan in April 2000 as a quality controller. With outstanding performance, she was appointed to multiple positions, including the Manager of Quality Assurance, Director of Freezing Department, Director of Workshop 1 and Director of Production in 2007. She was later appointed to Director of Freezing Department of Workshop 3, and Raw Material Purchasing Manager in June 2006. She was trusted and appointed as Director of Thanh Binh Dong Thap One Member Co., Ltd. when Vinh Hoan acquired this company on Dec 25, 2017. Ms. Lien plays an important role in capacity expansion and productivity in production chain, greatly contributing to meeting production goal of the Company.

She has received the following awards:

**2017**

- Merit of Excellent Performance in the Establishment and Development of Vinh Hoan Corporation on the Company's 20<sup>th</sup> Anniversary
- Chairman of People's Committee of Dong Thap province

**2012**

- Merit of Excellent Achievements on Tasks 2012
- Chairman of People's Committee of Dong Thap province

**2007**

- Merit of Excellent Achievements in Seafood Farming and Trading
- Minister of Agriculture and Rural Development





# 10

## MS. LE THI SAU

**Director of Vinh Phuoc Food One Member Co., Ltd.**

Ownership of VHC shares  
(as of March 22, 2019)

**0.01%**

- Year of birth: 1966
- Qualifications: Engineer of Food Chemistry, Bachelor of Economics
- Years with Vinh Hoan: 19 years
- She was appointed as Director of Vinh Phuoc Food One Member Co., Ltd. since 4<sup>th</sup> quarter 2018.

Ms. Le Thi Sau has many years of experience in production management at Vinh Hoan and its subsidiaries. Since the 4<sup>th</sup> quarter of 2018, she was appointed as Director of the newly established subsidiary – Vinh Phuoc Food One Member Co., Ltd., responsible for strategic planning, managing investment, production activities, and establishing stable operation for this new subsidiary.

She has received many awards as follows:

## 2017

- Merit of Excellent Performance in the Establishment and Development of Vinh Hoan Corporation on the Company's 20<sup>th</sup> Anniversary

- *Chairman of People's Committee of Dong Thap province*

## 2011

- Merit of Excellent Achievements on Tasks 2011

- *Chairman of People's Committee of Dong Thap province*

## 2007

- Medal for the Agriculture and Rural Development

- *Minister of Agriculture and Rural Development*

## 2005

- Merit of Excellent Achievements - reported in the 3<sup>rd</sup> Assembly of Patriotic Emulation of Dong Thap province from 2001-2005

- *Chairman of People's Committee of Dong Thap province*



### 1.3.5 THE SUPERVISORY BOARD

The Annual Shareholders Meeting 2018 elected the Supervisory Board for the office term 2017-2021 as follows:

- **Ms. Nguyen Thi Cam Van**  
- Head of the Supervisory Board
- **Mr. Nguyen Quang Vinh**  
- Member of the Supervisory Board
- **Ms. Nguyen Thi Thai Ly**  
- Member of the Supervisory Board

There is no change in personnel of the Supervisory Board in 2018

### THE SUPERVISORY BOARD FOR THE OFFICE TERM 2017-2021



# 01

## MS NGUYEN THI CAM VAN

### Head of the Supervisory Board

Ownership of VHC shares  
(as of March 22, 2019)

**0%**

- Year of birth: 1986
- Qualifications:
  - Bachelor of Economics
  - Chartered Financial Analyst (CFA)

With many years of experience in the field of auditing and financial consultancy at KPMG Co., Ltd. and experience in the field of financial and investment management at Refico Real Estate Development Group, Ms. Van plays an important role in strategic planning and action plans for the Supervisory Board in 2018.





02

**MR. NGUYEN QUANG VINH****Member of the Supervisory Board**

Ownership of VHC shares  
(as of March 22, 2019)

**0%**

- Year of birth: 1979
- Qualifications: Bachelor of Economics
- Mr Vinh is currently the Farming Director of Vinh Hoan Vinh Hoan Co., Ltd.

Mr. Vinh has more than 10 years of experience in the field of production planning at a number of subsidiaries of Vinh Hoan Corporation and over 3 years of experience in the farming field at the Company. With his extensive knowledge of production and farming, he plays an important part in contributing technical insights to ensure thorough and feasible control of the Company.



03

**MS. NGUYEN THI THAI LY****Member of the Supervisory Board**

Ownership of VHC shares  
(as of March 22, 2019)

**0%**

- Year of birth: 1988
- Qualifications:
  - Bachelor of Accounting - Auditing;
  - Passed CFA level 2.
- Ms. Ly is currently authorized to publish information at Vinh Hoan Corporation.

Joined Vinh Hoan in 2014, she has held the following positions: Member of the Investor Relations Department, authorized person to publish information at the Company. She is actively involved in risk analysis in departments and divisions within the Company.



## **PANGASIUS BREEDING: FROM TRADITION TO INNOVATION**

## 1.4

## DEVELOPMENT STRATEGY 2019

## 1.4.1 MAIN TARGETS

- In 2017 and 2018, Vinh Hoan has completed most of the expansion activities in farming area and processing capacity. In 2019, the Company will concentrate in attracting more resources and continue expanding on existing farming areas and plants. It is expected that the raw material supply will be more abundant after two years of shortage, the Company will focus on effective management and operation of fish farming to ensure competitiveness and suitability with the best sales strategy.
- Regarding sales activities: the selling price in 2019 will be softened compared to that in 2018, which will be an opportunity for Vinh Hoan to recover the lost markets in 2018, continuing growth in China and expanding in new markets in Latin America and the Middle East. The Company expects to increase sales in 2019 when raw material supply is more stable and production capacity also increases. After two years of increasing pangasius selling price, Vinh Hoan does not expect to increase profit margin in 2019, the Company sets a profit target based on its ability to increase sales and market demand in 2019.
- Regarding market development and marketing, the Company implements Vinh Hoan brand positioning strategy along with taking the lead in industry-wide promotional programs to protect the image of pangasius and to improve the sales in European markets. These activities will create more demand for pangasius products in global markets.
- The Company implements a breeding project along with other improvement projects to quickly offer efficiency, differentiation and to cement the role of Vinh Hoan in sustainable aquaculture industry, contributing to the improvement of the pangasius image.
- Regarding internal management, the Company plans to perfect the internal reporting and auditing system, increasing the transparency and efficiency in every aspects of production and business activities.



### 1.4.2 2019 Plan

For 2019, the Company sets the sales target as follows:

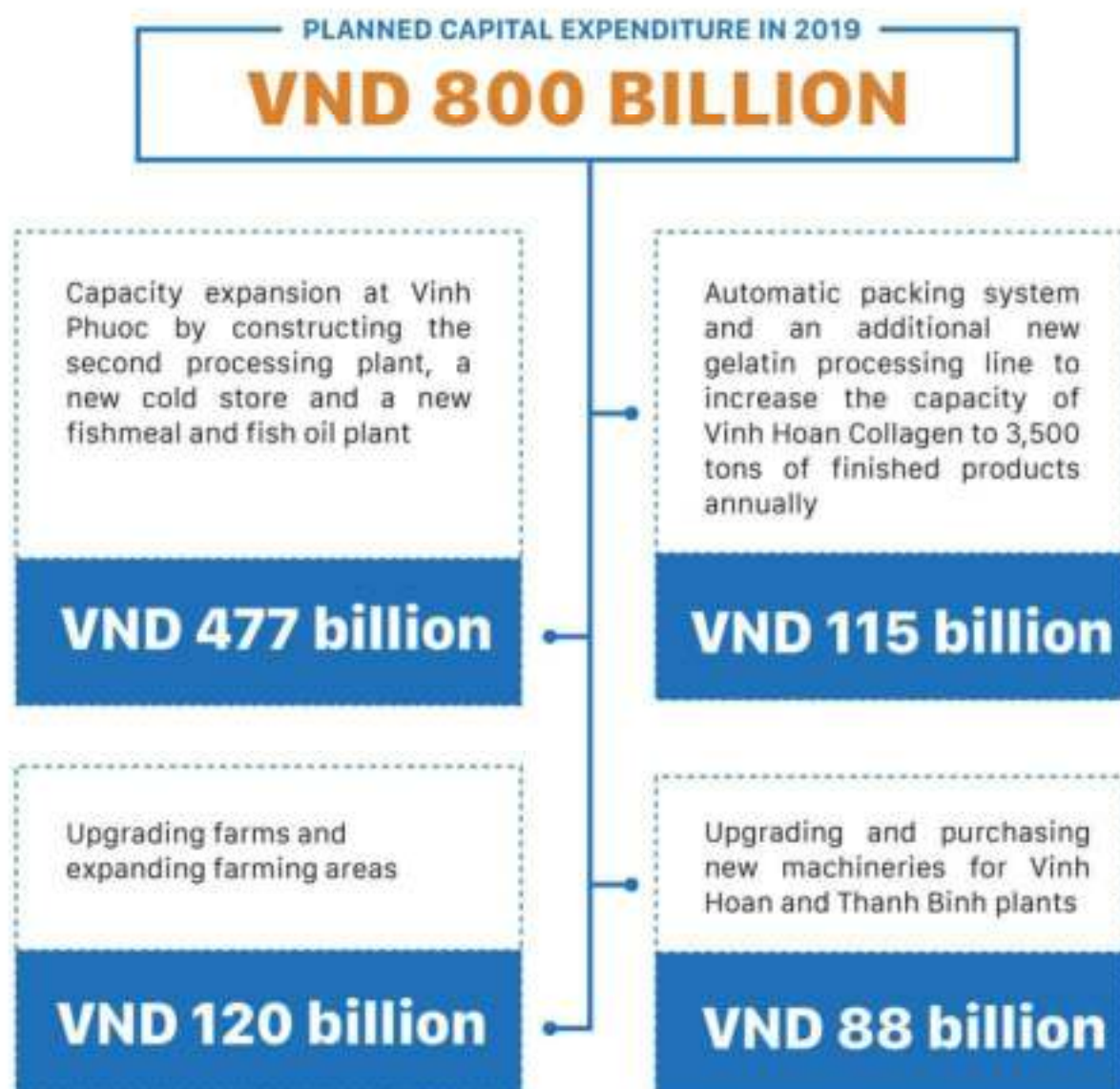
#### REVENUE AND PROFIT PLAN

Unit: VND billion

Items	2017 Actual	2018 Actual	2019 Plan	2019 Growth Rate
<b>CONSOLIDATED REVENUE</b>	<b>8,151</b>	<b>9,271</b>	<b>10,047</b>	<b>8.4%</b>
* Frozen seafood, fishmeal & fish oil	7,583	8,486	9,152	
* Fish feed	411	488	422	
* Rice	0	14	N/A	
* Collagen and Gelatin	157	283	473	
<b>CONSOLIDATED PROFIT AFTER TAX TO THE COMPANY</b>	<b>605</b>	<b>1,442</b>	<b>1,255</b>	<b>-13%</b>
* Frozen seafood, fishmeal & fish oil	624	1,346	1,057	
* Fish feed	12	25	18	
* Rice	(18)	(12)	N/A	
* Collagen and Gelatin	(13)	83	180	

## CAPITAL EXPENDITURES

With the aim of continuing the expansion of farming and production capacity; ensuring a high quality supply of raw materials, competitive production costs and premium pangasius products; meeting the standards of international certification bodies and ever-increasing requirements from the exporting market, Vinh Hoan places its focus on the construction of new farm areas and expansion of processing capacity at Vinh Phuoc and Vinh Hoan Collagen factories.



At the beginning of 2019, to mark the successful cooperation with a business partner experienced in aquaculture breeding, **Vinh Hoan Fish Hatchery Co., Ltd.** was established. The Company plans to invest approximately VND 22.5 billion.

## 1.4.3 SWOT ANALYSIS

S

**STRENGTHS**

- Global leader in sustainable farming and processing of pangasius under international standards. Vinh Hoan's brand is synonymous with product quality, operational efficiency, and safety;
- Our vertically-integrated platform enjoys growing market share due to its best-in-class sustainability, efficiency, and reputation;
- Loyal and long-standing relationship with customers globally;
- Dedicated, professional and skilled workforce in farming and processing;
- Talented, committed and experienced management team and multinational and multicultural sales organization;
- Global market insights and in-depth local knowledge, which translates into tailored advertising and branding strategies;
- Strong financial position, cash-rich with ample funds for future development; low leverage and strong ability to attract debt funding for development;
- Qualified to supply directly to supermarket and restaurant chains;
- Free trade advantage and reputation in the U.S. market.

W

**WEAKNESSES**

- Lack of investments in smart technologies in a rapidly advancing information age;
- Prices are not competitive in low-end markets;
- Products are replaceable by similar products manufactured by our competitors;
- Recruitment drives for workers at new facilities need improvement.



## O

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**OPPORTUNITIES**


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- Growing middle class population and changing dietary pattern drive demand for seafood proteins and market growth opportunities;
- Aquaculture proteins replace capture fisheries as the main seafood source for human consumption, thus creating demand for both seafood farming and related upstream industries;
- Advantages from free trade agreements, such as the the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), EU-Vietnam Free Trade Agreement (EVFTA), of which Vietnam is a signatory;
- Increasing consumer awareness in food safety, product origin, and sustainability;
- Pangasius is competitively priced against other fish species creating additional demand without any direct or pertinent substitutes.

## T

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**THREATS**


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- Increasing production costs require continuous efficiency improvements;
- Increasing competition with other industries for labor supply requires improved recruitment campaigns;
- Environment and climate concerns require innovation;
- Technical and trade barriers to import require management attention.



# 02

## BUSINESS OPERATION IN 2018

- 2.1 Report of the Board of Directors
- 2.2 Report of the Board of Management
- 2.3 Financial information
- 2.4 Capital expenditures
- 2.5 Shareholder structure and changes in owners' equity
- 2.6 Report on environment and social impacts







# 2.1

## REPORT OF THE BOARD OF DIRECTORS

In 2018, Vinh Hoan continued to develop with business results exceeding the expectations shareholder. The results affirmed the Company's strategies and are reflection of the tremendous efforts of management and employees. During the year, the Board of Director continued to fulfill the responsibilities of setting directions and supervising operation for the success of the Company. This report presents analysis of 2018 results, sets targets for 2019, and identifies strategies for the Company in the future.

### 2.1.1 OVERVIEW OF THE COMPANY

Vinh Hoan continued to be the leader of pangasius aquaculture globally in 2018. Vinh Hoan's brands are built on superior quality and service with the advantage of a large, integrated and efficient production system. In addition, Vinh Hoan has an experienced management team who has been together for more than 15 years and a highly responsible and committed workforce. The Company continued to maintain and promote itself in challenging markets, such as those with trade technical barriers.

### 2.1.2 TRADE RELATIONS BETWEEN COUNTRIES - "CATALYSTS" FOR MARKET DEVELOPMENT

Operating in the export business, the development of Vinh Hoan in particular and the pangasius industry in general will inevitably be affected by the free trade issues. Free trade is the catalyst that creates challenges and opportunities for Vinh Hoan as well as for all pangasius exporters.

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## UNITED STATES

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The U.S. market has a highly developed legal system specifically catered for its protectionist policy. After years of "anti-dumping" orders that inhibit competition, the Farm Bill invented a new inspection program by the United States Department of Agriculture ("USDA") for the pangasius industry in 2018. Initial audits declared Vietnam's fish inspection systems to be preliminarily equivalent to U.S. standards, demonstrating stringency of the existing regulations and quality control systems. This outcome provided further assurance to U.S. customers, driving growth in the U.S. and increasing selling prices globally.

Vinh Hoan has an early mover advantage in the U.S. market, with established brand prestige, market reputation and a loyal customer base. The Company will continue to promote free trade, transform technical barriers into differentiation and branding opportunities, and expand sales and profits.

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## EUROPE - EVFTA AND BREXIT

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If the trade agreement between Vietnam and EU - EVFTA is rectified in 2019, pangasius will have an opportunity to increase its competitiveness against pollock, especially in the segment of processing "fish finger" products when the import tax of pangasius were lowered from 5.5% to 0% according to the 3-year plan. In addition, the context of "no deal" Brexit can also reduce import tax for pangasius to the U.K. down to 0%. While the tariff agreements can help pangasius increase competitiveness and potentially market share in Europe, the industry still has to make great efforts in communication and marketing programs to rebuild this market which used to account for 30%. Vinh Hoan, with quality, reputation and certification advantages will continue to invest in supplying for supermarkets in parallel with marketing and new product development activities. The goal of Vinh Hoan is to make Europe its top 3 biggest markets, besides the U.S. and China.

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## US-CHINA TRADE TENSION

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Trade tension between the U.S. and China creates certain opportunities for Vietnam's pangasius since the U.S. is China's largest tilapia importer. Although pangasius cannot substitute tilapia directly, the risk of increasing import tariffs for tilapia in the U.S. and the trend of U.S. consumers staying away from China's products have indirectly helped increasing the consumption of pangasius. Besides, China has increased quality control, combated environment pollution and trade frauds especially in 2018 also increase pangasius demand in China to replace illegal importation across borders.



### 2.1.3 "INNOVATION" - CONTINUOUS IMPROVEMENT

At the end of 2017, with the 20<sup>th</sup> anniversary of Vinh Hoan's establishment, the company increased its focus on science and technology to affirm its position in sustainable aquaculture. Innovation activities were carried out in 2018, created a platform for future development.

## FACTORY

Vinh Hoan's facilities are always maintained and repaired to ensure hygiene and efficiency. The Company invests heavily to improve safety, productivity and efficiency by using modern freezing equipment, renovating ceiling, lights, electric, water systems and cold storage. For the Company repaired and renovated the cold system at Vinh Phuoc after acquisition in 2018. For Thanh Binh, the Company completed the expansion to Workshop 2 and installed more freezing equipment to increase productivity for 2019. In the future, Vinh Hoan aims to continue to apply machinery and equipment solutions to reduce labor as well as increase productivity, shorten processing time to increase product quality and computerize production management to optimize efficiency.

## FARMING

As a leading enterprise of Vietnam aquaculture industry, with the vision of leading the world sustainable aquaculture, Vinh Hoan has always prioritized farming innovation activities for many years. These activities focus on addressing the challenges of the pangasius and aquaculture industry in general including fingerlings quality, water source quality, fish health, drug residues and effects on the environment.

- In 2018, the Company completed research under the Premium Pangasius Project of the Ministry of Agriculture and Rural Development.
- After nearly 5 years of trial, on August 22, 2018, Vinh Hoan signed a strategic cooperation agreement with Pharmaq to deploy ALPHA JECT Panga 2 vaccines for large-scale pangasius that protect fish from diseases caused by *Edwardsiella ictaluri* and *Aeromonas Hydrophila* bacteria. The widespread use of vaccines is an important milestone for the Vietnamese pangasius industry. As proven in the salmon industry, effective use of vaccines will help reduce or replace the use of antibiotics, ensure food safety, thereby improve sustainability and increase profit for farmers. Vaccination is also a better solution from the perspective of animal welfare.
- High-tech fingerlings project: Vinh Hoan launched a project to produce pangasius fingerlings using multiple new scientific applications, aiming to improve the quality of fingerlings in a sustainable way without raising production cost. Early 2019 marked the official collaboration of the Company and an experienced partner in aquaculture fingerlings via the establishment of Vinh Hoan Fish Hatchery Co., Ltd.. Phase 1 of the project will be implemented on the existing land area in Vinh Hoa, An Giang province, then it will expand to an area of more than 200 hectares. The direction of this project is to solve the challenges of the pangasius hatchery industry by strict environment control, targeted procedures, appropriate feed sources in the early stages, modern fingerlings transportation equipment and vaccination to maintain the health of fingerlings before moving to commercial fish farming.



In 2019, Vinh Hoan will continue to carry out science and technology improvement to create transformation, increase differentiations and solidify the Company's position. Below are summaries of key projects and directions:

- Continue to carry out the Company's research for the Premium Pangasius Project, focusing on improving feed formulas, nutritional supplements according to market demands; improving the process of raising fingerlings and commercial fish as well as the processing; and introduction of high quality pangasius products as a premise to build a national brand. Vinh Hoan believes that the success of this project will contribute positively to improve pangasius image in consumers all over the world and stimulate demand so the pangasius industry can continue to develop.
- Quickly implement phase 1 of the fingerlings project after completing paperworks for high-tech application enterprises, and launch phase 2 to expand project scale. After expanding processing and farming capacity, in the coming years, fingerlings will be Vinh Hoan's key factor for competitiveness in quality and production efficiency. Full control over fingerlings will help the Company solve many technical challenges in the market, especially antibiotic residues and drugs control. In the future, the Company wants to set up research cooperation to genetically select fish.
- For improvements in the application of feeding and harvesting machinery, the Company will continue trials to create cumulative progress into major changes in farming efficiency.

## INTERNAL PROCESS IMPROVEMENT

The annual goals of the management always include improvement on internal processes. In order to achieve business goals and bring value to customers, Vinh Hoan team focuses on the compliance and progression of business procedures to mitigate risks and improve efficiency. In addition, the Company increasingly invests in training programs and developing human resources, which are one of main factors that make Vinh Hoan a success. The programs that have been and will be implemented including:

- To comply with Decree 05/2019/ND-CP on Internal Audit effective from April 1, 2019, in 2018, Vinh Hoan built an Internal Audit Department on the basis of the previous Internal control department. Accordingly, the Internal Audit Department has completed standardization of main business procedures and created enterprise risk manual to conduct audit plans in 2019.
- Create a Vinh Hoan cultural manual and conduct internal training and communication in 2019. Innovation is also one of the core values of Vinh Hoan culture. Vinh Hoan's members are always the pioneers in innovation to maximize the value of pangasius.
- With the aim of attracting more workers for new factories and continuing to reduce turnover, the Company will carry out training activities focusing on improving relationship with workers and employees, improving of their quality of life and increase employees' benefits.



## 2.1.4 PRODUCTS IN 2018

### THE FROZEN PANGASIOUS FILLET PRODUCTS

Frozen pangasius fillet products - the main product group, accounted for approximately 75% of the Company's consolidated revenue and grew 18% compared to 2017, reaching VND 7,032 billion. Along with the traditional distribution channel via importers and distributors, the Company continues to develop direct distribution to restaurants chains and supermarkets. However, due to the increasing price trend in 2018, the Company reallocated customers and markets, especially in Europe. With a network of more than 300 customers, Vinh Hoan's products have been sold in 34 countries in 2018. Multinational supermarkets where Vinh Hoan products are presented include Walmart, Casino, COOP, Aldi and Woolworths. In addition to food safety and product quality, Vinh Hoan's pangasius is famous due to the distinguished ability to supply internationally certified sustainable products with the Aquaculture Stewardship Council certification ("ASC") and Best Aquaculture Practices 4-star ("BAP 4-star").



## VALUE-ADDED PRODUCTS

Value-added products is a strategic product category in the Company's plan for a sustainable development of revenue and increase of profit margins. Vinh Hoan has successfully developed and sold breaded and marinated pangasius products in the European, American and Asian markets. However, in 2018, when the price was high, some value-added projects had to be suspended because these products needed more time for price adjustments. In 2019, the Company will have a better opportunity to increase the value-added products sales with the goal of up to 10% of future sales revenue.



## COLLAGEN AND GELATIN

Collagen and gelatin sales began in these high-tech products and optimized the value of fish skin, a by-product from the pangasius fillet production. The company supply 100% of the raw materials in collagen and gelatin production, a unique model in Vietnam and in the world, providing high quality and stable source of ingredients for food, beverage, cosmetics and functional foods. This project is considered a success by the BoD, due to its high tech production system, profitable business model, R&D, market development since 2015. The 2018 revenue of this product category reached nearly VND 300 billion and contributed to overall profitability.





## BY-PRODUCTS

By-products include fishmeal and fish oil supply to animal feed industry and a number of other by-products such as stomachs, air-bladders, and fish fins. Revenue of this product category in 2018 reached nearly VND 1,250 billion.

## OTHER PRODUCTS

Other products include aqua feed, barramundi and some other raw materials.



## 2.2

### REPORT OF THE BOARD OF MANAGEMENT



## 2.2.1 SUMMARY

### 2018 - A SUCCESSFUL YEAR FOR VIETNAMESE PANGASIOUS INDUSTRY

In 2018, Vietnamese seafood export reached a new peak with the export turnover of USD 8.8 billion, increased by 6% compared to 2017. The main seafood products are shrimp, pangasius and other seafood products. However, 2018 was considered unfavorable for the shrimp industry when the export value reached only USD 3.6 billion, decreased by 8%. The growth of seafood export was due to the contribution of pangasius, and other seafood products. The overall turnover of the pangasius in 2018 reached USD 2.26 billion, up by 26.5%. This was the highest value in history, which raised the proportion of the pangasius export from 21% to 26% of total seafood export. This outcome was achieved thanks to the combination of various factors below:

#### Foundation from 2017

From the beginning of 2017, the price of pangasius began to rise because of the fingerlings shortage caused by unfavorable weather and the influence from growing demand from markets such as China. In 2018, although not being influenced by the cold months like the previous year, the total harvest volume of pangasius increased by 15% and raw material price continued to rise, reaching the record high in the last months of 2018. This movement was accumulated from the shortage of 2017, but also reflected the popularity of pangasius in global markets through the steady growth in the 3 main markets - the U.S., China, and Europe.

#### The United States Market – a leading market for growth

In addition to the increase of export volume, pangasius selling price has increased significantly. The U.S. market drives growth in the pangasius industry, the largest pangasius importer as the first year of full enforcement of the U.S. In 2018, Vietnam's including Vinh Hoan's four factories passed the on-site audit of the USDA. Therefore, on September 19th, 2018, USDA announced the Proposed Rule on equivalency for the imported pangasius from Vietnam. Achievement on passing the USDA equivalency and the trade war between the U.S. and China have created a good opportunity for the growth of pangasius export to the U.S. with a growth of 60%. Vietnamese pangasius has further confirmed its reputation in quality and trade prestige, which will generate more demand from other markets.



### China and Europe – two markets with good growth

Pangasius export to EU markets has plummeted continuously, especially in 2017 after the industry faced attacks from negative media. However, in 2018 this market grew over 20% due to contribution from the Netherlands, Belgium, Germany and the U.K.. Vinh Hoan maintained its leading role in this industry with the advantage of sustainability, working closely with relevant government authorities and Vietnam Association of Seafood Exporters and Producers ("VASEP") to improve the image of Vietnamese pangasius in Europe. This market requires premium quality products which deserves a long-term and proper investment plan. The result in 2018 served as a proof and motivation for the pangasius industry to continue with marketing strategies to recover this market, which used to be the largest pangasius importer over 10 years ago with a total import value of more than USD 500 million. Vinh Hoan, together with VASEP, will continue to make proposals to the Ministry of Agriculture and Rural Development and other relevant authorities to form a marketing fund for Vietnamese pangasius for promotional activities with the aim of restoring the image of Vietnamese pangasius worldwide.

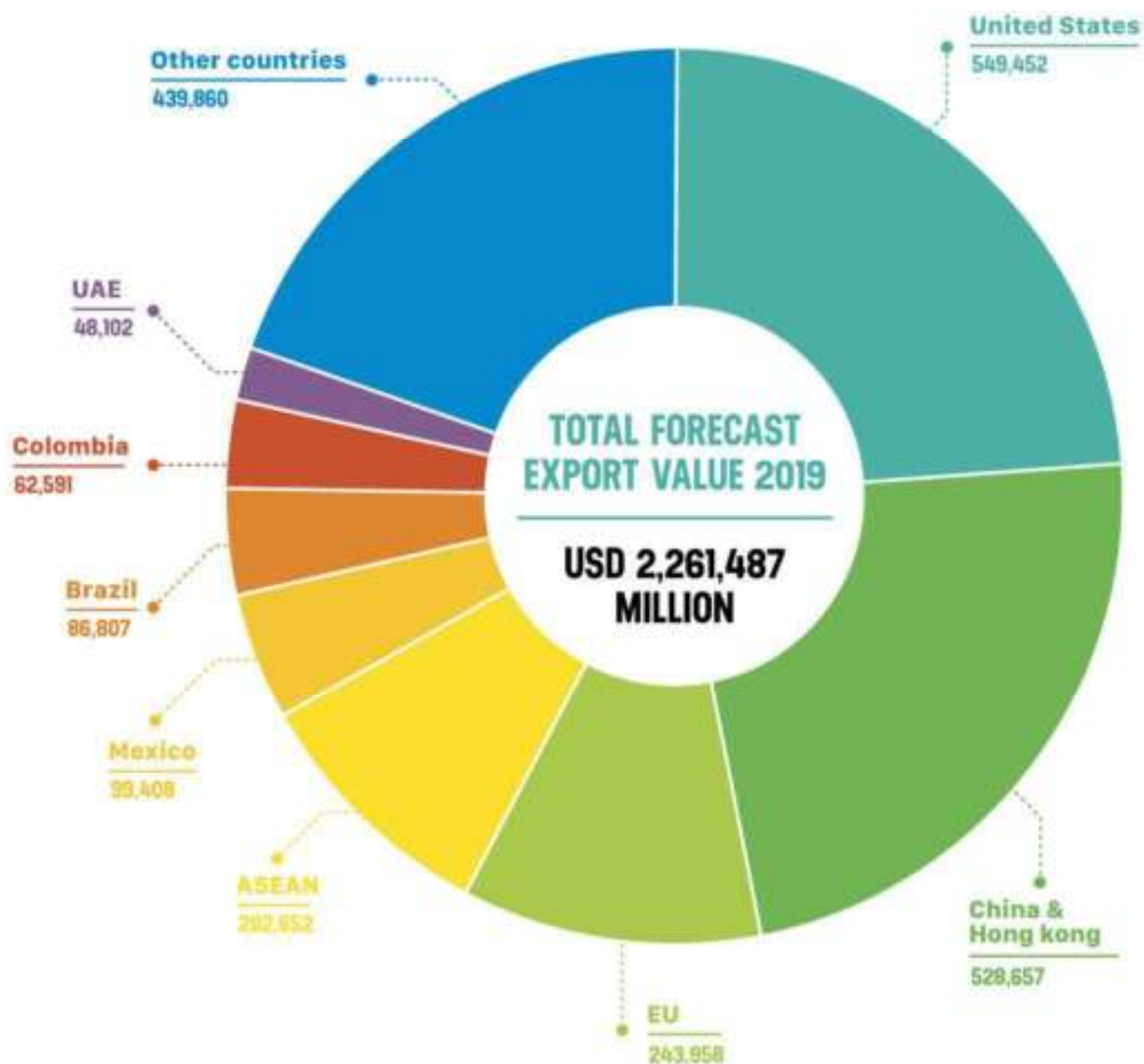
Pangasius exported to China expanded 30% in 2018. Industry focus shifted from quantitative growth to product quality, positively impacting the overall sustainability of the market. E-commerce channels, such as Alibaba and JD.com, began direct pangasius distribution. Demand from restaurants, hotels, and consumers continued to increase as awareness and reputation of pangasius improved. However, food safety and quality control remain an issue for the border trade.

### Main markets for pangasius export

Source: VASEP  
Unit: million USD

Market	2017	2018	Up/down (%)
United States	344,390	549,452	59.5
China & Hong kong	410,875	528,657	28.7
EU	203,023	243,958	20.2
Asean	143,171	202,652	41.5
Mexico	104,252	99,408	-4.6
Brazil	104,688	86,807	-17.1
Colombia	54,564	62,591	14.7
UAE	23,070	48,102	108.5
Other countries	400,006	439,860	10.0
<b>Total industry</b>	<b>1,788,039</b>	<b>2,261,487</b>	<b>26.5%</b>

## FORECASTS OF PANGASIUS INDUSTRY IN 2019



## FORECASTS OF PANGASIOUS INDUSTRY IN 2019

Based on some reports of the Ministry of Agriculture and Rural Development ("MARD") and VASEP, we provide forecasts of pangasius industry in 2019 as follows:

- According to VASEP, legal documents, decrees, circulars, and regulations on pangasius aquaculture have gradually been perfected in the last 5 years, which helped provide stability to the production and quality of raw material, and maintain the balance in the pangasius farming, processing and export. According to the data from MARD, the pangasius farming volume in the Mekong Delta has reached a stable level in the last 5 years with the largest farming area of 6 thousand hectares and the highest volume of 1.25 million tons of raw material, reaching an average growth rate of 3% annually. The sustainable growth of pangasius in the past 5 years indicated the successful development of the industry, which had limited fluctuations.
- The shortage of fingerlings supply has continued at the beginning of 2019 which may cause a shortage of raw material supply at the end of this year. However, MARD expects that the total production of pangasius in 2019 will increase slightly by 6%. This growth rate is reasonable to ensure the adequate production and reasonable pricing level of pangasius to supply to the markets with strong growth but facing shortage of supply in the last two years, and to ensure profits for pangasius farmers and companies.
- In 2019 with ongoing trade tension globally, the Vietnamese seafood industry in general and the pangasius industry in particular can increase its export volume to the U.S. replacing Chinese tilapia which accounts for 40% of the total imported fish into the U.S.. If the Europe-Vietnam Free Trade Agreement (EVFTA) is officially ratified, it will positively impact the industry. In the next two years, it is forecasted that China will continue to be a potential import country for Vietnamese pangasius due to its high demand and diversified product portfolio at different price ranges. The advantage geographical will benefit Vietnamese pangasius companies. Additionally, the development of e-commerce in China as a distribution channel will help increase the demand.
- Quality will be a decisive factor for the success of Vietnamese pangasius industry in the global markets. With complex food safety regulations and standards throughout the supply chain, pangasius farmers and processors are required to comply with stringent regulations and standards in order to establish long-term and prestigious reputation.
- Pangasius branding: In 2019, Vinh Hoan and VASEP will continue to launch marketing programs of Vietnamese pangasius globally, and simultaneously, we will propose and advocate for a marketing fund similar to the Norwegian seafood industry. This strateging, if implemented successfully, will have a significant impact in Europe. This marketing fund will be the premises for a sustainable growth in the coming years to bring European markets back to its leading role. VASEP expects pangasius export to Europe will increase at 20% in 2019 with a turnover of over USD 300 million.



## 2.2.2 REMARKABLE EVENTS OF VINH HOAN IN 2018

**19/03/2018**

The U.S Department of Trade officially released the final result of the 13<sup>th</sup> administrative review of antidumping tax on frozen fish fillets from Vietnam. Vinh Hoan continues to enjoy duty rate of 0.

**04/2018**

Vinh Hoan's new product, Onigiri Rice Ball, entered the Final Round in the Competition of Seafood Excellence Global Awards held at Seafood Expo Global 2018, Brussels.

**05/2018**

The Chairwoman of Vinh Hoan, Mrs. Truong Thi Le Khanh, attended The First Fresh 20 (F20) which was a summit among CEOs from leading fresh food companies supplying to Alibaba, one of the largest e-commerce company in the world.

**07/06/2018**

For the 5<sup>th</sup> time, Vinh Hoan is honored in the Top 50 Most Effective Companies in Vietnam selected by Investement Bridge Magazine and Thien Viet Securities Corporation.

**26/07/2018**

This is the 5<sup>th</sup> consecutive year Vinh Hoan is honored in "The Top 50 Best Listed Companies in Vietnam" by Forbes Magazine.

**22/08/2018**

A strategic Agreement was signed by Vinh Hoan and Pharmaq to deploy the injection of vaccine ALPHA JECT Panga 2 to catfish a large scale.

## 29/08/2018

Vinh Hoan contributed VND 300 billion to establishment of Vinh Phuoc Food Company Co., Ltd. to acquire existing production facilities and farms to increase its processing capacity up to 20% per year within the next two years.

During the year, the Company continued to expand its fish farming area:

- From September 2017, the Company obtained the approval of the People's Committee of Long An Province on a Catfish Farming Project covering 219 ha located at Vinh Loi Communes and Vinh Chau A Commune (Tan Hung District, Long An Province). In 2018, the Company completed all procedures concerning the land, started the construction and began to commercialize farmed fish in this strategic farming area.
- The Company bought 3 fish farms with a total area of approximately 70 hectares, increasing the Company's total fish farming area to almost to approximately 600 hectares.

## 19/09/2018

The U.S Department of Agriculture declared a preliminary equivalency for pangasius imported from Vietnam under the Farm Bil.

## 11/10/2018

- The Commerce and Industry Chamber of Vietnam, Can Tho Branch honored Vinh Hoan in the "Sustainable Development Companies in the Mekong Delta", Businesses For Mekong Delta Communes", and "The Company of Mekong Delta in 2018"
- Mrs. Truong Thi Le Khanh, the Chairwoman of Vinh Hoan - was honored as "Typical Businesswoman of the Mekong Delta in 2018"

## 31/10/2018

The Company completed the transfer of assets of a subsidiary- Vinh Hoan 2 Food Company Ltd.

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## 09/11/2018

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The Company was granted the title "The Company for Farmers" and was awarded the Prize "Bong Lua Vang" by the Ministry of Agriculture and Rural Development.

The Year 2018 marked a brilliantly successful year for the Project of High-Tech, producing Collagen and Gelatin from fish skin. This was the first year the Project made a significant achievement, producing at the most capacity, increasing revenue by more than 100%, and creating positive industry reputation.

The Company continued organizing many activities to promote a sharing culture and strong bonds among its employees:

- Organized domestic and international trips for nearly 2,000 employees with total expenditure of more than 8 billion dongs.
- Organized the Program "Thank Our Parents" for the parents of the employees, which was held for the first time and brought many positive feelings and affections to the participants, fostering a sense of comradery.
- The year 2018 was the 3<sup>rd</sup> consecutive year the Company carried out the Lights of Dream Program to fund the eye surgeries for nearly 1,000 patients, a meaningful program for local communities.
- The Company provided support to families facing hardship and granted scholarships to low-income students. The funds for these activities was taken from the Internal Fund of the Company.
- Other Programs celebrating the Lunar New Year as well as Scholarships for the for the underprivileged.



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**LIKE THE 'GREEN REVOLUTION' BEFORE IT, THE  
'BLUE REVOLUTION' IN AQUACULTURE PROMISES  
RAPIDLY INCREASED PRODUCTIVITY THROUGH  
TECHNOLOGY- DRIVEN INTENSIFICATION OF  
AQUACULTURE ANIMAL AND PLANT PRODUCTION.**

*(Costa-Pierce 2002; The Economist 2003)*

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### 2.2.3 SUMMARY OF THE BUSINESS RESULTS

2018 posed many challenges including the shortage of raw materials and trade barriers in export markets. By promoting its existing strengths with the support from customers and business partners, Vinh Hoan has overcome such difficult situations, turning challenges to opportunities, creating a milestone in the Company's development for more than 20 years.

The Board of Directors submit this report to shareholders with business results in 2018 as follows:

#### REVENUE AND PROFIT GROWTH IN 2018 VERSUS 2017

Unit: Billion VND

Items	Actual 2017	Actual 2018	Growth (%)
Consolidated revenue	8,172	9,407	15%
Consolidated net profit after tax	605	1,442	138%

#### ACTUAL BUSINESS RESULTS VERSUS PLAN

Unit: Billion VND

Items	Actual 2018	Plan 2018	Completion rate (%)
Net consolidated revenue	9,271	9,300	100%
Consolidated net profit after tax	1,442	620	233%

Vinh Hoan and the industry at large faced raw material shortage and increasing raw material prices at the end of 2017. Customers were concerned about product availability due to uncertainty introduced by the Farm Bill. In 2018, Vinh Hoan turned challenges into opportunities and reported outstanding profits. The Company attribute its performance to economies of scale, production efficiency, customer network, and maturing and professionalising industry standards which benefit the entire industry.

Warmer weather improved raw material supply in 2018. The Company scaled up its operation by acquiring a processing facility, three farming areas, and completed construction of a hatchery in the 220 ha farm in Long An province. Farm Bill equivalency provided continued growth opportunities in the U.S., while demonstrating superior quality and food safety compliance.

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## REVENUE

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The consolidated net revenue in 2018 increased by 14%. Pangasius volume and price increased. The Company made its best efforts to meet the increasing demands from global markets, especially the U.S. and China. However, the value-added products have not yet shown any remarkable growth during 2018 because the increasing selling price has negative impact on some value-added products programs which require longer time for price adjustment. The revenue of collagen and gelatin products continues to increase strongly, reaching 283 billion VND, up by 1.8 times compared to 2017. The revenue of these products proved Vinh Hoan's success in a new business segment. As for other seafood products, the Company did not make any strategies to boost their revenue due to the focus on the expansion in pangasius farming and processing.

Regarding the revenue structure based on the types of business activities, in general, there is no significant change compared feed trading revenue increased. Revenue of services rendered was mainly from export service.



Following is the revenues of products and business types in the past years:

Unit: Billion VND

	Revenue 2018	Share of total revenue in 2018 (%)	Revenue 2017	Share of total revenue in 2017 (%)	Revenue 2016	Percentage of the Net Revenue in 2016 (%)
Sales of finished products	7,231	78.0%	6,252	76.7%	5,829	79.8%
Sales of by products	1,102	11.9%	1,281	15.7%	1,043	14.3%
Sales of merchandises	864	9.3%	565	6.9%	406	5.6%
Sales of raw materials	53	0.6%	47	0.6%	21	0.3%
Sale of services	21	0.2%	6	0.1%	4	0.1%
<b>Total</b>	<b>9,271</b>		<b>8,151</b>		<b>7,303</b>	

Regards to total revenue breakdown by each subsidiary, the Company recorded strong growth at Vinh Hoan Collagen as followings:

Unit: Billion VND

Company	Revenue 2018	Revenue 2017	Growth (%)
Parent Company	7,748	5,619	38%
Vinh Hoan 2	14	10	40%
Vinh Hoan Collagen	283	157	80%
Thanh Binh Dong Thap	1,864	690	170%
Vinh Phuoc	35	N/A	

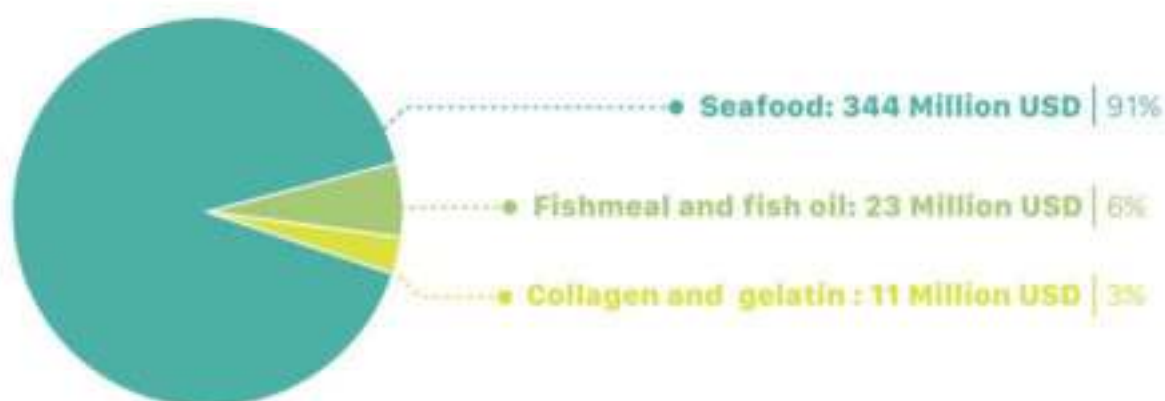
## MARKET

Vinh Hoan reached increased sales by expanding capacity in 2018. Its export volume value decreased in Q1 due to raw material scarcity. For the remainder of the year, the Company achieved growth by improving raw material supply and increasing selling price. Export turnover increased 26% year on year to reach USD 378 million. Pangasius, collagen and gelatin were major growth contributors. Value-added product development faced headwind due to high raw material prices, however the Company continued to promote its grilled and marinated products leading to Woolworths, an Australian supermarket, sourcing four breaded products from the Company.

## Total export value of the Company in the last 5 years

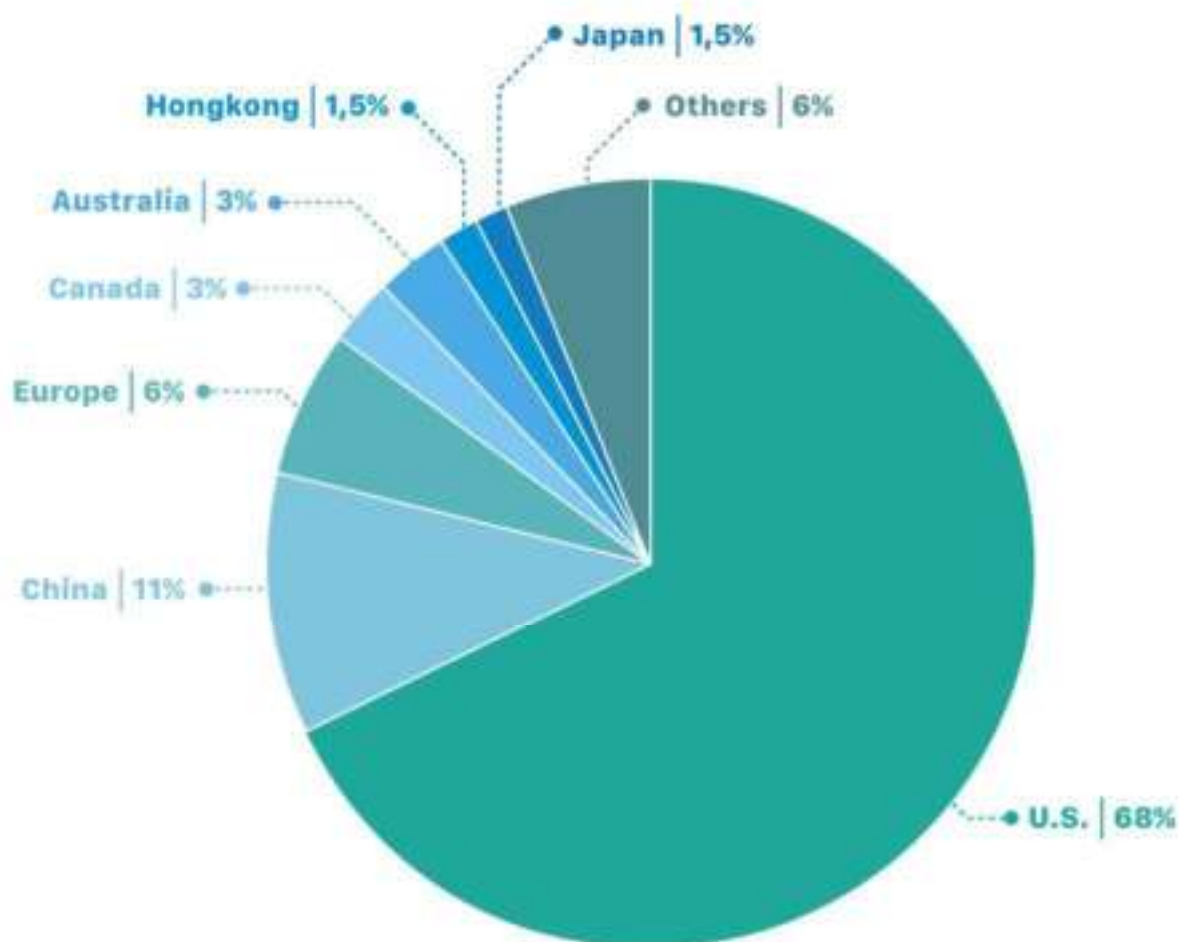


## Breakdown of export value in 2018



The Company exported pangasius products to 35 countries. U.S. contribution increased to 68% in 2018 from 60% in 2017, recovering from logistics bottleneck because of the initial implementation of the Farmed Bill inspection program. China accounted for 11% and Europe accounted for 6%. Market dynamics impeded Europe market expansion in 2018, but early signals point to recovery in 2019. Spain showed recovery as trading with Mercadona, the leading supermarket chain, commenced after a period of weak trading as a result of fake news campaigns in 2017. Overall, the Company's major growth was attributed to U.S., China, and Spain. The Company has strong position in all major markets, namely U.S., Australia, U.K. Belgium, Spain, Canada, and China.

#### Vinh Hoan's main export markets in 2018



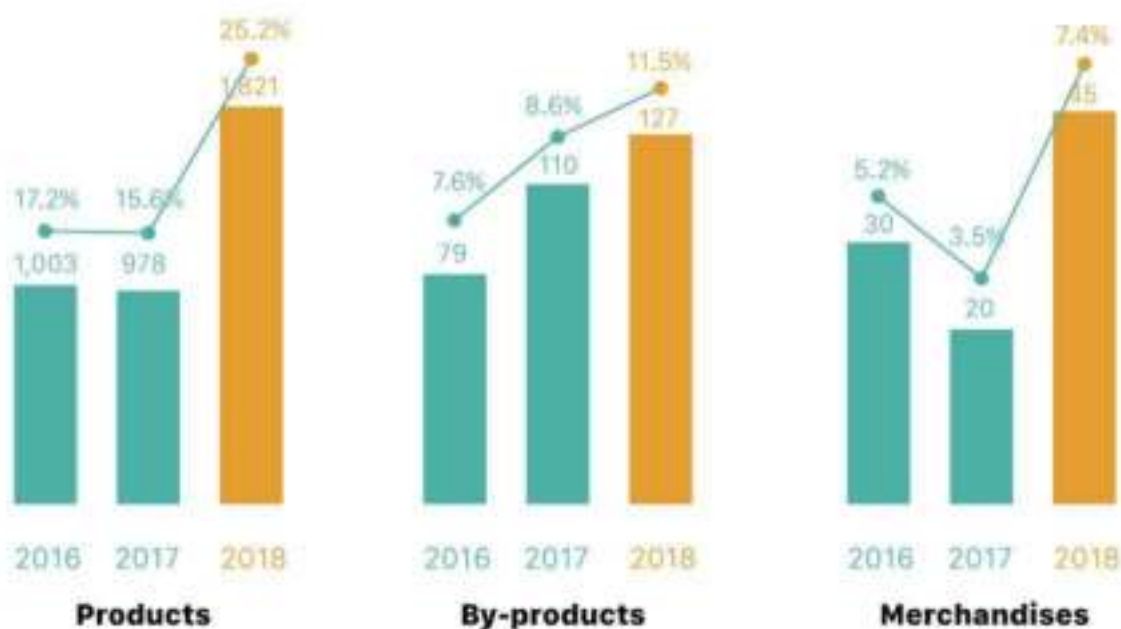


## PROFIT

The Company's profit increased significantly in 2018 because of higher prices and margins, volume expansion, and lower unit cost due to economies of scale. Trading recovered from Q2 2018 after Farm Bill equivalency announcement. A spike in external raw material prices was partly offset by internal supply, supporting overall profit margins. Loyal customer relationships, market leadership, and raw material self-sufficiency were key success factors.

Vinh Hoan Collagen recorded its first profitable year in 2018. Profits from feed trading and by-products increased. Fish meal and oil expansion at Vinh Phuoc will lead to increased capacity in 2019.

**Gross profits of finished products (Billion VND) and Profit margin of finished products (%) (2016-2018)**



## INVENTORY

At the end of 2017, the inventory was considerably low due to the scarcity of raw materials compared to previous years. Therefore, at the end of 2018, the Company recorded the increase of inventory compared to 2017. However, consistent with ordinary course of business and increased production capacity.

Unit: VND

Inventory	At the end of 2018	At the end of 2017
Materials	58,590,782,377	107,274,920,181
Tools and equipment	2,591,935,850	9,359,200,807
Work in progress	516,216,251,080	724,965,997,461
Finished products	918,022,718,264	401,746,053,734
Merchandises	6,301,185,373	7,004,022,918
<b>Total</b>	<b>1,501,722,872,955</b>	<b>1,250,350,195,101</b>

## PROFIT DISTRIBUTION

According to the Resolution of Annual General Meeting of Shareholders on May 15, 2018, dividend payout ratio was 20% in cash. The Company had paid cash dividend at 20% of the par value on December 20, 2018.

## CHANGES IN OWNERS' EQUITY

There was no change in owners' equity in 2018.

Total contributed capital by owners as of December 31, 2018 was 924,039,430,000 VND.

## 2.3

## FINANCIAL INFORMATION

## 2.3.1 FIVE-YEAR FINANCIAL INFORMATION (CONSOLIDATED, AUDITED)

Unit: VND million

## INCOME STATEMENT

Targets	FY2018
<b>Total revenue</b>	<b>9,406,877</b>
Net revenue	9,271,329
Cost of goods sold	7,231,966
Gross Profit	2,039,363
General and administrative expenses	354,011
Financial income	137,003
Financial expenses	167,116
Profit from affiliated companies	78,752
Net operating profit	1,733,990
Other Profit/Loss	(46,428)
<b>Earnings before interest and tax (EBIT)</b>	<b>1,743,548</b>
<b>Earnings before interest, taxes, depreciation, and amortization (EBITDA)</b>	<b>1,899,850</b>
Profit before tax	1,687,562
Net profit after tax	1,442,098
<b>After-tax profit of the parent company</b>	<b>1,442,182</b>
Average outstanding shares	92,403,943
<b>Earnings per share - EPS (Unit: VND)</b>	<b>15,489</b>



FY2017	FY2016	FY2015	FY2014
<b>8,172,376</b>	<b>7,369,982</b>	<b>6,527,521</b>	<b>6,300,115</b>
8,151,497	7,303,546	6,493,390	6,292,449
6,979,607	6,236,783	5,690,816	5,469,173
1,171,889	1,066,764	802,575	823,275
410,702	381,056	370,120	406,786
58,396	86,739	166,250	238,198
88,525	92,877	210,038	64,704
0	0	0	0
731,058	679,569	388,667	589,984
(8,278)	(7,135)	(1,999)	(2,921)
<b>794,222</b>	<b>740,579</b>	<b>423,510</b>	<b>625,501</b>
<b>993,068</b>	<b>887,417</b>	<b>567,872</b>	<b>746,332</b>
722,781	672,433	386,668	587,062
604,574	565,438	320,833	462,913
<b>604,706</b>	<b>566,737</b>	<b>322,558</b>	<b>439,152</b>
92,301,883	92,318,614	92,403,943	91,371,686
<b>6,118</b>	<b>5,706</b>	<b>3,491</b>	<b>4,806</b>

## BALANCE SHEET

Targets	FY2018
Current Assets	4,140,347
Non-current Assets	2,158,165
<b>Total Assets</b>	<b>6,298,512</b>
Current Liabilities	2,250,750
Non-current Liabilities	32,580
<b>Total Liabilities</b>	<b>2,283,331</b>
Owners' Equity	4,015,182
Minority Interest	0
Total Resources	6,298,512
<b>Debt/Equity</b>	<b>0.57</b>

## CASH FLOW STATEMENT

Targets	FY2018
Profit before tax	1,687,562
Operating profit before changes in working capital	1,961,693
Changes in working capital	(1,281,465)
<b>Net cash flows from operating activities</b>	<b>680,227</b>
<b>Net cash flows from investing activities</b>	<b>(702,079)</b>
<b>Net cash flows from financing activities</b>	<b>19,940</b>
Net cash flows during the year	(1,912)
Cash and cash equivalents at the end of the year	43,242

FY2017	FY2016	FY2015	FY2014
3,004,111	2,748,388	2,847,044	3,118,826
2,038,479	1,702,485	1,509,919	1,373,139
<b>5,042,590</b>	<b>4,450,873</b>	<b>4,356,963</b>	<b>4,491,964</b>
1,670,509	1,517,030	1,818,697	2,533,902
429,465	540,730	448,937	71,304
<b>2,099,973</b>	<b>2,057,759</b>	<b>2,267,634</b>	<b>2,605,206</b>
2,942,533	2,387,041	2,076,958	1,869,914
83	6,073	12,372	16,844
5,042,590	4,450,873	4,356,963	4,491,964
<b>0.71</b>	<b>0.86</b>	<b>1.09</b>	<b>1.39</b>

FY2017	FY2016	FY2015	FY2014
722,781	672,433	386,668	587,062
873,618	886,150	537,962	535,937
(426,155)	69,431	(392,429)	(472,350)
<b>447,463</b>	<b>955,581</b>	<b>145,534</b>	<b>63,587</b>
<b>(593,432)</b>	<b>(464,947)</b>	<b>480,471</b>	<b>(1,097,413)</b>
<b>26,606</b>	<b>(621,961)</b>	<b>(419,466)</b>	<b>1,049,374</b>
(119,364)	(131,327)	206,539	15,548
45,345	164,636	296,093	89,238

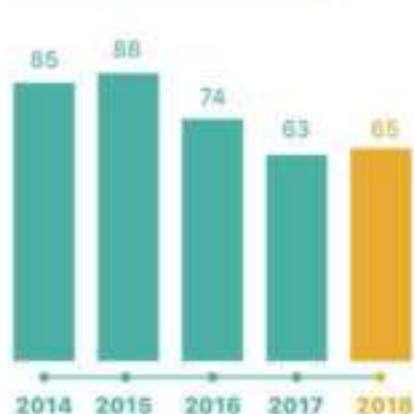


## FINANCIAL RATIOS

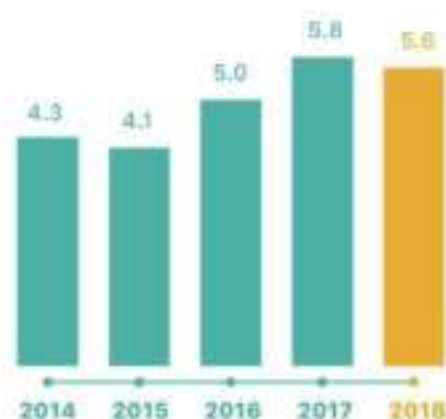
Targets	FY2018
<b>Profitability Ratios</b>	
Gross Profit Margin (%)	22.00%
Net Profit Margin (%) (*)	15.56%
Return on Assets (ROA) (*)	25.43%
Return on Equity (ROE) (*)	41.46%
Sales Growth Rate (%)	13.74%
Net Profit After Tax Growth Rate (%)	138.49%

(\*): After-tax profit of the parent company

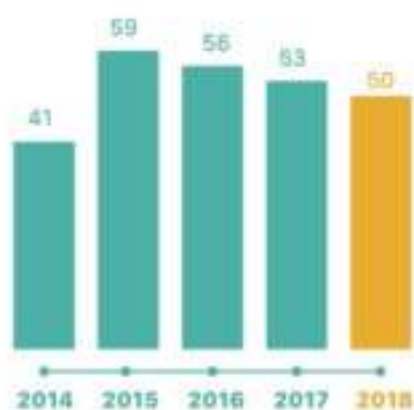
## ACTIVITY RATIOS



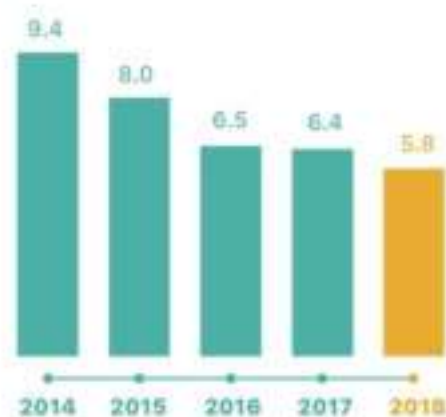
Days Inventory Outstanding (days)



Inventory Turnover (times)

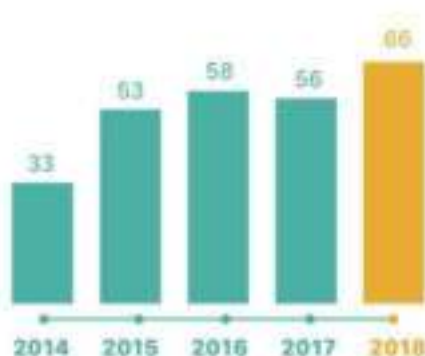


Days Payable Outstanding (days)

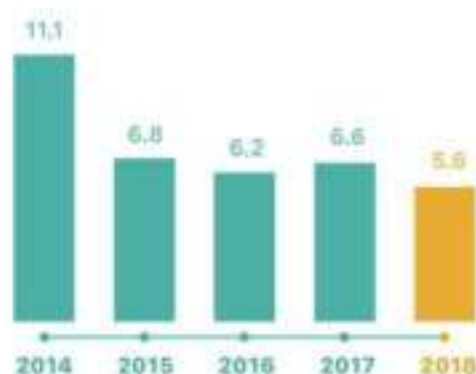


Working Capital Turnover (times)

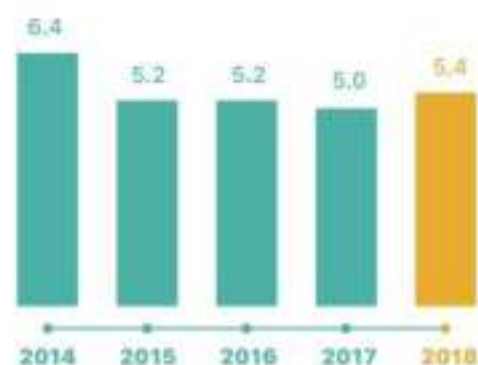
FY2017	FY2016	FY2015	FY2014
14.38%	14.61%	12.36%	13.08%
7.42%	7.76%	4.97%	6.98%
12.74%	12.87%	7.29%	12.47%
22.69%	25.39%	16.35%	26.31%
11.61%	12.48%	3.19%	23.50%
6.70%	75.70%	-26.55%	177.27%



Days Sales Outstanding (days)

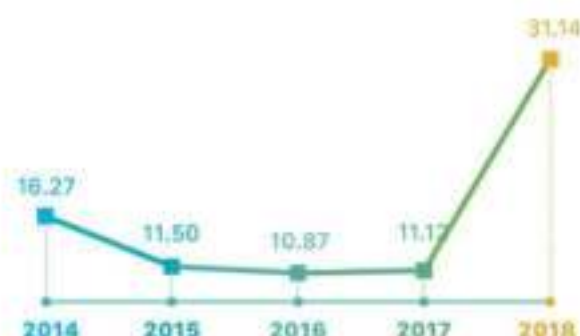


Receivable Turnover (times)



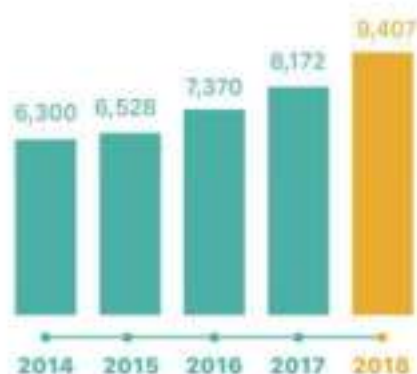
Fixed Assets Turnover (times)

## LIQUIDITY & SAFETY RATIOS

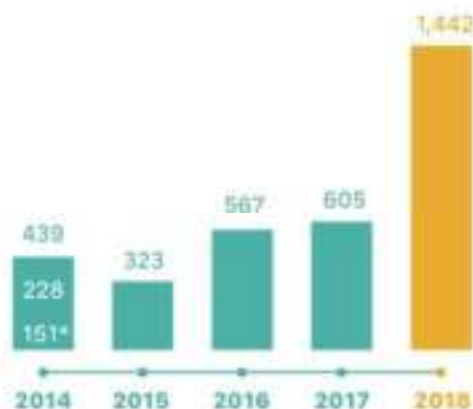


Interest Coverage Ratio (times)

## MAIN FINANCIAL ITEMS



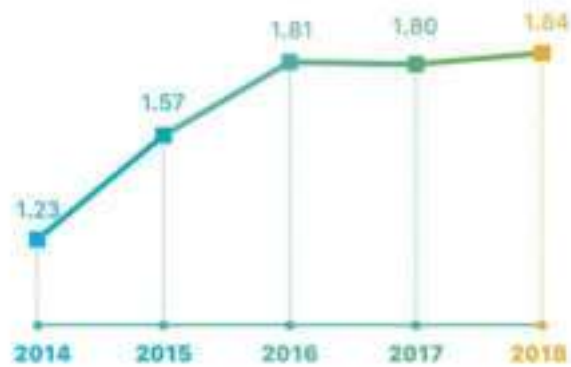
Total Revenue (VND billion)



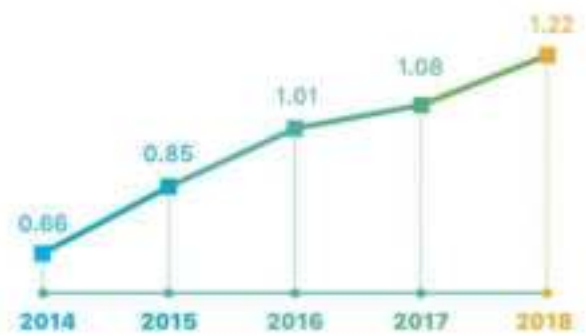
Profit After Tax (VND billion)

(\*): One-off income from divestment in Vinh Hoan Feed 1 JSC.

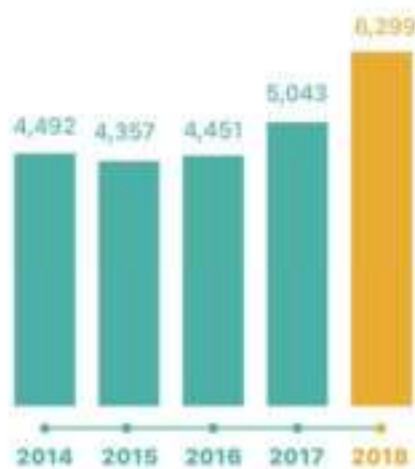




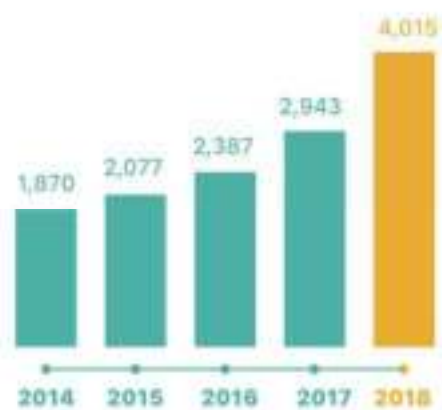
Current Ratio (times)



Quick Ratio (times)



Total Assets (VND billion)



Owners' Equity (VND billion)

## 2.3.2 FINANCIAL RESULTS IN 2018

Unit: VND billion

Items	FY2018	FY2017	Change (%)
Total assets	6,299	5,043	25%
Net revenue	9,271	8,151	14%
Operating profit	1,734	731	137%
Other gains/(losses)	(46)	(8)	461%
Net profit after tax	1,442	605	139%
Net profit after tax to the Company	1,442	605	138%

## KEY FINANCIAL RATIOS

Ratios	FY2018	FY2017
<b>1. Liquidity ratios</b>		
Current Ratio	1.84	1.80
<i>Current assets/Current Liabilities</i>		
Quick Ratio	1.22	1.08
<i>(Current assets - Inventory)/Current Liabilities</i>		
<b>2. Leverage ratios</b>		
Total Debt/Total Assets	0.36	0.42
Debt/Equity	0.57	0.71

### 3. Activity ratios

Inventory Turnover (times)	5.59	5.78
<i>Cost of goods sold (VND billion)</i>	7,232	6,980
<i>Average Inventory (VND billion)</i>	1,294	1,208
Net revenue/Total assets	1.47	1.62

### 4. Profitability ratios (\*\*)

Net Profit After Tax/Net Revenue	15.56%	7.42%
Return on Equity (ROE)	41.46%	22.69%
Return on Assets (ROA)	25.43%	12.74%
Operating profit/Net Revenue	18.70%	8.97%

## ANALYSIS ON ASSETS

In 2018, Vinh Hoan continued to maintain its production capacity amidst a severe shortage of raw materials. It successfully achieved its 2018 business plan with a new record in net profit after tax exceeding the trillion VND benchmark. Accordingly, all profitability ratios improved, while liquidity and liability ratios were similar to the preceding year.

Total assets increased by 25% compared to 2017, mainly contributed by an increase in fixed assets from new production investment projects. Details as follows:

### Current assets

- Short-term investments as of year-end 2018 were deployed to maximize financial income from idle cash.
- Short-term receivables as of year-end 2018 increased considerably due to:
  - Sales and exports increased sharply in the final months of the year
  - Receivables turnover to the U.S. market is often slower than other markets due to longer transportation and customs clearance process.

The receivables turnover was therefore lower than year-end 2017. This change was reflected increasing sales contribution from the U.S. market.



Items	FY2018	FY2017	Change (%)
Receivable Turnover (times)	5.57	6.57	(1.01)
Net revenue (VND billion)	9,271	8,151	13.7%
Average receivables (VND billion)	1,666	1,240	34.3%
Days of sales outstanding (days)	65.6	55.5	10.1

### Inventory

At the end of 2017, due to the shortage of raw materials, the Company saw a sharp reduction in inventory far below normal level. As such, at the end of 2018, the inventory balance increased versus 2017 but it was within normal range considering the normal raw materials condition and was consistent with the increase in sales capacity.

As at year-end 2018, raw materials supply recovered substantially from the severe shortage as at year-end 2017. A higher inventory level is consistent also with our increased sales capacity.

Items	FY2018	FY2017	Change (%)
Inventory Turnover (times)	5.59	5.78	(0.19)
Cost of goods sold (VND billion)	7,232	6,980	3.6%
Inventory (VND billion)	1,294	1,208	7.1%
Days Inventory Outstanding (days)	65.3	63.2	2.1

### Non-current assets

Total non-current assets did not changed materially overall. In 2018, the Company established the subsidiary Vinh Phuoc Food Co., Ltd. to acquire an existing factory in Chau Thanh district, Dong Thap province and divested assets of Vinh Hoan 2 Food Co., Ltd. Certain assets under Van Duc Tien Giang were reclassified as investments in an associate due to deconsolidation.

### Analysis on liabilities

For years, Vinh Hoan has always maintained a strong financial position which is reflected by its safe and stable liabilities ratios.

Items	FY2018	FY2017	Change (%)
Short-term debts (VND billion)	2,251	1,671	35%
Short-term debts and borrowings (VND billion)	1,269	1,008	26%
Long-term liabilities (VND billion)	33	429	-92%
<b>Total liabilities (VND billion)</b>	<b>2,283</b>	<b>2,100</b>	<b>9%</b>
<b>Liabilities/Total assets</b>	<b>0.45</b>	<b>0.42</b>	<b>0.09</b>
<b>Financial leverage (total assets/owner' equity)</b>	<b>1.57</b>	<b>1.71</b>	<b>(0.15)</b>

### Analysis on costs control

"Cost control to increase competitiveness" has and will always be the slogan of Vinh Hoan in its business activities.

In 2018, the Company regularly carried out analysis and evaluation to eliminate inefficiency and to maximize the use of its resources. It monitored operational metrics and improved raw materials, energy, supplies and packaging processes to maximize efficiency and production capacity. Through rigorous internal audit, the Company also redesigned several operating processes in a more efficient manner and issued an enterprise risk manual to identify and manage risks in a structured process.

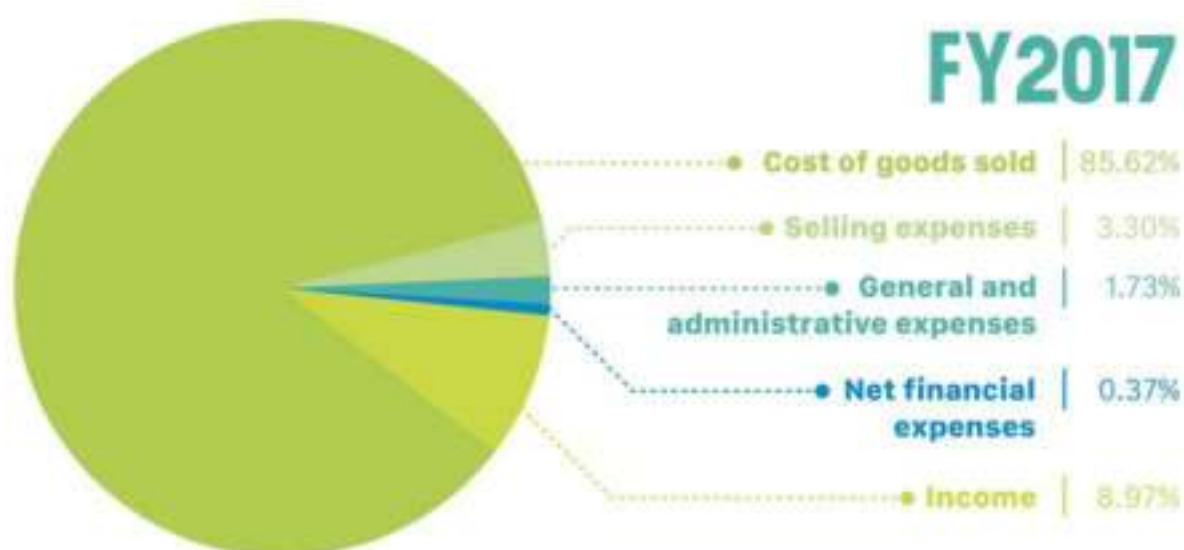
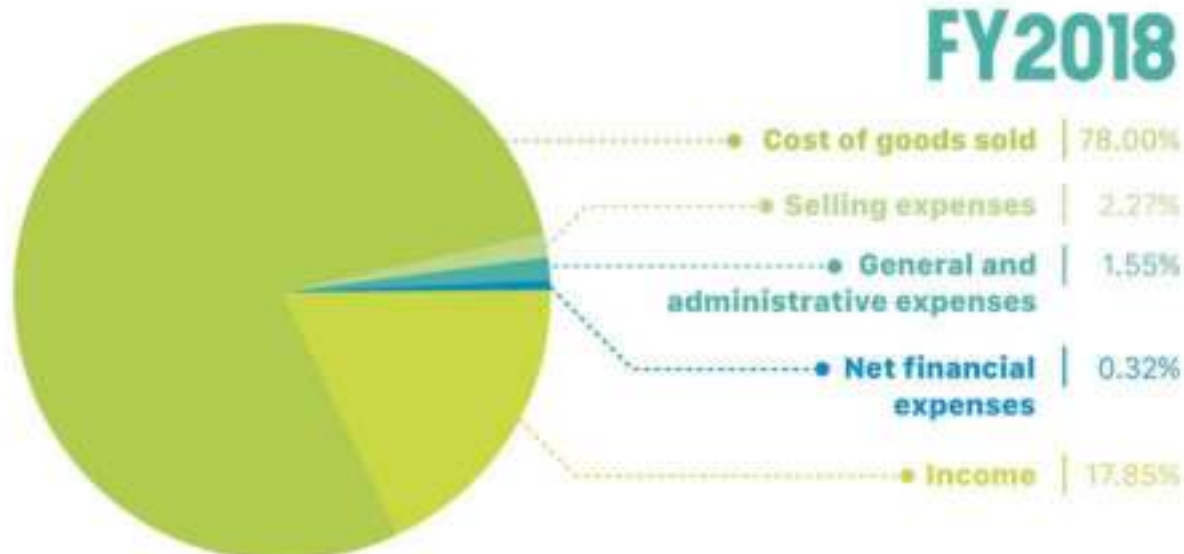
Expense ratios over revenue dropped significantly to 82% from FY2018 from 91% in the preceding year.

Two notable factors:

- Cost of goods sold: In addition to higher selling prices, the Company exerted every effort to manage costs, especially raw materials costs, in 2018. It increased its effort to balance raw materials supplied by its own farms and externally.
- Selling expenses, general and administrative costs, and financial expenses: absolute costs remain at the similar level reflecting the Company effort to control costs, while selling prices increased.

### Expense/revenue proportion by expense type

Items	FY2018	FY2017	Change (%)
Cost of goods sold	78.00%	85.62%	-7.62%
Selling expenses	2.27%	3.30%	-1.04%
General and administrative expenses	1.55%	1.73%	-0.18%
Net financial expenses	0.32%	0.37%	-0.04%
<b>Total</b>	<b>82.15%</b>	<b>91.03%</b>	<b>-8.88%</b>





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**AQUACULTURE INNOVATION  
IMPROVES QUALITY, SUSTAINABILITY  
AND COST COMPETITIVENESS.**

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# 2.4

## CAPITAL EXPENDITURE IN 2018



#### 2.4.1 CAPITAL EXPENDITURE IN 2018

In 2018, the Company continued to implement its expansion plan with a total capital expenditure of VND 715 billion of as part of its three-year growth strategy (2018-2020) described below:

##### TOTAL CAPITAL EXPENDITURE IN 2018

## VND 715 BILLION

Construction of a 220-hectare farming area in Tan Hung district, Long An province. This is a new farming project with the largest area. The Company has commenced on the farm's land acquisition procedures since 2017. In 2018, the Company completed construction of the nursery area on an area of approximately 50 hectares.

Additional construction on existing farms.

Expansion of our second factory of Thanh Binh, which allows the Company to ramp up its capacity to 200 tons of raw materials per day in 2019.

Acquiring two existing farms with a total area of nearly 70 hectares.

Renovation of Vinh Hoan's workshop No. 3 and fishmeal, fish oil factory.

Acquiring an existing factory in Chau Thanh district, Dong Thap province for the newly established company Vinh Phuoc. This is the third production cluster of Vinh Hoan with an area of nearly 17 hectares, suitable for further expansion plans in the future.



## 2.4.2 SUBSIDIARIES

VINH HOAN FOOD 2 CO., LTD.

(“VINH HOAN  
FOOD 2”)

Vinh Hoan's ownership ratio:

**99.3%**

Principal activities:

**RICE MILLING AND EXPORTING**

In October 2018, the Company has sold assets of Vinh Hoan Food 2 to a foreign investor. Amidst the difficult situation of the rice industry in recent years, this deal marked a successful exit to avoid future losses arisen from depreciation. In early 2019, the Company completed company dissolution.



VINH HOAN COLLAGEN  
ONE MEMBER CO., LTD.

## ("VINH HOAN COLLAGEN")

Vinh Hoan's ownership ratio:

**100%**

Principal activities:

**EXTRACTION OF  
COLLAGEN AND GELATIN  
FROM PANGASIIUS SKIN**

Vinh Hoan Collagen's 2018 revenue reached VND 283 billion, up 80% versus 2017. It continued to foster sales after three years of products and market development. The Company's collagen and gelatin products have gradually gained recognition for quality and stable supplying capacity to pharmaceutical, cosmetic and supplemental food manufacturers in Europe, America, Japan, and Korea. The company's efforts bore fruits in 2018 with record profits as we continue to implement strategies to add value and improve production system.



THANH BINH DONG THAP  
ONE MEMBER CO., LTD.

("THANH BINH")

Vinh Hoan's ownership ratio: -----

100%

Principal activities: -----

PROCESSING OF  
PANGASIU PRODUCTS

Thanh Binh Dong Thap is a cluster of pangasius processing workshops that Vinh Hoan acquired back in February 2017 as a move to expand its production capacity. Subsequently, we ramped up capacity which contributed to nearly 20% into the Company's total revenue and record an after-tax profit of VND 180 billion. In 2018, Thanh Binh expanded its production scale to the second workshop, attracting approximately 1,000 employees, and is on track to increase capacity to 200 tons of raw material per day in 2019.





VINH PHUOC FOOD CO., LTD.

(“VINH PHUOC”)

Vinh Hoan’s ownership ratio:

100%

Principal activities:

**FARMING AND PROCESSING  
OF PANGASIU PRODUCTS**

In August 2018, Vinh Hoan deployed VND 300 billion to establish this company to acquire certain factories and farms with a convenient location and labor availability. After Thanh Binh, Vinh Phuoc is the next step to increasing capacity to ensure the targeted growth rate of 20% annually for the period of 2019-2020. Vinh Phuoc has approximately 17 hectares of industrial space and a facility with a capacity of 150 tons of raw materials per day with additional space to expand. In addition, Vinh Phuoc has 2 farms with the total area of approximately 70 hectares, contributing internal raw material supply as we expand processing capacity. In 2018, Vinh Phuoc upgraded and repaired the facility, stabilized workforce, and attracted additional employees, and was a major profit contributor. Furthermore, Vinh Phuoc is also constructing a fishmeal and fish oil facility on its available land area to maximize by-product value.

# 2.5

## SHAREHOLDER STRUCTURE AND CHANGES IN OWNERS' EQUITY

### 2.5.1 SHARE INFORMATION (AS OF MARCH 22, 2019)

Total number of shares	92,403,943	shares
Par value (VND/share)	10,000	Vietnamese dong
Number of Treasury shares	0	share
Number of outstanding shares	92,403,943	shares
Number of non-transferable shares restricted under the Employee Stock Ownership Program (ESOP)	36,720	shares
Number of freely transferable shares	92,367,223	shares



## 2.5.2 SHAREHOLDER STRUCTURE (ACCORDING TO THE LIST OF SHAREHOLDERS AS OF MARCH 22, 2019)

No.	Shareholder Type	Number of shares	Shareholding ratio (%)	Number of shareholders	Institutional/ Individual investor	
					Institutional	Individual
<b>1</b>	<b>State shareholders</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2</b>	<b>Major shareholders</b>	<b>54,308,532</b>	<b>58.77</b>	<b>11</b>	<b>10</b>	<b>1</b>
	- Vietnamese	39,575,142	42.83	1	0	1
	- Foreign	14,733,390	15.94	10	10	0
<b>3</b>	<b>Labor Union of the Company</b>	<b>46,911</b>	<b>0.05</b>	<b>1</b>	<b>1</b>	<b>0</b>
	- Vietnamese	46,911	0.05	1	1	0
	- Foreign					
<b>4</b>	<b>Treasury shares</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>5</b>	<b>Preferred shareholders (if any)</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>6</b>	<b>Other shareholders</b>	<b>38,048,500</b>	<b>41.17</b>	<b>2,475</b>	<b>86</b>	<b>2,389</b>
	- Vietnamese	19,381,672	20.97	2,338	33	2,305
	- Foreign	18,666,828	20.20	137	53	84
<b>TOTAL</b>		<b>92,403,943</b>	<b>100.00</b>	<b>2,487</b>	<b>97</b>	<b>2,390</b>
	In which: - Vietnamese	59,003,725	63.85	2,340	34	2,306
	- Foreign	33,400,218	36.15	147	63	84

## 2.5.3 CHANGES IN OWNER'S EQUITY

In 2018, there was no change in owners' equity.

## 2.5.4 TREASURY SHARES TRANSACTIONS

In 2018, there was one selling transaction of Treasury shares.

Number of transacted Treasury shares: 102,060 shares

Number of remaining Treasury shares: 0 share

Transaction period: from November 29, 2018 to December 13, 2018.

Average transaction price: VND 101,712 per share



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## INNOVATION IN TECHNOLOGY APPLICATIONS TO CONTROL THE ENVIRONMENTAL IMPACTS FOR SUITABLE SOLUTIONS.

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# 2.6

## ENVIRONMENTAL AND SOCIAL IMPACTS

As a company operating in the field of aquaculture, Vinh Hoan understands the close connection between future sustainable development and the natural environment. Therefore, the Company always demonstrates the highest commitment to the environment through strict control of all production factors and compliance with regulations on environmental protection and biodiversity conservation. In addition, the human factor is also prioritized by Vinh Hoan through activities of caring and supporting the lives of workers and local communities.

### 2.6.1 MANAGE AND IMPROVE THE QUALITY OF RAW MATERIALS

Sources of raw materials are strictly controlled in all stages of farming and production processes. In farming areas, documentation are prepared for individual parent fish, fingerlings, and commercial fish on issues related to health, source of feed, ingredients contributed to the feed in order to control safety, sustainability and traceability. The management of raw materials also extends to animal welfare. Fish must be farmed, transported and processed in humane conditions.

In addition, Vinh Hoan regularly conducts training courses on knowledge and skills, and consults its suppliers in assessing the certification of aquaculture food safety. More specifically, in 2018, Vinh Hoan organized two training courses on food safety for farmers, guided farm owners on farming operation in accordance with safety standards, and ensured environment protection and traceability practices. These efforts resulted in more than 100% increase in the number of farming areas of farms meeting requirements to exporting to the United States compared to those in 2017.

During the year 2018, Vinh Hoan continued to maintain and expand its certified farming areas to become the largest Company with multiple sustainable certificates on *Pangasius* aquaculture (ASC, BAP, GLOBALGAP) in the world.

By the end of 2018, certified farming areas accounted for 80% of the total areas in operation of the Company. One of the Company's goals is to have 100% raw materials supplied from farms having at least one sustainable certificate by 2020.



## 2.6.2 PRODUCT QUALITY MANAGEMENT

Compliance with product quality management and traceability systems is a prerequisite for the import markets, especially meeting distinctly high standards of some large distribution systems in the world.

At the processing plant, Vinh Hoan has obtained the following certifications: ASC, GLOBALGAP, BAP, BRC, IFS, HACCP, HALAL, ISO 9001, ISO 22000, and ISO 17025. The products are manufactured under the conditions that ensure microbiological standards and absence of antibiotic residues, proper freezing temperature according to the regulations so that the products will not be degraded throughout production, transportation and storage. The control and management of processing lines are strictly implemented and ready for any customer requirements or audits. Vinh Hoan's consistent and proactive quality management lies in the control of procedures and analysis of potential hazards, not just making sure products can be cleared at the port of destination. The Company's products are identified to consumers with ability to trace back to their farming pond upon any requests from the buyers.

In addition, the improvement of skills for the Company staff is a big focus of the Board of Management. In 2018, the Company has conducted an amount of internal and external training sessions on Good Practices of Production. Since then, employees have strictly controlled the process of farming and processing aquatic products to produce high quality products which are good for the consumers. The Company has welcomed many delegations of authority agencies and buyers and has always met all criteria in production and products quality.

## 2.6.3 ENERGY SAVING INITIATIVES

Continuous innovation and differentiation is one of the core values of the Company. Therefore, the Company constantly researches and applies new technologies, continuously improving stages of farming and production processes to improve the efficiency of energy resource use and labor productivity. In 2018, the Company made improvements in production and saved 12% of electricity and 16% of water use compared to 2017.





#### 2.6.4 RESEARCH AND DEVELOPMENT ACTIVITIES

During the year, the Company carried out many Research and Development activities, especially the vaccination of pangasius in large scale.

On August 22, 2018, a signing ceremony marked a strategic cooperation between Vinh Hoan Joint Stock Company and Pharmaq Group for the application of vaccines in pangasius on a commercial scale. With the application of this new technology, the Company focuses on prevention rather than treatment of diseases. The goal is to not use antibiotics in farming and to improve the fish health, thereby increasing the survival rate of commercial fish; a sustainable development with a focus on product quality and environmental protection.



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**VACCINATION HAS HAD A DIRECT EFFECT ON ENHANCING PREVENTATIVE MANAGEMENT AND CONTROL OF DISEASE IN JUVENILE OF PANGASIUS IN ADDITION TO REDUCING SUCH AS THE NEED FOR REACTIVE TREATMENTS APPROVED ANIMAL HEALTH PRODUCTS, CULLING OR DISINFECTION.**

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### 2.6.5 COMPLY WITH REGULATIONS ON ENVIRONMENT PROTECTION AND BIODIVERSITY CONSERVATION

All processing factories of Vinh Hoan have obtained ISO 14001. This certification requires an effective environmental management system. Vinh Hoan has designed and constructed its waste-water management systems to ensure meeting Grade A of industry regulations and conform to ISO as well as other international environmental standards such as BAP and GLOBALGAP.

The company has all licenses in accordance with environmental regulations. All farming areas and processing plants have established strict waste-water treatment procedure and quality control in accordance with industry regulations. In addition, the Company ensures transparency through full assessment of environmental impacts done by an independent third party and take actions to prevent and/or minimize environmental impacts from production activities.

Currently, Vinh Hoan has approximately 600 hectares of farms. The Company has planned farming areas from the beginning with a focus on environment-friendliness. Therefore, all of Vinh Hoan farming areas have waste-water and mud treatment ponds to ensure no harm to the environment.

In addition, operations of farming areas and processing plants must not affect biodiversity of the surrounding ecosystems. Specifically, farmed fish must not escape and threaten the survival of other aquatic species; there must be no harmful impact to wild animals on the list of conservation or important plants in the region.





## 2.6.6 POLICIES RELATED TO EMPLOYEES

To build, maintain and develop a professional workforce, Vinh Hoan focuses on implementing some policies as follows:

- Management of labor and compensation: Reviewed functions and responsibilities of departments within the Group and its subsidiaries and standardized every job description.
- Completed and promoted regulations to support working conditions in order to improve employee benefits.
- The Personnel & Compensation Subcommittee periodically reviewed, updated and/or adjusted rules, regulations, and procedures for wages, recruitment, training, etc. in accordance with actual conditions.

## 2.6.7 NUMBER OF EMPLOYEES AND AVERAGE SALARY

- Vinh Hoan Group: approximately 7,000 direct and indirect employees (not including employees at associated companies).
- The average salary in 2018 increased by approximately 10% compared to 2017.

## 2.6.8 LABOR POLICY TO ENSURE EMPLOYEES' HEALTH, SAFETY AND WELFARE

To ensure the health of employees in the long term, Vinh Hoan always strictly complies with the provisions of the Law on labor safety and health through the following approaches:

- Developed and implemented a health and safety management system in accordance with relevant Laws.
- Established the Committee of Health and Safety with more than 50 members to promptly update and fully disseminate rules and regulations on labor safety and security to employees before joining the production line.
- 100% of Staff and Employees are equipped with protection gears, covered with full medical insurance and annual health checks to minimize the risks as well as to detect the diseases and ensure prompt treatment.
- Annually, the Company organizes labor safety training for all Staff and Employees in general and production staff and workers in particular on first aid, labor safety, chemical safety, electrical safety, fire safety, etc.
- Office and factory workplaces always ensure proper ventilation and adequate lighting, properly control factors such as dust, noise, humidity, etc which are measured periodically by outside agencies to avoid harm to the environment and health of workers.
- Establish a fully-equipped medical room and 24/24 on-duty medical staff to promptly provide first aids and handle emergency situations as well as health care for Staff and Employees. Each department has a medical box full of medical equipment as specified by the Ministry of Health.

### 2.6.9 TRAINING ACTIVITIES FOR WORKERS

- In order to have high-quality human resources, Vinh Hoan advocates for the training of the management personnel with expertise in food technology and seafood processing to control product quality. Therefore, the Company annually recruits candidates with high qualifications and skill sets to supplement the management personnel.
- Conducted candidates screening, interviews, assessments, and selections that meet the recruitment requirements in accordance with the hiring process.
- Fully implemented training and coaching plan such as management skills workshops for middle managers, soft skills workshops on human resources management, etc. to ensure enough human resources for a sustainable and successive future of the Company

### 2.6.10 CONTINUOUS LEARNING AND SKILLS DEVELOPMENT PROGRAMS TO ENSURE EMPLOYMENT AND CAREER DEVELOPMENT

- Training and development program: planned the successive personnel to inherit key positions of high and middle management levels as well as indirect and direct production staff.
- Completed personal development plan and organized training activities.
- Ability assessment: standardized and applied ability assessment from staff to management level.

### 2.6.11 WELFARE POLICY FOR EMPLOYEES

- Vinh Hoan joined with Dong Thap Labor Union to take care of workers by distributing milk to 30 members of the Company Union.
- The Company continued to support the Union Shelter program by building houses for 5 members of the Company Union who had poor living conditions so they do not worry and can focus at work.
- The Company supported employees who had poor living conditions from its Grants for the Poor, gave monetary supports to 5 members with illness and offered support for education through its Scholarship Fund with a total value of nearly VND 200 million.
- The Company continued the Vinh Hoan Shelter program to build a house for a worker at the factory at the cost of VND 75 million.  
The Company organized the Gratitude-for-Parents ceremony for the parents of employees with a total cost of nearly VND 1 billion.
- The Company awarded 500 children of the employees who have excellent academic performances.
- The Company organized company trips to destinations within and outside of Vietnam for the employees with a total cost of nearly VND 8 billion.



## 2.6.12 REPORT RELATED TO RESPONSIBILITY FOR THE LOCAL COMMUNITY

Beside strengthening its production and business, Vinh Hoan also organized various activities to care and show gratitude to the local community. In 2018, Vinh Hoan carried out these major activities:

- Collaborated with Dong Thap Association for the Disabled, Orphans and the Ill to organize following programs with a total budget of VND 1 billion:
  - Donated 3,000 Health Insurance coverage to the poor households in Dong Thap province with a total budget of over VND 200 million to help them overcome illnesses and improve their quality of lives and standard of living..
  - Cooperated with Cho Ray Hospital to sponsor heart surgeries for poor patients in Dong Thap province with a total cost of nearly VND 500 million.
  - Donated wheelchairs, toy cars bicycles to the disabled, poor kids and poor students with academic excellence (25 bicycles, 60 wheelchairs and 50 toy cars).
- Partnered with doctors from Ho Chi Minh city to carry out the Lights of Dream program with 1,000 eyes surgeries with a budget of over VND 500 million.
- Sponsored the Spring Festival of Dong Thap Province on Lunar New Year with VND 500 million to decorate Cao Lanh City and brought joy and happiness to the local people during the biggest celebration of the year.
- Partnered with Dong Thap Association for Promoting Education to award scholarships to excellent students who overcame poor living conditions with a total value of more than VND 200 million.
- In addition, Vinh Hoan also donated free rice to the poor and carried out many other community activities.



*Representatives of Vinh Hoan offering insurance cards to less fortunate individuals in Dong Thap province*





*Representatives of Vinh Hoan offering rice to less fortunate families in Dong Thap province*



*Representatives of Vinh Hoan offering gifts to patients from its Cardio Surgery Sponsorship Program*



"Mai Am Cong Doan" Program



"Anh sang uoc mo" Program





Representatives of Vinh Hoan offering wheelchairs at Dong Thap province



Labor Union offering milk to 30 members



Representatives of Vinh Hoan offering gifts to students with good academic performances in 2017-2018





Parent Festival



Company trip to Thailand





According to the Global Aquaculture Alliance (GAA), aquaculture innovation include:

- 
- Technologies that mitigate the occurrence of animal diseases or parasites, or that reduce or eliminate the use of antibiotics to treat animals;
  - Technologies that improve production efficiencies at the hatchery or farm levels while mitigating environmental impact;
  - Advances in offshore or land-based recirculation technology;
  - Novel feed ingredients;
  - Reductions in carbon footprint through improved energy efficiency or regeneration; and
  - Social programs designed to improve living and working conditions at the farm or processing levels.
- 





# 03

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## CORPORATE GOVERNANCE

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3.1 The Board of Directors

3.2 The Supervisory Board

3.3 Report on transactions, benefits, compensation of the Boards

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# 3.1

## THE BOARD OF DIRECTORS

### 3.1.1 ACTIVITIES OF THE BOARD OF DIRECTORS IN 2018

#### THE BOD CONVENED THE FOLLOWING FORMAL MEETINGS IN 2018 AS FOLLOWS

Full name	Title	Attended meetings	Participant rate %
Truong Thi Le Khanh	Chairwoman	08/08	100%
Nguyen Ngo Vi Tam	BoD Member	08/08	100%
Truong Tuyet Hoa	BoD Member	08/08	100%
Nguyen Thi Kim Dao	BoD Member	08/08	100%
Vo Phu Duc	BoD Member	08/08	100%

In addition to quarterly meetings, the Board held additional meetings, telephone conversations, and e-mail communication when deemed appropriate to discuss corporate governance matters and strategic decisions, including:

- Quarterly and annual business plan;
- Monitor and supervise the strategy implementation of BoM;
- Review sales production, and farming reports;
- Recruit senior managers and appoint managerial positions;
- Review and approve investment plans, capital raising plan, acquisition and disposal of major assets, and expansion plans;
- Review and resolve matters raised in reports of the Supervisory Board.

## RESOLUTIONS OF THE BOD IN 2018

- Resolution dated February 09, 2018, regarding the charter capital increase in a subsidiary;
- Resolution dated February 10, 2018, regarding adjustment of foreign investment in Octogone Holdings Pte Ltd.;
- Resolution dated March 02, 2018, regarding the payment of 2017 cash dividend;
- Resolution dated July 20, 2018, regarding capital transfer at Vinh Hoan Food Co., Ltd.;
- Resolution dated August 29, 2018, regarding capital contribution into Vinh Phuoc Food Co., Ltd.;
- Resolution dated September 05, 2018, regarding the approval of Treasury shares selling scheme;
- Resolution dated November 23, 2018, regarding advance payment of 2018 dividend.

### 3.1.2 ACTIVITIES OF SUB-COMMITTEES OF THE BOARD OF DIRECTORS

#### SUB-COMMITTEE OF HUMAN RESOURCES – POLICY – COMPENSATION

In 2018, the sub-committee of Human Resources - Policies - Compensation:

- Proposed and advised to the Board of Directors on the policy of senior staffing, including members of the BoM and the planning of management rotation for subsidiaries in the group.
- Supported in proposing Key Performance Indicators ("KPIs") to the General Director and the Board of Directors of the Company.

#### SUB-COMMITTEE OF PROCUREMENT

In 2018, the sub-committee of Procurement:

- Supported the Purchasing Department and Quality Control department in the evaluation process of packaging suppliers;
- Advised on the selection process of suppliers;
- Approved raw material purchases;
- Proposed policies on raw material prices and feed prices to submit to the BoD.



# 3.2

## THE SUPERVISORY BOARD

Activities of Supervisory Board in 2018 and 2019 action plan

### 3.2.1 ACTIVITIES OF SUPERVISORY BOARD IN 2018

IN 2018, THE SUPERVISORY BOARD CONVENED THE FOLLOWING OFFICIAL MEETINGS

Member	Title	Date of commencement / no longer a sb member (*)	Attended meetings	Participant rate (%)	Note
Mr. Nguyen Ngoc Thanh	Head of SB (resigned)	12/05/2018	1/6	33%	Mr. Thanh resigned from the SB on 12/05/2018
Ms. Phan Thi Kieu Oanh	Member of SB	12/05/2018	1/6	33%	Ms. Oanh resigned from the SB on 12/05/2018
Ms. Nguyen Thi Cam Van	Head of SB (newly appointed)	12/05/2018	5/6	83%	Ms. Van was elected into the SB by the Annual Shareholders Meeting 2018 on 12/05/2018
Ms. Nguyen Thi Thai Ly	Member of SB	08/05/2015	6/6	100%	
Mr. Nguyen Quang Vinh	Member of SB	12/05/2018	4/6	67%	Mr. Vinh was elected into the SB by the Annual Shareholders Meeting 2018 on 12/05/2018

### 3.2.2 SUPERVISION ACTIVITIES OF THE SUPERVISORY BOARD ON THE BOARD OF DIRECTORS AND BOARD OF MANAGEMENT

- Supervised the activities of the BoD, the management and administration of production and business activities of the BoM according to the Enterprise Law and the Company Charter; supervised the implementation of resolutions of the AGM;
- Attended the BoD's meetings, checked internal documents issued by the BoD and BoM in the course of managing the Group to make sure the formulation of strategies and guidelines is in accordance with the law and resolutions of the AGM;
- Checked the rationality, legality, honesty, and the level of prudence in organizing accounting, statistics, and financial reporting activities;
- Planned and directed the activities of the internal audit department;
- Reviewed internal control procedures of key departments, and proposed solutions to identified shortcomings (if any);
- Reviewed the systematism, consistency, and appropriateness of the accounting operation and preparation of financial statements at the Company;
- Reviewed any issues raised in the independent audited report and reviewed the interim and annual financial statements;
- The SB worked closely and regularly with the BoD and BoM and other managers in supervising and improving the efficiency of activities at the Company;
- The SB assessed that the BoD and BoM had expedited its management and supervision in an efficient and prudent method according to the strategies and objectives set forth by the AGM as well as in compliance with relevant provisions of the Law.

### 3.2.3 OTHER ACTIVITIES OF THE SUPERVISORY BOARD IN 2018

- Reviewed the controls of the procurement process and corrected any shortcoming;
- Reviewed the controls of the sales and payment process and corrected any shortcoming;
- Reviewed the controls of the production process and corrected any shortcoming;
- Participated in observation of inventory verification;
- Advised the BoD on the criteria for selecting independent auditors; informed the BoD of the procedures to submit to the AGM for consideration and approval of the independent auditors for the fiscal year 2019 at the upcoming Annual General Meeting of Shareholders.

### 3.2.4 2019 ACTION PLAN

- Perform the inspection and supervision work pursuant to the functions and directions stipulated in the Enterprise Law and Decree No. 05/2019/ND-CP on internal audit;
- Focus on inspections and controls related to Company's operational, financial and investment activities;
- Supervise the BoD, BoM on implementing the 2019 AGM resolutions;
- Focus on controlling material risks identified in 2018;
- Periodically review the compliance and effectiveness of the internal processes;
- Internal training;
- Other activities as requested by shareholders.

# 3.3

## REPORT ON INTERNAL PERSONS' SHARE TRANSACTIONS

### 3.3.1 REPORT ON INTERNAL PERSONS' SHARE TRANSACTIONS

In 2018, the following transactions of internal persons occurred:

Transaction type	Institution/ Individual Name	Related person	
		Name	Title
Sell	Truong Tuyet Hoa		BoD Member cum Sales Director
Sell	Truong Tuyet Phuong	Truong Tuyet Hoa	BoD Member cum Sales Director
Sell	Le Thi Dieu Thi		Quality Director
Sell	Ho Thanh Hue		Production Director

(\*) The post-transaction shareholding percentage is calculated as the number of shares held after the completion of the transaction over the total number of outstanding shares at the completion date of the transaction.





Number of shares				Transaction Disclosure Date	Post transaction shareholding percentage (%)
Before trading	Buy	Sell	After trading		
21,907		19,000	2,907	05/04/2018	0.003
38,026		34,020	4,006	15/03/2018	0.004
18,184		9,000	9,184	07/11/2018	0.010
53,727		14,000	39,727	13/10/2018	0.043





# 04

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## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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- 4.1 Corporate information
  - 4.2 Statement by the Board of Management
  - 4.3 Independent auditor's report
  - 4.4 Consolidated balance sheet (Form B 01 - DN/HN)
  - 4.5 Consolidated income statement (Form B 02 - DN/HN)
  - 4.6 Consolidated cash flow statement (Form B 03 - DN/HN)
  - 4.7 Notes to the consolidated financial statements (Form B 09 - DN/HN)
-



# 4.1

## CORPORATE INFORMATION

### 4.1.1 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 and the latest amended Enterprise registration certificate dated 29 December 2016.

### 4.1.2 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

### 4.1.3 BOARD OF SUPERVISION

Mrs. Nguyen Thi Cam Van	Head (appointed on 12 May 2018)
Mr. Nguyen Ngoc Thanh	Head (resigned on 12 May 2018)
Ms. Nguyen Thi Thai Ly	Member
Mr. Nguyen Quang Vinh	Member (appointed on 12 May 2018)
Ms. Phan Thi Kieu Oanh	Member (resigned on 12 May 2018)

### 4.1.4 BOARD OF MANAGEMENT

Mrs. Nguyen Ngo Vi Tam	General Director
Mr. Huynh Duc Trung	Permanent Director
Mrs. Truong Tuyet Hoa	Director – Sales
Mrs. Nguyen Thi Kim Dao	Director - Finance
Mrs. Ho Thanh Hue	Director - Production
Mrs. Dang Thi Thuong	Director - Sustainable Development
Mrs. Le Thi Dieu Thi	Director - Quality (appointed on 25 December 2017)

#### 4.1.5 LEGAL REPRESENTATIVE

Mrs. Truong Thi Le Khanh Chairwoman

#### 4.1.6 REGISTERED OFFICE

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

#### 4.1.7 AUDITOR

PwC (Vietnam) Limited

## 4.2

### STATEMENT BY THE BOARD OF MANAGEMENT

#### 4.2.1 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 referred to as "the Group") which give a true and fair view of the financial position of the Group as at 31 December 2018, 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 and other irregularities.

#### 4.2.2 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements as set out on pages 5 to 47 which give a true and fair view of the financial position of the Group as at 31 December 2018, 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



The stamp is a red circular seal. The outer ring contains the text 'SỞ X. & D. 1409112623-C' at the top and '131-SĐ.X. & D. 1409112623-C' at the bottom. The inner circle contains the text 'CÔNG TY CỔ PHẦN VINH HOÀN' in the center and 'ĐỒNG THÁP - CAO LÃNH - T. ĐỒNG THÁP' at the bottom.

**TRUONG THI LE KHANH**

Chairwoman

Dong Thap Province, SR Vietnam

26 March 2019



# 4.3

## 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 2018 and approved by the Board of Management on 26 March 2019. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2018, 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 47.

### 4.3.1 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 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.

### 4.3.2 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.

#### 4.3.3 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 2018, 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.

#### 4.3.4 OTHER MATTER

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

**For and on behalf of PwC (Vietnam) Limited**



**MAI VIET HUNG TRAN**

Audit Practising Licence No.  
0048-2018-006-1 3022-2019-006-1  
Authorised signatory

Report reference number: HCM8037  
Ho Chi Minh City, 26 March 2019

**TRIEU NGUYEN DUY**

Audit Practising Licence No  
3022-2019-006-1



# 4.4

## CONSOLIDATED BALANCE SHEET

Form B 01 – DN/HN

Code	ASSETS	Note	As at 31 December	
			2018 VND	2017 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>4,140,347,276,090</b>	<b>3,004,110,967,925</b>
<b>110</b>	<b>Cash</b>		<b>43,241,847,762</b>	<b>45,344,991,423</b>
111	Cash	4	43,241,847,762	45,344,991,423
<b>120</b>	<b>Short-term investments</b>		<b>607,749,887,456</b>	<b>372,822,249,924</b>
123	Investments held to maturity	5(a)	607,749,887,456	372,822,249,924
<b>130</b>	<b>Short-term receivables</b>		<b>2,001,762,641,975</b>	<b>1,329,416,952,221</b>
131	Short-term trade accounts receivable	6	1,923,825,653,716	1,211,607,864,033
132	Short-term prepayments to suppliers	7	57,710,280,128	88,816,290,883
136	Other short-term receivables	8	24,064,216,893	32,322,844,712
137	Provision for doubtful debts – short term		(3,837,508,762)	(3,330,047,407)
<b>140</b>	<b>Inventories</b>	<b>9</b>	<b>1,385,654,133,209</b>	<b>1,202,370,830,996</b>
141	Inventories		1,501,722,872,955	1,250,350,195,101
149	Provision for decline in value of inventories		(116,068,739,746)	(47,979,364,105)
<b>150</b>	<b>Other current assets</b>		<b>101,938,765,688</b>	<b>54,155,943,361</b>
151	Short-term prepaid expenses		12,309,483,720	3,404,677,866
152	Value Added Tax to be reclaimed		89,629,281,968	50,492,135,110
153	Other taxes receivable		-	259,130,385
<b>200</b>	<b>LONG-TERM ASSETS</b>		<b>2,158,165,179,189</b>	<b>2,038,478,534,429</b>
<b>210</b>	<b>Long-term receivables</b>		<b>1,563,796,625</b>	<b>1,456,379,625</b>
216	Other long-term receivables		1,563,796,625	1,456,379,625
<b>220</b>	<b>Fixed assets</b>		<b>1,397,238,799,687</b>	<b>1,565,828,947,902</b>
221	Tangible fixed assets	11(a)	1,110,184,998,800	1,408,291,199,920
222	Historical cost		1,958,910,920,456	2,381,685,407,368
223	Accumulated depreciation		(848,725,921,656)	(973,394,207,448)



Code	Assets	Note	As at 31 December	
			2018 VND	2017 VND
227	Intangible fixed assets	11(b)	287,053,800,887	157,537,747,982
228	Historical cost		294,120,452,518	175,441,071,886
229	Accumulated amortisation		(7,066,651,631)	(17,903,323,904)
<b>240</b>	<b>Long-term asset in progress</b>		<b>258,754,816,482</b>	<b>224,285,956,057</b>
242	Construction in progress	12	258,754,816,482	224,285,956,057
<b>250</b>	<b>Long-term investments</b>		<b>389,355,091,933</b>	<b>1,297,729,978</b>
252	Investments in associates	5(b)	387,940,661,955	-
253	Investments in other entities		1,414,429,978	1,297,729,978
<b>260</b>	<b>Other long-term asset</b>		<b>111,252,674,462</b>	<b>245,609,520,867</b>
261	Long-term prepaid expenses	10	60,973,104,588	128,982,179,560
262	Deferred income tax assets	19	4,689,035,714	3,140,451,514
269	Goodwill	13	45,590,534,160	113,486,889,793
<b>270</b>	<b>TOTAL ASSETS</b>		<b>6,298,512,455,279</b>	<b>5,042,589,502,354</b>
<b>300</b>	<b>LIABILITIES</b>		<b>2,283,330,774,315</b>	<b>2,099,973,450,522</b>
<b>310</b>	<b>Short-term liabilities</b>		<b>2,250,750,376,315</b>	<b>1,670,508,724,200</b>
311	Short-term trade accounts payable	14	274,386,646,870	233,078,917,957
312	Short-term advances from customers		11,434,807,754	65,544,542,598
313	Tax and other payables to the State Budget	15	257,436,065,576	105,933,001,781
314	Payable to employees		137,477,117,757	118,072,835,469
315	Short-term accrued expenses		5,834,139,125	12,404,108,112
319	Other short-term payables	16	258,562,649,346	79,124,265,487
320	Short-term borrowings	17	1,269,447,095,123	1,008,178,927,948
322	Bonus and welfare funds	20	36,171,854,764	48,172,124,848
<b>330</b>	<b>Long-term liabilities</b>		<b>32,580,398,000</b>	<b>429,464,726,322</b>
338	Long-term borrowings	17	-	402,300,000,000
341	Deferred income tax liabilities	19	14,895,000,000	19,946,145,322
342	Provision for long-term liabilities	18	7,951,048,000	7,218,581,000
343	Fund for science and technology development		9,734,350,000	-

<b>400</b>	<b>OWNERS' EQUITY</b>		<b>4,015,181,680,964</b>	<b>2,942,616,051,832</b>
<b>410</b>	<b>Capital and reserves</b>		<b>4,015,181,680,964</b>	<b>2,942,616,051,832</b>
411	Owners' capital	21, 22	924,039,430,000	924,039,430,000
411a	Ordinary shares with voting rights		924,039,430,000	924,039,430,000
412	Share premium	22	223,774,789,900	216,409,744,645
415	Treasury shares	22	-	(3,015,672,745)
417	Foreign exchange differences	22	-	(357,597,012)
421	Undistributed earnings	22	2,867,367,461,064	1,805,456,932,995
421a	Undistributed post-tax profits of previous years		1,609,911,936,752	1,209,893,178,979
421b	Post-tax profit of current year		1,257,455,524,312	595,563,754,016
429	Non-controlling interests	23	-	83,213,949
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>6,298,512,455,279</b>	<b>5,042,589,502,354</b>



**Ha Thi Phuong Thuy Hong Nhung**  
Chief Accountant/Preparer




**Trương Thị Lê Khanh**  
Chairwoman

26 March 2019

The notes on pages 10 to 47 are an integral part of these consolidated financial statements.

# 4.5

## CONSOLIDATED INCOME STATEMENT

Form B 02 – DN/HN

Code		Note	Year ended 31 December	
			2018 VND	2017 VND
<b>01</b>	<b>Revenue from sales of goods and rendering of services</b>		<b>9,406,877,067,192</b>	<b>8,172,376,252,171</b>
02	Less deductions		(135,547,982,698)	(20,879,574,064)
<b>10</b>	<b>Net revenue from sales of goods and rendering of services</b>	<b>27</b>	<b>9,271,329,084,494</b>	<b>8,151,496,678,107</b>
<b>11</b>	<b>Cost of goods sold and services rendered</b>	<b>28</b>	<b>(7,231,966,110,890)</b>	<b>(6,979,607,337,425)</b>
<b>20</b>	<b>Gross profit from sales of goods and rendering of services</b>		<b>2,039,362,973,604</b>	<b>1,171,889,340,682</b>
21	Financial income	29	137,003,001,788	58,396,039,931
22	Financial expenses	30	(167,116,436,972)	(88,524,689,138)
23	- Including: Interest expenses	30	(55,985,954,528)	(71,440,932,223)
24	Profit sharing from investment in associates		78,751,826,955	-
25	Selling expenses	31	(210,445,968,727)	(269,403,201,556)
26	General and administration expenses	32	(143,565,499,402)	(141,299,187,674)
<b>30</b>	<b>Net operating profit</b>		<b>1,733,989,897,246</b>	<b>731,058,302,245</b>
31	Other income		3,162,655,021	11,521,085,610
32	Other expenses		(49,590,427,383)	(19,798,793,921)
<b>40</b>	<b>Net other expenses</b>		<b>(46,427,772,362)</b>	<b>(8,277,708,311)</b>
<b>50</b>	<b>Net accounting profit before tax</b>		<b>1,687,562,124,884</b>	<b>722,780,593,934</b>
<b>51</b>	<b>Business income tax ("BIT") - current</b>	<b>33</b>	<b>(252,063,378,043)</b>	<b>(109,555,628,124)</b>



52	BIT - deferred	33	6,599,729,522	(8,650,519,699)
60	Net profit after tax		1,442,098,476,363	604,574,446,111
Attributable to:				
61	Net profit after tax of the Parent Company		1,442,181,690,312	604,706,151,216
62	Non-controlling interest	23	(83,213,949)	(131,705,105)
70	Earnings per share	25	15,489	6,118
71	Diluted earnings per share	25	15,489	6,118



**HA THI PHUONG THUY HONG NHUNG**  
Chief Accountant/Preparer




**TRƯƠNG THỊ LÊ KHANH**  
Chairwoman  
26 March 2019

The notes on pages 10 to 47 are an integral part of these consolidated financial statements.

# 4.6

## CONSOLIDATED CASH FLOW STATEMENT (Indirect method)

Form B 03 – DN/HN

Code		Note	Year ended 31 December	
			2018 VND	2017 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
01	Net accounting profit before tax		1,687,562,124,884	722,780,593,934
	Adjustments for:			
02	Depreciation and amortisation	11, 13	156,301,707,548	198,846,054,060
03	Provisions		96,329,303,996	(96,363,730,572)
04	Unrealised foreign exchange losses		7,887,799,279	6,972,390,435
05	Profits from investing activities		(42,374,234,602)	(30,058,532,610)
06	Interest expense		55,985,954,528	71,440,932,223
08	Operating profit before changes in working capital		1,961,692,655,633	873,617,707,470
09	Increase in receivables		(1,293,522,710,875)	(176,142,829,257)
10	(Increase)/decrease in inventories		(652,644,352,130)	74,353,409,618
11	Increase/(decrease) in payables		843,749,914,400	(108,953,221,553)
12	(Increase)/decrease in prepaid expenses		(12,220,952,695)	14,800,676,847
14	Interest paid		(54,708,108,455)	(73,934,851,268)
15	BIT paid	15	(97,800,115,214)	(115,360,235,637)
17	Other payments on operating activities		(14,319,100,327)	(40,918,089,678)
20	Net cash inflows from operating activities		680,227,230,337	447,462,566,542

CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets	(714,768,152,175)	(242,641,007,176)
22	Proceeds from disposals of fixed assets and long-term assets	169,488,131,314	90,909,091
23	Loans granted and term deposits placed with banks	(1,777,720,000,000)	(600,007,058,602)
24	Collection of loans granted and term deposits at banks	1,542,792,362,468	396,460,000,000
25	Investments in other entities	(116,700,000)	(182,088,674,634)
26	Proceeds from divestment in other entities	6,085,194,315	19,172,808,000
27	Interest received	72,159,720,416	15,581,123,776
<b>30</b>	<b>Net cash outflows from investing activities</b>	<b>(702,079,443,662)</b>	<b>(593,431,899,545)</b>
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Re-issue treasury shares	10,380,718,000	-
33	Proceeds from borrowings	17 4,932,839,245,502	4,760,649,651,955
34	Repayments of borrowings	17 (4,559,898,419,884)	(4,734,043,719,934)
36	Dividends paid	24 (363,381,375,400)	(299,250)
<b>40</b>	<b>Net cash inflows from financing activities</b>	<b>19,940,168,218</b>	<b>26,605,632,771</b>
<b>50</b>	<b>Net increase in cash</b>	<b>(1,912,045,107)</b>	<b>(119,363,700,232)</b>
<b>60</b>	<b>Cash at beginning of year</b>	<b>4 45,344,991,423</b>	<b>164,635,864,246</b>
61	Effect of foreign exchange differences	(191,098,554)	72,827,409
<b>70</b>	<b>Cash at end of year</b>	<b>4 43,241,847,762</b>	<b>45,344,991,423</b>

The notes on pages 10 to 47 are an integral part of these consolidated financial statements.

Major non-cash transactions during the year ended 31 December 2018 are presented in Note 36.



**HA THI PHUONG THUY HONG NHUNG**  
Chief Accountant/Preparer




**TRƯƠNG THỊ LÊ KHANH**  
Chairwoman  
26 March 2019



# 4.7

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 4.7.1 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.

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 subsidiaries ("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 hydrolized collagen and gelatin for medicine, cosmetics and food.

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

As at 31 December 2018, the Company had 4 subsidiaries and 2 associates (As at 31 December 2017, the Company had 5 direct subsidiaries and 1 indirect subsidiary). Details of the Company's subsidiaries and associates are presented below:

Form B 09 – DN/HN

Company name	Principal activities	Address of registered office	Percentage of ownership and voting rights	
			31.12.2018	31.12.2017
SUBSIDIARIES				
Vinh Phuoc Food Co., Ltd	Manufacturing and preserving aquatic products	An Phu Hamlet, An Nhon Commune, Chau Thanh District, Dong Thap Province	100%	-
Vinh Hoan 2 Food Co., Ltd.	Trading food	Tan An Hemplet, Binh Thanh Trung Commune, Lap Vo District, Dong Thap Province	99.3%	99.3%
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.	Trading aquatic products	Thanh Binh industrial zone, Binh Thanh commune, Thanh Binh District, Dong Thap province	100%	100%
ASSOCIATES				
Van Duc Tien Giang Food Export Company	Trading aquatic products	Dong Hoa Hemplet, Song Thuan Commune, Chau Thanh District, Tien Giang Province	35%	100%
Octogone Holdings Pte., Ltd.	Trading aquatic products and functional foods	No.3 Raffles Place #06-01 Bharat Building, Singapore	25%	100%

#### 4.7.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 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.

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. 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 Company. The consolidated financial statements in English language have been translated from the Vietnamese language consolidated financial statements.

## 2) FISCAL YEAR

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

## 3) CURRENCY

The consolidated financial statements are measured and presented in Vietnamese Dong ("VND").

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

### **Foreign operations**

Assets and liabilities of foreign operations are translated into VND at the closing exchange rates at date of the balance sheet. Income and expenses of the foreign operations are translated into VND at the average exchange rate of the accounting period.

The resulting foreign exchange differences arising from the translation of foreign operations are recorded under the item "Foreign exchange differences" of the owners' equity on the balance sheet.

## 4) BASIS OF CONSOLIDATION

### **Subsidiaries**

Subsidiaries are all entities over which the Company 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 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. 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 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.

### **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, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. 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. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

## 5) 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 in accordance with current accounting requirements. 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.

## 6) CASH

Cash comprises cash on hand and cash at banks.

## 7) TRADE RECEIVABLES

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review by the Management of all outstanding amounts at the year end. Bad debts are written off when identified.

## 8) 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 Company applies the perpetual method for inventories.

Provision is made, where necessary, for obsolete, slow-moving and defective inventory items. The difference between the provision of this period and the provision of the previous period are recognised as an increase or decrease of operating expenses in the period.



## 9) INVESTMENTS

### Investments held to maturity

Investments held to maturity are investments which the 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 accounted for at cost less provision.

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

### Investments in associates

Investments in associates are accounted using the equity method when preparing the consolidated financial statements (Note 2.4).

### Investments in equity of other entities

Investments in equity of 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. Provision for diminution in value of these investments is made when the entities make losses, except when the loss was anticipated in their business plan before the date of investment.

## 10) 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.

### Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line method so as to write off the cost of the assets over their estimated useful lives or over the term of the enterprise registration certificate if shorter. 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.

### Disposals

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

### Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs dealt with in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other fixed assets, commences when the assets are ready for their intended use.

## 11) 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 term of the lease.

## 12) PREPAID EXPENSES

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

## 13) PAYABLES

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services.
- 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 balance sheet based on remaining period from the balance sheet date to the maturity date.

## 14) BORROWINGS

Borrowings include borrowings from banks.

Borrowings is classified into long-term and short-term based on remaining period from the 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. Other borrowing costs are recognised in the income statement when incurred.

#### 15) 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.

#### 16) 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 an interest expense.

#### 17) 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.

#### 18) 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's average salary for the year prior to the balance sheet date.

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



## 19) CAPITAL AND RESERVES

Contributed capital of the shareholders is recorded according to actual amount contributed. Contributions from owners are recorded according to par value of the share.

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 period in accordance with the Law on securities.

Undistributed earnings record the accumulated results after business income tax at the reporting date.

## 20) APPROPRIATION OF NET PROFIT

### Dividend

Net profit after business income tax could be distributed to shareholders after approval at the Company's General Meeting, and after appropriation to other funds in accordance with the Group's charter and Vietnamese regulations. Dividend of the Group 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.

### 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 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.

## 21) REVENUE RECOGNITION

### Revenue from sales of goods

Revenue from the sale of goods is recognised in the 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 based on principle of “substance over form” and allocated to each sales obligation. In case that the Group gives promotional goods to customers associated with customers’ purchase, the Group allocates total consideration received for goods sold and promotional goods. Cost of promotional goods is recognised as cost of sales in the income statement.

#### **Revenue from rendering of service**

Revenue from rendering of services is recognised in the 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 Company;
- The percentage of completion of the transaction at the 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.

#### **Interest income**

Interest income is recognised on an earned basis.

#### **Dividend income**

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

### **22) SALES DEDUCTIONS**

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

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

### **23) 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 provided during the period, and recorded on the basis of matching with revenue and on prudent concept.

### **24) 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.

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**25) SELLING EXPENSES**

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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.

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**26) GENERAL AND ADMINISTRATION EXPENSES**

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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.

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**27) CURRENT AND DEFERRED INCOME TAX**

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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 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.

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**28) RELATED PARTIES**

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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 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.

## 29) 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.

## 4.7.3 BUSINESS COMBINATION

### **a) Change in ownership in Van Duc Tien Giang Food Export Company, from subsidiary to associate**

During the year, Van Duc Tien Giang Food Export Company ("Van Duc Tien Giang") increased its charter capital to VND872,000,000 through capital mobilization from another investor. Following the capital contribution agreement, the Company's ownership in the new charter capital has decreased from 100% to 35% from 28 February 2018. Since the Company's control of Van Duc Tien Giang has ceased, the Company no longer consolidates the financial statements of Van Duc Tien Giang from the date the control ceases.

### **b) Divestment in Octogone Holdings Pte., Ltd., from subsidiary to become associate**

During the year, the Company transferred 525,000 shares of the Company in Octogone Holdings Pte., Ltd. ("Octogone") to another investor, decreasing its ownership in Octogone from 100% to 25% from 28 February 2018. Since the Company's control of Octogone has ceased, the Company no longer consolidates the financial statements of Octogone from the date the control ceases.

### **c) Capital contribution to incorporate Vinh Phuoc Food Co., Ltd**

During the year 2018, the Company made 100% capital contributed to incorporate the Vinh Phuoc Food Co., Ltd whose charter capital is VND300 billion. Accordingly, the financial statements of Vinh Phuoc Food Co., Ltd ("Vinh Phuoc") have fully been consolidated from the incorporation date (4 September 2018) of Vinh Phuoc.



## 4.7.4 CASH

	As at 31.12.2018 VND	As at 31.12.2017 VND
Cash on hand	327,879,395	1,186,753,377
Cash at banks	42,913,968,367	44,158,238,046
<b>Total</b>	<b>43,241,847,762</b>	<b>45,344,991,423</b>

## 4.7.5 INVESTMENTS

## a) Investments held to maturity

	As at 31.12.2018		As at 31.12.2017	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits at banks	607,749,887,456	607,749,887,456	372,822,249,924	372,822,249,924

The term deposits represent 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 2018, 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 for a credit facility of VND300,000,000,000, which expires on 31 August 2019 (Note 17).

As at 31 December 2018, term deposits of VND22,000,000,000 at BIDV – Dong Thap Branch were pledged to BIDV – Tien Giang Branch as a security for a credit facility of VND22,000,000,000 of Thanh Binh Dong Thap One Member Company Limited, which expires on 30 January 2019.

## b) Equity investments in other entities

	As at 31.12.2018		As at 31.12.2017	
	Cost VND	Provision VND	Cost VND	Provision VND
Van Duc Tien Giang (i)	386,880,055,875	-	-	-
Octogone (ii)	1,060,606,080	-	-	-
<b>Total</b>	<b>387,940,661,955</b>	<b>-</b>	<b>-</b>	<b>-</b>

- (i) In accordance with the Resolution of the Board of Directors on 9 February 2018, the Board of Directors approved the distribution of the undistributed earnings of Van Duc Tien Giang to the Company, and to increase the charter capital of Van Duc Tien Giang to VND872,639,960,000 under form of cash contribution by a new investor.

Accordingly, Van Duc Tien Giang has signed an agreement with a new investor on the charter capital increase. Under this agreement, the new investor shall contribute VND567,216,000,000 in cash and hold 65% ownership of the new charter capital from 28 February 2018 onwards. Correspondingly, the Company's ownership in Van Duc Tien Giang decreases from 100% to 35%.

- (ii) In accordance with the Resolution of the Board of Directors on 10 February 2018, the Board of Directors transferred 525,501 shares of Octogone to a new investor. Accordingly, the Company has signed an agreement with a new investor on the transfer of the aforementioned shares, decreasing its ownership in Octogone from 100% to 25% from 28 February 2018 onwards.

### Operational status of associates

Associates are operating in their normal course of business.

### Fair Value

As at the reporting date of these consolidated financial statements, the Company was not able to obtain sufficient information to determine the fair value of these investments.

## 4.7.6 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	As at 31.12.2018 VND	As at 31.12.2017 VND
Related parties (Note 37(b)(i))	20,400,075,501	444,881,264
Third parties	1,903,425,578,215	1,211,162,982,769
<b>Total</b>	<b>1,923,825,653,716</b>	<b>1,211,607,864,033</b>

- (\*) As at the date of those separate financial statements, customers accounting for 10% or more of total short-term trade account receivables balance include Coast Beacon with the balance of VND1,451,342,974,536.

As at 31 December 2018 and 31 December 2017, trade accounts receivable of USD12,750,000 (equivalent to VND296,246,250,000 as translated using the exchange rate as at 31 December 2018) was pledged to HSBC Bank (Vietnam) Ltd. as a security for a credit facility of USD21,500,000.

As at 31 December 2018, trade accounts receivable of USD10,000,000 (equivalent to VND232,350,000,000 as translated using the exchange rate as at 31 December 2018) was pledged to ANZ Bank (Vietnam) Limited ("ANZ") – Ho Chi Minh Branch for a credit facility of USD14,000,000.

As at 31 December 2018 and 31 December 2017, the balances of short-term trade accounts receivable which were past due over 1 year, amounting to VND3,956,628,834 and VND3,878,215,206, respectively.

## 4.7.7 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	As at 31.12.2018 VND	As at 31.12.2017 VND
Related parties (Note 37(b)(ii))		46,122,408,100
Third parties	57,710,280,128	42,693,882,783
<b>Total</b>	<b>57,710,280,128</b>	<b>88,816,290,883</b>

(\*) As at the date of this consolidated financial statements, the suppliers accounting for 10% or more of total short-term prepayments to suppliers include Boi Anh One Member Limited with prepayment amount of VND31,559,401,547.

## 4.7.8 OTHER SHORT-TERM RECEIVABLES

	As at 31.12.2018 VND	As at 31.12.2017 VND
Term deposits interest receivables	8,235,345,808	11,365,568,903
Related parties (Note 37(b)(iii))	6,319,401,318	9,334,295,944
Advances		
Others	671,767,890	2,112,662,865
	8,837,701,877	9,510,317,000
<b>Total</b>	<b>24,064,216,893</b>	<b>32,322,844,712</b>

As at 31 December 2018 and 31 December 2017, there was no balance of other receivables past due or not past due but doubtful.

## 4.7.9 INVENTORIES

	As at 31.12.2018		As at 31.12.2017	
	Cost VND	Provision VND	Cost VND	Provision VND
Raw materials	58,590,782,388	-	107,274,920,181	-
Tools and supplies	2,591,935,850		9,359,200,807	-
Work in progress	516,216,251,080		724,965,997,461	-
Finished goods	918,022,718,264	(116,068,739,746)	401,746,053,734	(47,979,364,105)
Merchandise	6,301,185,373	-	7,004,022,918	-
<b>Total</b>	<b>1,501,722,872,955</b>	<b>(116,068,739,746)</b>	<b>1,250,350,195,101</b>	<b>(47,979,364,105)</b>



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As at 31 December 2018 and 31 December 2017, inventories amounting to USD8,750,000 (equivalent to VND203,306,250,000 as translated using the exchange rate as at 31 December 2018) were pledged to HSBC Bank (Vietnam) Ltd. as a security for a credit facility of USD21,500,000.

As at 31 December 2018, inventories amounting to USD4,000,000 (equivalent to VND92,940,000,000 as translated using the exchange rate as at 31 December 2018) were pledged to ANZ – Ho Chi Minh Branch for a credit facility of USD14,000,000.

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

	2018 VND	2017 VND
Beginning of year	47,979,364,105	110,947,966,571
Increase	102,691,014,224	-
Reversal	(7,601,638,583)	(62,968,602,466)
Decrease due to disposal of subsidiaries	(27,000,000,000)	-
<b>End of year</b>	<b>116,068,739,746</b>	<b>47,979,364,105</b>

#### 4.7.10 LONG-TERM PREPAID EXPENSES

	As at 31.12.2018 VND	As at 31.12.2017 VND
Compensation costs for land lease	18,044,818,725	18,435,681,225
Land rental	8,505,961,397	26,338,617,134
Fishpond construction and reinforcing fisheries	7,635,739,393	52,649,514,785
Professional fee	7,407,596,557	3,030,266,668
Leveling expenses	-	4,772,678,845
Others	19,378,988,516	23,755,420,903
<b>Total</b>	<b>60,973,104,588</b>	<b>128,982,179,560</b>

#### 4.7.11 FIXED ASSETS

<b>a) Tangible fixed assets</b>	<b>Plants and structures</b>	<b>Machinery and equipment</b>
<b>HISTORICAL COST</b>	<b>VND</b>	<b>VND</b>
As at 1 January 2018	906,898,308,321	1,362,943,048,068
New purchases	96,556,665,904	148,273,039,421
Transfers from construction in progress (Note 12)	84,981,068,582	36,793,062,667
Disposals	(107,572,321,708)	(122,347,182,745)
Other decreases	(835,310,369)	(6,794,209,800)
Decrease due to disposal of subsidiaries	(205,370,029,316)	(296,200,948,022)
<b>As at 31 December 2018</b>	<b>774,658,381,414</b>	<b>1,122,666,809,589</b>
<b>ACCUMULATED DEPRECIATION</b>	<b>VND</b>	<b>VND</b>
As at 1 January 2018	316,002,713,815	602,996,790,883
Charge for the year	52,370,885,277	84,825,759,874
Disposals	(49,634,979,444)	(46,679,129,565)
Decrease due to disposal of subsidiaries	(51,904,733,575)	(88,253,309,867)
<b>As at 31 December 2018</b>	<b>266,833,886,073</b>	<b>552,890,111,325</b>
<b>NET BOOK VALUE</b>	<b>VND</b>	<b>VND</b>
As at 1 January 2018	590,895,594,506	759,946,257,185
<b>As at 31 December 2018</b>	<b>507,824,495,341</b>	<b>569,776,698,264</b>

Motor vehicles	Office equipment	Others	Total
VND	VND	VND	VND
63,775,223,497	15,595,473,576	32,473,353,906	<b>2,381,685,407,368</b>
9,049,641,453	1,361,099,876	-	<b>255,240,446,654</b>
8,518,107,273	1,030,674,898	-	<b>131,322,913,420</b>
(9,292,713,875)	(295,340,727)	-	<b>(239,507,559,055)</b>
-	-	-	<b>(7,629,520,169)</b>
(19,621,839,653)	(8,534,596,865)	(32,473,353,906)	<b>(562,200,767,762)</b>
<b>52,428,418,695</b>	<b>9,157,310,758</b>	-	<b>1,958,910,920,456</b>
VND	VND	VND	VND
30,266,057,128	7,250,700,266	16,877,945,356	<b>973,394,207,448</b>
6,153,655,212	1,759,030,608	638,682,062	<b>145,748,013,033</b>
(4,852,666,043)	(672,279,973)	-	<b>(101,839,055,025)</b>
(7,333,210,102)	(3,569,362,838)	(17,516,627,418)	<b>(168,577,243,800)</b>
<b>24,233,836,195</b>	<b>4,768,088,063</b>	-	<b>848,725,921,656</b>
VND	VND	VND	VND
33,509,166,369	8,344,773,310	15,595,408,550	<b>1,408,291,199,920</b>
<b>28,194,582,500</b>	<b>4,389,222,695</b>	-	<b>1,110,184,998,800</b>



As at 31 December 2018, the Group's tangible fixed assets with a carrying value of VND 169,440,512,470 (31 December 2017: VND 714,605,482,101) 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 2018 was VND 443,769,390,036 (31 December 2017: VND 412,517,153,409).

<b>b) Intangible fixed assets</b>	<b>Land use rights</b>	<b>Computer software</b>	<b>Total</b>
<b>HISTORICAL COST</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
As at 1 January 2018	174,006,894,816	1,434,177,070	<b>175,441,071,886</b>
New purchases	183,068,793,905	126,875,000	<b>183,195,668,905</b>
Transfers from construction in progress (Note 12)	-	713,238,968	<b>713,238,968</b>
Disposals	(22,115,259,465)	-	<b>(22,115,259,465)</b>
Decrease due to disposal of subsidiaries	(42,837,996,796)	(276,270,980)	<b>(43,114,267,776)</b>
<b>As at 31 December 2018</b>	<b>292,122,432,460</b>	<b>1,998,020,058</b>	<b>294,120,452,518</b>
<b>ACCUMULATED AMORTISATION</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
As at 1 January 2018	16,921,562,308	981,761,596	<b>17,903,323,904</b>
Charge for the year	3,120,811,770	159,444,738	<b>3,280,256,508</b>
Disposals	(2,684,822,524)	-	<b>(2,684,822,524)</b>
Decrease due to disposal of subsidiaries	(11,356,919,453)	(75,186,804)	<b>(11,432,106,257)</b>
<b>As at 31 December 2018</b>	<b>6,000,632,101</b>	<b>1,066,019,530</b>	<b>7,066,651,631</b>
<b>NET BOOK VALUE</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
As at 1 January 2018	157,085,332,508	452,415,474	<b>157,537,747,982</b>
<b>As at 31 December 2018</b>	<b>286,121,800,359</b>	<b>932,000,528</b>	<b>287,053,800,887</b>

As at 31 December 2018, the Group's land use rights with carrying value of VND 43,867,778,575 (31 December 2017: VND 52,338,844,539) 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 2018 was VND 705,229,790 (31 December 2017: VND 2,742,769,597).

#### 4.7.12 CONSTRUCTION IN PROGRESS

	As at 31.12.2018 VND	As at 31.12.2017 VND
Expenses related to fishponds	114,810,090,342	8,163,085,440
Acquisition of fixed assets	83,005,376,229	133,366,403,190
House for employees	29,729,447,831	29,665,486,286
Other construction in progress at Head office	13,040,429,061	25,515,820,127
Hall and garage	7,640,130,492	18,652,295,059
Water treatment system	7,332,484,092	8,922,865,955
Others	3,196,858,435	-
<b>Total</b>	<b>258,754,816,482</b>	<b>224,285,956,057</b>

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

	2018 VND	2017 VND
Beginning of year	224,285,956,057	176,729,928,029
Increases	289,779,086,191	195,630,612,510
Increases from acquisition of subsidiary	-	4,625,526,700
Transfers to fixed assets (Note 11)	(132,036,152,388)	(121,603,275,227)
Decrease due to disposal of subsidiaries	(63,946,921,227)	-
Disposal	(48,083,164,200)	-
Other decreases	(11,243,987,951)	(31,096,835,955)
<b>End of year</b>	<b>258,754,816,482</b>	<b>224,285,956,057</b>

#### 4.7.13 GOODWILL

	As at 31.12.2018 VND	As at 31.12.2017 VND
Beginning of year	113,486,889,793	71,645,266,286
Additions	-	56,988,167,700
Allocation	(7,273,438,007)	(15,146,544,193)
Decrease due to disposal of subsidiaries	(60,622,917,626)	-
<b>End of year</b>	<b>45,590,534,160</b>	<b>113,486,889,793</b>

## 4.7.14 SHORT-TERM TRADE ACCOUNTS PAYABLE

	As at 31.12.2018		As at 31.12.2017	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Related parties (Note 37(b)(iv))	784,876,419	784,876,419	35,776,874,100	35,776,874,100
Third parties (*)	273,601,770,451	273,601,770,451	197,302,043,857	197,302,043,857
<b>Total</b>	<b>274,386,646,870</b>	<b>274,386,646,870</b>	<b>233,078,917,957</b>	<b>233,078,917,957</b>

(\*) As at the date of this consolidated financial statements, suppliers accounting for 10% or more of total short-term trade accounts payable include Mr. Dinh Van Can with payable amount of VND 37,611,975,720.

As at 31 December 2018 and 31 December 2017, the Group did not have payables balance that were past due.

## 4.7.15 TAX AND OTHER PAYABLES TO THE STATE BUDGET

	As at 31.12.2018 VND	As at 31.12.2017 VND
Business income tax - current	247,158,246,178	102,667,579,584
Value added tax – domestic sales	2,071,219,509	612,504,785
Personal income tax	8,188,528,651	2,647,973,412
Others	18,071,238	4,944,000
<b>Total</b>	<b>257,436,065,576</b>	<b>105,933,001,781</b>

Movements in business income tax and personal income tax during the year are as follows:

	As at 1.1.2018 VND	Payable during the year VND	Paid during the year VND	Effects of disposal of subsidiaries VND	As at 31.12.2018 VND
Business income tax	102,667,579,584	252,063,378,043	(97,800,115,214)	(9,772,596,235)	247,158,246,178
Value added tax – Domestic sales	612,504,785	28,289,284,059	(26,820,569,335)	(10,000,000)	2,071,219,509
Personal income tax	2,647,973,412	18,425,885,812	(12,644,905,178)	(240,425,395)	8,188,528,651
Others	4,944,000	338,559,318	(325,432,080)	-	18,071,238
<b>Total</b>	<b>105,933,001,781</b>	<b>299,117,107,232</b>	<b>(137,591,021,807)</b>	<b>(10,023,021,630)</b>	<b>257,436,065,576</b>



#### 4.7.16 OTHER SHORT-TERM PAYABLES

	As at 31.12.2018 VND	As at 31.12.2017 VND
Related parties (Note 37(b)(v))	193,245,580,963	11,593,323,359
The Trade Union (*)	28,753,988,040	27,753,988,040
Union fee	20,665,585,171	16,869,114,475
Dividend payable (Note 24)	329,605,650	179,712,750
Payment on behalf	-	9,115,680,218
Other payables	15,567,889,522	13,612,446,645
<b>Total</b>	<b>258,562,649,346</b>	<b>79,124,265,487</b>

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

As at 31 December 2018 and 31 December 2016, the Group did not have other payables balances that were past due.

#### 4.7.17 BORROWINGS

	As at 31.12.2018		As at 31.12.2017	
	Value VND	Repayment capability VND	Value VND	Repayment capability VND
Short-term loans (*)	1,269,447,095,123	1,269,447,095,123	1,008,178,927,948	1,008,178,927,948
Long-term loans	-	-	402,300,000,000	402,300,000,000
<b>Total</b>	<b>1,269,447,095,123</b>	<b>1,269,447,095,123</b>	<b>1,410,478,927,948</b>	<b>1,410,478,927,948</b>

Movements of borrowings during the year are as follows:

	As at 1.1.2018 VND	Increase VND	Decrease VND	Effects of disposal of subsidiaries and revaluation VND	As at 31.12.2018 VND
Short-term loans (*)	1,008,178,927,948	4,924,476,720,025	(4,224,535,894,407)	(438,672,658,443)	1,269,447,095,123
Long-term loans	402,300,000,000	8,362,525,477	(335,362,525,477)	(75,300,000,000)	-
<b>Total</b>	<b>1,410,478,927,948</b>	<b>4,932,839,245,502</b>	<b>(4,559,898,419,884)</b>	<b>(513,972,658,443)</b>	<b>1,269,447,095,123</b>

As at 31 December 2018 and 31 December 2017, the Group did not have any overdue borrowing.

(\*) Details of short-term loans are as follows:

	2018 VND	2017 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh City Branch (i)	387,766,927,245	487,312,059,440
ANZ Bank (Vietnam) Limited – Ho Chi Minh City Branch (ii)	320,728,673,762	158,106,286,108
HSBC Bank (Vietnam) Limited (iii)	300,380,000,000	317,291,366,421
Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV") – Tien Giang Province Branch (iv)	260,571,494,116	-
Vietnam Joint Stock Commercial Bank for Industry and Trade – Dong Thap Branch (v)	-	45,469,215,979
<b>Total</b>	<b>1,269,447,095,123</b>	<b>1,008,178,927,948</b>

- (i) The balance represents borrowings in VND and USD with applicable interest rates being specified for each drawdown to finance the Company's working capital requirements. 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).
- (ii) The balance represents borrowings in VND with applicable interest rates being specified for each drawdown to finance the Company's working capital requirements. The borrowings are secured by trade accounts receivable (Note 6) and inventories (Note 9).
- (iii) The balance represents borrowings in USD with ANZ - Ho Chi Minh Branch with a credit facility of USD 14,000,000. The applicable interest rates will be determined and announced by the bank at 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 Company's working capital requirements. The borrowings are secured by pledging the short-term deposits and associated interest income BIDV - Dong Thap Branch, amounting to VND 63,140,000,000 (Note 5(a)).
- (v) The balance represents borrowings in VND with applicable interest rates being specified for each drawdown to finance the Company's working capital requirements. The borrowings are secured by the land use rights and rights and fixed assets at fish powder and fat-processing factory.

#### 4.7.18 PROVISIONS FOR LONG-TERM LIABILITIES

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

#### 4.7.19 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:

##### 1) DEFERRED TAX ASSETS

	2018 VND	2017 VND
Beginning of year	3,140,451,514	6,969,855,842
Consolidated income statement credit/(charge) (Note 33)	1,548,584,200	(3,829,404,328)
<b>End of year</b>	<b>4,689,035,714</b>	<b>3,140,451,514</b>

Deferred income tax assets mainly come from provision for severance allowance.

##### 2) DEFERRED TAX LIABILITIES

	2018 VND	2017 VND
Beginning of year	19,946,145,322	15,125,029,951
Consolidated income statement (credit)/charge (Note 33)	(5,051,145,322)	4,821,115,371
<b>End of year</b>	<b>14,895,000,000</b>	<b>19,946,145,322</b>

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

The Group uses tax rate of 15% in year 2018 (2017: 15%) for determining deferred tax assets and deferred tax liabilities.

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

The Group's tax losses can be carried forward to offset against future taxable income for a maximum period of no more than five consecutive years from the year right after the year in which the loss was incurred. The actual amount of tax losses that can be carried forward is subjected to review and approval of the tax authorities and may be different from the figures presented. The estimated amount of tax losses available for offset against the subsidiaries' future taxable income are as follows:



Year of tax loss	Status of tax authorities' review	Loss incurred VND	Loss utilised VND	Loss carried forward VND
Year ended 31.12.2013	Outstanding	14,395,978,801	(639,291,580)	13,756,687,221
Year ended 31.12.2014	Outstanding	19,360,497,434	(8,796,163,238)	10,564,334,196
Year ended 31.12.2015	Outstanding	30,074,572,814	(10,457,237,188)	19,617,335,626
Year ended 31.12.2016	Outstanding	18,491,681,267	(11,742,585,857)	6,749,095,410
Year ended 31.12.2017	Outstanding	18,737,151,198	(12,141,824,953)	6,595,326,245
Year ended 31.12.2018	Outstanding	4,396,642,865	-	4,396,642,865

The Group has not recognised deferred income tax assets relating to the above tax losses carried forward, as the realisation of the related tax benefits through future taxable profits of these subsidiaries currently can not be assessed as probable.

#### 4.7.20 BONUS AND WELFARE FUND

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

	2018 VND	2017 VND
Beginning of year	48,172,124,848	49,090,214,526
Appropriated (Note 22)	10,941,230,243	40,000,000,000
Utilised	(14,053,450,327)	(40,918,089,678)
Decrease due to disposal of subsidiaries	(8,888,050,000)	-
<b>End of year</b>	<b>36,171,854,764</b>	<b>48,172,124,848</b>

#### 4.7.21 OWNERS' CAPITAL

##### a) Number of shares

	2018		2017	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	92,403,943	-	92,403,943	-
Number of shares issued	92,403,943	-	92,403,943	-
Number of shares repurchased	-	-	(102,060)	-
Number of existing shares in circulation	92,403,943	-	92,301,883	-

##### b) Movement of share capital

	Number of shares	Ordinary shares VND	Preference shares VND	Total VND
As at 1 January 2017 and as at 31 December 2018	92,403,943	924,039,430,000	-	924,039,430,000

Par value per share: VND 10,000.

#### 4.7.22 MOVEMENTS IN OWNERS' EQUITY

Unit: VND

	Owners' capital	Share premium	Treasury shares
As at 1 January 2017	924,039,430,000	216,409,744,645	(3,015,672,745)
Net profit for the year	-	-	-
Profit appropriation to bonus and welfare fund	-	-	-
Additional investments in a subsidiary	-	-	-
Others	-	-	-
<b>As at 31 December 2017</b>	<b>924,039,430,000</b>	<b>216,409,744,645</b>	<b>(3,015,672,745)</b>
Net profit for the year	-	-	-
Treasury shares re-issued (*)	-	7,365,045,255	3,015,672,745
2017 dividend declared (**)	-	-	-
2018 interim dividend declared (***)	-	-	-
Profit appropriation to bonus and welfare fund (****)	-	-	-
Others	-	-	-
<b>As at 31 December 2018</b>	<b>924,039,430,000</b>	<b>223,774,789,900</b>	<b>-</b>



Foreign exchange differences	Undistributed earnings	Non-controlling interests	Total
(285,558,957)	1,249,893,178,979	6,072,521,854	<b>2,393,113,643,776</b>
-	604,706,151,216	(131,705,105)	<b>604,574,446,111</b>
-	(40,000,000,000)	-	<b>(40,000,000,000)</b>
-	(9,142,397,200)	(5,857,602,800)	<b>(15,000,000,000)</b>
(72,038,055)	-	-	<b>(72,038,055)</b>
<b>(357,597,012)</b>	<b>1,805,456,932,995</b>	<b>83,213,949</b>	<b>2,942,616,051,832</b>
-	1,442,181,690,312	(83,213,949)	<b>1,442,098,476,363</b>
-	-	-	<b>10,380,718,000</b>
-	(184,603,766,000)	-	<b>(184,603,766,000)</b>
-	(184,726,166,000)	-	<b>(184,726,166,000)</b>
-	(10,941,230,243)	-	<b>(10,941,230,243)</b>
357,597,012	-	-	<b>357,597,012</b>
-	<b>2,867,367,461,064</b>	-	<b>4,015,181,680,964</b>

- (\*) In accordance with the Resolution of the Board of the Management dated 19 October 2018, the Company re-issued 102,606 treasury shares to supplement working capital. The total transaction amount was VND 10,380,718,000 which was completed on 13 December 2018.
- (\*\*) In accordance with the Resolution of the Annual General Meeting of shareholders No 01/DHCD/NQ/18 dated 12 May 2018, the shareholders approved the 20% cash dividend payout (VND 2,000 per share), equivalent to VND 184,603,766,000 from the 2017 undistributed earnings.
- (\*\*\*) In accordance with the Resolution of the Board of Directors dated 23 November 2018, the Board of Directors approved the 20% cash dividend payout (VND 2,000 per share), equivalent to VND 184,726,166,000 from the 2018 undistributed earnings.
- (\*\*\*\*) In accordance with the Resolution of the Annual General Meeting of shareholders dated 12 May 2018, the Group appropriated an amount of VND 10,941,230,243 from the year 2017's profit after tax to the bonus and welfare fund in the year ended 31 December 2018.

#### 4.7.23 NON-CONTROLLING INTEREST ("NCI")

Details of NCI are as follows:

	As at 31.12.2018 VND	As at 31.12.2017 VND
Share capital	700,000,000	700,000,000
Allocated losses	(700,000,000)	(616,786,051)
	-	<b>83,213,949</b>

Movements of the NCI are as follows:

	2018 VND	2017 VND
Beginning of year	83,213,949	6,072,521,854
Allocated losses for the year	(83,213,949)	(131,705,105)
Decrease due to repurchase of share capital from NCI	-	(5,857,602,800)
<b>End of year</b>	<b>-</b>	<b>83,213,949</b>

#### 4.7.24 DIVIDENDS

Movements of dividends payable during the year are as follows

	2018 VND	2017 VND
Beginning of year	179,712,750	180,012,000
Dividends payable (Note 22)	369,329,932,000	-
Dividends paid in cash	(369,220,123,400)	(299,250)
Others	40,084,300	-
<b>End of year (Note 16)</b>	<b>329,605,650</b>	<b>179,712,750</b>

#### 4.7.25 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 Company and held as treasury shares:

	For the year ended	
	31.12.2018	31.12.2017
Net profit attributable to shareholders (VND)	1,442,181,690,312	604,706,151,216
Less amount allocated to bonus and welfare funds (VND) (*)	(10,941,230,243)	(40,000,000,000)
	<b>1,431,240,460,069</b>	<b>564,706,151,216</b>
Weighted average number of ordinary shares in issue (shares)	92,403,943	92,301,883
Basic earnings per share (VND)	15,489	6,118

(\*) Amount allocated to the bonus and welfare fund in the year ended 31 December 2018 is in accordance with the 2017 profit distribution plan which was approved by the Company's shareholders at the Annual General Meeting, whereas the amount allocated to the bonus and welfare fund in the year ended 31 December 2017 is in accordance with the 2016 profit distribution plan which was approved by the Company's shareholders at the Annual General Meeting.

The Company did not have potential shares which diluted earning per shares.



#### 4.7.26 OFF BALANCE SHEET ITEMS

##### a) Operating leases commitments

The future minimum lease payments under non-cancellable operating leases for the years ended 31 December 2018 and 31 December 2016 are presented in Note 38.

##### b) Foreign currencies

	As at 31.12.2018	As at 31.12.2017
United States Dollar ("USD")	1,255,473	360,314
Euro ("EUR")	306	56,899
Chinese Yuan Renminbi ("CNY")	3,308	3,183,477
Japanese Yen ("JPY")	-	31,983
Singapore Dollar ("SGD")	-	575,555

#### 4.7.27 REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2018 VND	2017 VND
<b>Sales</b>		
Sales of finished goods	7,365,724,314,301	6,273,044,408,472
Sales of by-products	1,102,358,015,774	1,281,110,654,888
Sales of merchandises	864,339,064,166	565,164,177,544
Rendering of services	53,036,040,517	5,830,315,632
Sales of raw materials	21,419,632,434	47,215,468,362
Others	-	11,227,273
<b>Total</b>	<b>9,406,877,067,192</b>	<b>8,172,376,252,171</b>
<b>Sales deductions</b>		
Sales allowances	(130,445,563,339)	(1,290,496,964)
Sales returns	(5,102,419,359)	(19,589,077,100)
<b>Total</b>	<b>(135,547,982,698)</b>	<b>(20,879,574,064)</b>
<b>Net sales</b>	<b>9,271,329,084,494</b>	<b>8,151,496,678,107</b>

#### 4.7.28 COST OF GOODS SOLD AND SERVICES RENDERED

	2018 VND	2017 VND
Cost of finished goods sold	5,313,506,084,951	5,273,995,709,833
Cost of by-products sold	975,196,132,196	1,171,239,738,752
Cost of merchandises sold	819,793,209,563	545,241,372,194
Cost of raw materials sold	20,703,415,741	45,918,091,399
Cost of services provided	6,893,857,579	1,861,237,045
Provision/(reversal of provision) for decline in value of inventories	95,089,375,641	(62,968,602,466)
Others	784,035,219	4,319,790,668
<b>Total</b>	<b>7,231,966,110,890</b>	<b>6,979,607,337,425</b>

#### 4.7.29 FINANCIAL INCOME

	2018 VND	2017 VND
Interest income from deposits	64,905,144,122	20,637,299,235
Realised foreign exchange gains	64,633,682,907	26,069,492,947
Interest income on the advances for purchases of raw materials	4,124,353,199	5,117,225,204
Others	3,339,821,560	6,572,022,545
<b>Total</b>	<b>137,003,001,788</b>	<b>58,396,039,931</b>

#### 4.7.30 FINANCIAL EXPENSES

	2018 VND	2017 VND
Interest expense	55,985,954,528	71,440,932,223
Loss from disposal of subsidiaries (*)	69,284,816,179	-
Realised foreign exchange losses	34,114,798,298	9,703,680,484
Net loss from foreign currency translation at year-end	7,530,202,267	6,972,390,435
Others	200,665,700	407,685,996
<b>Total</b>	<b>167,116,436,972</b>	<b>88,524,689,138</b>

(\*) Mainly comes from the write-off of the unallocated goodwill of Van Duc Tien Giang at the date of disposal.

#### 4.7.31 SELLING EXPENSES

	2018 VND	2017 VND
Transportation, storage and other outsourced service expenses	138,313,163,818	170,507,697,479
Exhibition and advertising expenses	18,675,463,164	37,023,216,602
Staff costs	10,150,139,934	13,062,694,405
Others	43,307,201,811	48,809,593,070
<b>Total</b>	<b>210,445,968,727</b>	<b>269,403,201,556</b>

#### 4.7.32 GENERAL AND ADMINISTRATION EXPENSES

	2018 VND	2017 VND
Staff costs	50,251,394,825	55,121,285,129
Depreciation and amortization of fixed assets	11,711,278,304	14,745,827,361
Allocation of goodwill	7,273,438,007	15,146,544,193
Tools and supplies	7,179,709,197	7,147,448,289
Others	67,149,679,069	49,138,082,702
<b>Total</b>	<b>143,565,499,402</b>	<b>141,299,187,674</b>

#### 4.7.33 BUSINESS INCOME TAX

In accordance with Circular No. 96/2016/TT-BTC dated 22 June 2016 issued by the Ministry of Finance, the Company is subjected to business income tax ("BIT") rate of 15% for aquaculture processing activities and 20% for other activities.

Subsidiaries of the Company have the obligations to pay business income tax are as follows:

##### 1) 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 subjected to the business income tax rate of 10% in 30 years from the first year generating revenue from incentive activities, and is exempt from business income tax for 4 years from the first year making taxable profit from the project and entitled to a 50% reduction for 9 years thereafter.



## 2) VINH HOAN 2 FOOD COMPANY LIMITED ("VINH HOAN 2")

In accordance with Investment Certificate No. 51121000117 dated 27 August 2012 issued by the People's Committee of Dong Thap Province, Vinh Hoan 2 is subjected to the business income tax rate of 20% in 10 years from the commencement date of operation for drying, peeling rice, manufacturing parboiled rice and polishing rice for export at, and is exempt from business income tax for 2 years from the first year making profit and entitled to a 50% reduction for 4 years thereafter.

## 3) 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 business income tax 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 subjected to Business income tax rate of 10% for aquaculture processing activities and 20% for other activities.

The Group's other activities are subjected to business income tax rate of 20%.

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

	2018 VND	2017 VND
Net accounting profit before tax	1,687,562,124,884	722,780,593,934
Tax calculated at a rate of 20%	337,512,424,977	140,634,620,146
<b>Effect of:</b>		
Income not subject to tax	(15,750,365,391)	-
Non-deductible expenses	4,091,583,704	3,100,881,283
Tax incentive	(81,881,067,519)	(34,187,421,417)
Tax losses for which no deferred income tax asset was recognised	879,328,573	3,836,952,440
Utilisation of previously unrecognised tax losses	(4,418,903,610)	-
Over-provision in previous years	(20,497,535)	-
Others	5,051,145,322	4,821,115,371
<b>Business income tax charge (*)</b>	<b>245,463,648,521</b>	<b>118,206,147,823</b>
<b>Charged to income statement:</b>		
Business income tax – current	252,063,378,043	109,555,628,124
Business income tax – deferred (**)	(6,599,729,522)	8,650,519,699
	<b>245,463,648,521</b>	<b>118,206,147,823</b>

(\*) The business income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

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

	2018 VND	2017 VND
Taxable temporary differences	14,895,000,000	19,946,145,322
Reversal of deferred income tax assets	3,140,451,514	6,969,855,842
Deductible temporary differences	(4,689,035,714)	(3,140,451,514)
Reversal of deferred income tax liabilities	(19,946,145,322)	(15,125,029,951)
<b>Total deferred income tax (incomes)/expenses</b>	<b>(6,599,729,522)</b>	<b>8,650,519,699</b>

#### 4.7.34 COST OF OPERATION BY FACTOR

	2018 VND	2017 VND
Raw materials	7,267,652,647,878	5,291,219,167,107
Labour costs	760,221,527,228	777,963,491,142
Depreciation, amortisation and allocation of goodwill	156,301,707,548	198,846,054,060
Outsourced service expenses	838,417,277,239	460,919,663,127
Other cash expenses	188,574,830,491	194,370,044,943
<b>Total</b>	<b>9,211,167,990,384</b>	<b>6,923,318,420,379</b>

#### 4.7.35 SEGMENT REPORTING

##### 1) GEOGRAPHICAL SEGMENT

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

	2018 VND	2017 VND
Export sale	7,401,518,725,286	6,769,771,522,404
Domestic sale	1,869,810,359,208	1,381,725,155,703
<b>Net sales</b>	<b>9,271,329,084,494</b>	<b>8,151,496,678,107</b>

## 2) 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 Management has determined that the Group has operated in only one business segment.

## 4.7.36 ADDITIONAL INFORMATION FOR THE ITEMS OF THE STATEMENT OF CASH FLOWS

### 1) NON-CASH TRANSACTIONS AFFECT THE STATEMENT OF CASH FLOWS

	Year ended 31 December	
	2018 VND	2017 VND
Transfers from construction in progress to tangible fixed assets	132,036,152,388	121,603,275,227
Purchase tangible fixed assets and construction in progress were not yet paid	13,447,049,575	-
Capitalised interest expense during the year	-	1,927,178,000

### 2) AMOUNT OF LOAN ACTUALLY WITHDRAWN DURING THE YEAR

	Year ended 31 December	
	2018 VND	2017 VND
Proceeds from borrowings following normal borrowing contracts	4,932,839,245,502	4,760,649,651,955

### 3) AMOUNT OF LOAN PRINCIPAL ACTUALLY PAID DURING THE YEAR

	Year ended 31 December	
	2018 VND	2017 VND
Repayments for borrowings following normal borrowing contracts	4,559,898,419,884	4,734,043,719,934



## 4.7.37 RELATED PARTY DISCLOSURES

### 1) RELATED PARTY TRANSACTIONS

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

	2018 VND	2017 VND
<b>i) Sales of goods and rendering of services</b>		
Van Duc Food Co., Ltd.	7,684,258,097	3,948,011,766
Van Duc Tien Giang	49,664,919,821	-
<b>Total</b>	<b>57,349,177,918</b>	<b>3,948,011,766</b>
<b>ii) Purchases of goods and services</b>		
Van Duc Tien Giang	21,378,254,097	-
Individuals	51,443,889,800	32,000,776,760
<b>Total</b>	<b>72,822,143,897</b>	<b>32,000,776,760</b>
<b>iii) Disposals of fixed assets</b>		
Van Duc Tien Giang	51,152,531,314	-
Van Duc Food Co., Ltd.	-	90,909,091
<b>Total</b>	<b>51,152,531,314</b>	<b>90,909,091</b>
<b>iv) Compensation of key management</b>		
Gross salaries and other benefits	29,522,163,775	36,406,686,150

### 2) YEAR END BALANCES WITH RELATED PARTIES

	2018 VND	2017 VND
<b>i) Short-term trade accounts receivable (Note 6)</b>		
Van Duc Tien Giang	17,284,229,152	-
Van Duc Food Co., Ltd	3,115,846,349	444,881,264
<b>Total</b>	<b>20,400,075,501</b>	<b>444,881,264</b>

**ii) Short-term prepayment to suppliers (Note 7)**

Individuals	-	46,122,408,100
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**iii) Other short-term receivables (Note 8)**

Individuals	-	7,829,060,000
Van Duc Tien Giang	94,039,000	-
Octogone	6,000,000,000	-
Board of Directors and Management	225,362,318	1,505,235,944
<b>Total</b>	<b>6,319,401,318</b>	<b>9,334,295,944</b>

**iv) Short-term trade accounts payable (Note 14)**

Van Duc Tien Giang	784,876,419	-
Individuals	-	35,776,874,100
<b>Total</b>	<b>784,876,419</b>	<b>35,776,874,100</b>

**v) Other short-term payables (Note 16)**

Van Duc Tien Giang	165,203,561,518	165,203,561,518
Van Duc Food Co., Ltd.	28,042,019,445	28,042,019,445
<b>Total</b>	<b>193,245,580,963</b>	<b>193,245,580,963</b>

**4.7.38 OPERATING LEASES COMMITMENTS**

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

	<b>2018 VND</b>	<b>2017 VND</b>
Within one year	4,723,752,054	7,192,660,070
Between one and five years	18,895,008,214	28,770,640,282
Over five years	25,922,371,221	53,218,529,281
<b>Total minimum payments</b>	<b>49,541,131,489</b>	<b>89,181,829,633</b>

#### 4.7.39 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

#### 4.7.40 EVENTS AFTER THE BALANCE SHEET DATE

Pursuant to the Resolution of the Board of Directors on 2 January 2019, the Board approved the contribution of 45% of the charter capital, equivalent to VND 22,500,000,000, to establish Vinh Hoan Fish Hatchery Co., Ltd., at Vinh Buong Hamlet, Vinh Hoa Commune, Tan Chau Town, An Giang Province, whose main activity is freshwater aquaculture.

Pursuant to the Resolution of the Board of Directors on 25 February 2019, the Board approved the dissolution of Vinh Hoan 2 Food Co., Ltd. This dissolution would be carried out within 180 days from the date of the dissolution decision.

**The consolidated financial statements were approved by the Management on 26 March 2019.**



**HA THI PHUONG THUY HONG NHUNG**  
Chief Accountant/Preparer



**TRUONG THI LE KHANH**  
Chairwoman



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# BAY LÊN VĨNH HOÀN

NHẠC VÀ LỜI: HÀ CHƯƠNG

♩ = 128

Vui tươi- khỏe khoắn

Xin cảm ơn cuộc đời, cảm ơn đất trời quê  
ta. Sông Mê Kông nhẹ trôi hiền hòa, ban  
tặng món quà cá tra. Xin biết ơn bao  
người, đã đổ những giọt mồ hôi.  
Đưa cá tra Việt Nam lên ngôi, đi khắp thế giới xa  
xôi. Niềm tin cháy mãi trong  
tôi, cùng chung tay đắp xây, để



Vinh Hoan vút cánh bay, vươn tầm cao mới...

Bay lên Vinh Hoan! Mang thương hiệu vàng. Thực phẩm an

toàn từ cá tra Việt Nam. Đến với Vinh Hoan! Tinh hoa ẩm

thực, chất lượng đỉnh cao, công nghệ cải tiến hàng đầu. Anh em Vinh

Hoan! Làm việc với chữ tâm. Nhân - lễ - nghĩa - trí - tín khắc sâu trong

lòng. Tự hào Vinh Hoan! Vì lợi ích khách hàng, chia sẻ yêu

thương, cùng nhau vững bước... Tôi yêu Vinh Hoan.





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