



VINH HOAN

ANNUAL REPORT 2017

20
years



RISE TO THE WORLD

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**

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Stock Symbol: **VHC**

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I.4 • Main objectives

I.1 MESSAGE FROM THE CHAIRWOMAN

“At the 20-year milestone, while facing an ever-changing world, Vinh Hoan has to widen its eyes to a future where pangasius, with its premium quality and versatility, will be the primary supply for a variety of sustainable products well recognized by customers worldwide.

Vinh Hoan needs to step out of its safe zone to take on the new and challenging mission: to get out of the box, which are the traditional products, **to get the best out of pangasius** by providing convenient, delicious and healthy products.

”

MESSAGE FROM THE CHAIRWOMAN

To our valued shareholders,

“Vinh Hoan – 20 Years Rise to the World” is the memoirs I wrote on the 20th anniversary of Vinh Hoan. This memoirs presents a brief overview on the history of Vietnam pangasius industry, my start-up journey, and pays respect to the industry’s pioneers and our consumers, suppliers, partners and employees. I believe that this book will provide readers with deeper insights into the industry and Vinh Hoan itself and especially into the cornerstones of Vinh Hoan’s development until today and in the future.



Coincidentally, in 2017, when we were honored with the First Class Labor Medal and celebrated our twentieth anniversary, the pangasius farmers also realized record-high revenue from farming activities. We believe this will be the strong motivation for people who has participated in the pangasius industry for years to continue discovering the great culinary and commercial values of this fish in a sustainable and contributing method. Despite the hike in raw material costs, we share the joy of the hard-working farmers and the industry’s rally after few years of slowdown. Vinh Hoan, with its forecast of materials shortage since beginning of year, were able to plan our farming, processing and sales activities to secure the growth of revenue and profit to the Company. In mid-2017, a few shareholders with awareness of the material shortage challenge had raised the issue about adjustment to the 2017 plan. However, once again we have strived to fulfil the plan: 100% of the target profit has been achieved at VND 605 billion and the revenue has grown by 11%, reaching VND 8,200 billion. These figures have marked a new peak in the Company’s business milestones. This success was driven by our capability to secure raw materials supply, advantages in customer and sales network and the concerted efforts of Vinh Hoan’s employees. These are also the catalysts for the Company to overcome initial challenges caused by bundles of changes in labelling requirements and import procedures, as well as stringent requirements on food safety and materials control under the Catfish Inspection Program that took effect in August 2017. Overall, the growth of more than 2.4 times in export value is a solid proof for the Company’s proper long-term development strategies.

Below is an excerpt from the book “Vinh Hoan – 20 Years Rise to the World”, from which our shareholders and investors can better understand Vinh Hoan’s future development orientations:

At the 20-year milestone, while facing an ever-changing world, Vinh Hoan has to widen its eyes to a future where pangasius, with its premium quality and versatility, will be the primary supply for a variety of sustainable products well recognized by customers worldwide. Vinh Hoan needs to step out of its safe zone to take on the new and challenging mission: to get out of the box, which are the traditional products, to get the best out of pangasius by providing convenient, delicious and healthy products.

It is time for us to awake, to change our perception and ideology in the entire value chain: from the fingerlings, fish feed, farming techniques, processing to marketing and branding. Before the new milestone, Vinh Hoan is similar to ship sailing the big ocean, to start up once again in the technological field through trial projects, combination both in-house and outside practical experiences, including those of the farmers and from other aqua fish to improve the performance of every single step in the chain.

On the occasion of the 20th anniversary of Vinh Hoan, I would like to express my deepest gratitude to you – the shareholders and investors who have trusted and supported Vinh Hoan during our mutual journey. On behalf of the Company’s Board of Directors, I am looking forward to your companionship in the great future ahead.



Sincerely,
Chairwoman
Truong Thi Le Khanh

I.2 COMPANY INTRODUCTION

“Our business strategy defines our approach, and **the success is dependent upon the engagement of our people.** We ensure at all times, our people understand and are aligned to our plans and strategies so that as we proceed together into the future, everyone is pulling in the same direction: towards new markets, new customers, new choices for product diversification and improvement.”

I.2.1 VISION - MISSION - CORE VALUES

WORLD-CLASS REPUTATION FOR COMMITMENTS

At Vinh Hoan Corporation, we have taken the time to carefully consider who we are, what we do and why we are doing it, so that everyone who comes into contact with our business knows what to expect - by that, our Vision, Mission and Core Values are as follows:

OUR VISION

A future where Pangasius is the primary source of a multitude of sustainable products for its great qualities and versatility, recognised by consumers worldwide.

OUR MISSION

To keep bringing the benefits of Pangasius to the world, and through our relentless commitments to innovation, fulfilling the fish's potential with an expanding range of diverse and sustainably sourced products: convenient but still delicious, healthy, and nutritious food as well as fine wellness solutions.



OUR CORE VALUES

1. Innovation and Creativity: Through research and development, we aim to make a difference in constant innovation for quality food and wellness products that are sustainable and relevant to our changing world. We also value our ability to be creative and ingenious in developing and opening new channels and markets. Innovation, hence, is the key to how we proceed.

2. Sustainability: As an organisation, we need to be sustainable. Sustainability is a concept that informs all aspects of how we operate and what we do. It demands that we plan well, manage risk and behave responsibly towards all of our local and international stakeholders. We know that we must not only be economically sustainable but also socially and environmentally responsible.

3. Dedication and Unity: Our business strategy defines our approach, and the success is dependent upon the engagement of our people. We ensure at all times, our people understand and are aligned to our plans and strategies so that as we proceed together into the future, everyone is pulling in the same direction: towards new markets, new customers, new choices for product diversification and improvement.

4. Family Oriented: The concept of family is central to everything we do. At Vinh Hoan, we aim to provide the highest quality, healthy, nutritious products, designed to inspire and enhance the lifestyles of modern families.

5. Transparency: We value and believe in transparency. Transparency builds trust and trust brings its reward in the shape of more customers. In relating to all our stakeholders, we comply transparency firmly - from Governments and Regulators to Customers and Partners; all are welcomed to visit our facilities. We have passed several audits and stringent inspections on food safety as well as sustainable aquaculture with flying colours; the results are publicly available so that everyone can understand our qualifications and business abilities.

I.2.2 COMPANY HISTORY

Vinh Hoan led the production of premium quality seafood and now is among the largest pangasius exporters in Vietnam. Established in 1997 in Dong Thap province, Mekong Delta, the Company specializes in farming and processing frozen pangasius products. It has recorded many achievements over 20 years of establishment and development as follows:

- 1997** ● Vinh Hoan private enterprise was established by Mrs. Truong Thi Le Khanh.
- 1998** ● Changed the business legal type from private enterprise to limited company.
- 1999** ● The first owned seafood processing workshop in Cao Lanh, Dong Thap started operations.
- 2000** ● Received EU code for the first workshop (DL.147).
- 2005** ● Certified with ISO 9001:2000; ISO 14001:2004; BRC:2005 and IFS version 4.
- 2007** ●
 - Established Vinh Hoan (USA) Inc. in Los Angeles, California, USA;
 - Established Vinh Hoan Feed 1 JSC;
 - Operated the second workshop (DL.061);
 - Listed on Ho Chi Minh Stock Exchange.
- 2008** ● Operated the third workshop (DL.500).
- 2009** ●
 - Farms accredited with AQUAGAP;
 - The Company's laboratory accredited with ISO/IEC 17025:2005;
- 2010** ●
 - Became the leading exporter of Vietnam pangasius industry in terms of export value, according to Vietnam Association of Seafood Exporters and Producers (VASEP);
 - Farms accredited with GlobalGAP;
 - Quality control system accredited with ISO 22000.
- 2011** ●
 - Awarded Third Class Labor Medal for Vinh Hoan Corporation and Mdm. Truong Thi Le Khanh – CEO according to Decision No. 150/QĐ-CTN dated Jan 28, 2011 by the President of the Socialist Republic of Vietnam;
 - Awarded Best Retail Product prize in the contest organized by Seafood Prix d'Elite 2011 at European Seafood Exhibition 2011 (ESE 2011) at Brussels, Belgium;
 - Farms and processing facilities accredited with Best Aquaculture Practice (BAP) 2-star status.
- 2012** ●
 - Awarded Labor Metal Class II for Vinh Hoan Corporation according to Decision No. 1261/QĐ-CTN dated August 21, 2012 by the President of the Socialist Republic of Vietnam;
 - The first pangasius company in the world achieved the ASC (Aquaculture Stewardship Council) certificate for sustainable farming system.
- 2013** ●
 - Barramundi farms accredited with GlobalGAP;
 - Started the construction of collagen and gelatine factory with design capacity of 2,000 tons of finished products per year.
- 2014** ●
 - The only seafood company named in Top 50 Best Listed Companies by Forbes Vietnam, June 2014 issue;
 - Also named in Top 50 Best Performing Companies in Vietnam by Investment Review magazine;
 - Divested from fish pellet feed business by transferring all the stake at Vinh Hoan 1 Feed JSC and acquired 99.06% shares of Van Duc Tien Giang Food Export Company.
- 2015** ●
 - Established Octogone Holdings Pte. Ltd in Singapore and Octogone (Guangzhou) Trading Co., Ltd. in China;
 - Became the major shareholder of CUU LONG SEAPRO in Tra Vinh province;
 - Collagen and Gelatin plant went into operation in March 2015 and quickly achieved certifications such as ISO 9001, ISO 14001, GMPWHO and Halal;
 - The first pangasius company in the world certified with BAP 4-star status for entire system from hatchery, feed producing, farming, to processing;
 - Accredited with “priority enterprise” for customs clearance process in accordance with Decision No. 2669/QĐ-TCHQ dated September 14, 2015 signed by Director General of General Department of Customs;
 - Continued to be named in Top 50 Best Listed Companies in Vietnam by Forbes Vietnam, June 2015 issue.

- 2016**
- Lifted the foreign ownership limit to 100% to create room for strategic investors in the future;
 - Third time in a row being named in Top 50 Best Listed Companies in Vietnam by Forbes Vietnam, June 2016 issue;
 - Increase shareholding ratio at Van Duc Tien Giang Food Export Company to 100%;
 - Commenced production line of kabayaki – Vinh Hoan’s first ready-to-eat product in Van Duc Tien Giang Food Export Company;
 - Appointed Ms. Nguyen Ngo Vi Tam (formerly Sales and Marketing Director) as CEO;
 - Tilapia farms accredited with ASC (Aquaculture Stewardship Council) and BAP;
 - Awarded Labor Metal Class I for Vinh Hoan collective in accordance with Decision No. 2248/QĐ-CTN dated September 20, 2016 by the President of the Socialist Republic of Vietnam;
 - Awarded Labor Metal Class II for Mdm. Truong Thi Le Khanh according to Decision No. 2262/QĐ-CTN dated October 25, 2016 by the President of the Socialist Republic of Vietnam;
 - Awarded Labor Metal Class III for Ms. Nguyen Ngo Vi Tam – CEO and Mr. Huynh Duc Trung - Project Manager according to Decision No. 2053/QĐ-CTN dated September 20, 2016 and Decision No. 166 dated January 18, 2016 respectively signed by the President of the Socialist Republic of Vietnam.

- 2017**
- Purchased 100% stake at Thanh Binh Dong Thap JSC, an important step in the Company’s capacity expansion strategy;
 - Mdm. Truong Thi Le Khanh – Chairwoman – named in Top 50 Most Influential Women in Vietnam in 2017 by Forbes Vietnam;
 - Mitsubishi Corporation became a major shareholder;
 - Fourth time named in Top 50 Best Listed Companies in Vietnam in 2017 by Forbes Vietnam;
 - Named in Top 50 Best Performing Companies in Vietnam by Investment Review magazine;
 - Named in Top 35 Leading Seafood Enterprises in Human Resources Training and Development (2011-2016) by VASEP;
 - Mdm. Truong Thi Le Khanh – Chairwoman - appointed as the Chairperson of VASEP’s Freshwater Fish Committee;
 - Named at the Honor Ceremony of Outstanding Linked Agricultural Production Models organized by the Ministry of Agriculture and Rural Development.

I.2.3 PRINCIPAL BUSINESS ACTIVITIES

- Inland aquaculture;
- Processing, preserving aquatic products;
- Trading of raw agricultural products and preprocessing materials for producing and processing aquatic products, processing aquatic feed;
- Trading of aquatic products, trading of agricultural and husbandry products for producing and processing aquatic products;
- Trading of chemical products for producing and processing aquatic products;
- Trading of machines, equipment and supplies for producing and processing aquatic products and processing aquatic feeds;
- Producing fish meal;
- Producing oil and fat from animals and plants;
- Extracting and producing hydrolyzed gelatine and collagen;
- Exporting/Importing hydrolyzed gelatine and collagen and pharmaceutical chemicals; importing chemicals and materials for producing hydrolyzed gelatine and collagen, pharmaceutical chemicals, cosmetics and supplements.



1.2.4 PRODUCT PORTFOLIO

TASTY SEAFOOD, INSPIRING CUISINE AND SUSTAINABLE FARMING

For more than 20 years, Vinh Hoan has been making continuous efforts to provide premium and sustainable aquaculture products. Our care about responsible farming and processing is reflected in the entire chain, from standards of farming ponds, fish care and transparent traceability in accordance with BAP 4-star and ASC standards; from fingerlings, feed, raw fish, to final processing with the purpose of providing our customers with the products not only tasty, but also nutritious and safe.

We constantly strive to innovate and create convenient seafood products that help consumers spend more quality time with their family and friends and for themselves while still enjoying delicious and nutritious food.

Vinh Hoan product lines: Besides the traditional fillet products, the Company is constantly innovating new products of the Ready-to-Cook and Ready-to-Eat lines such as breaded, marinated, steamed and grilled products. Previously, Vinh Hoan also won the “Best Retail Product” and “Nutrition and Health Product Award” respectively for Provocake (2011-Winner of The Seafood Best Retail Product) and Seafood Harmony (2009-Winner of the Seafood Elite Prix at the Seafood Expo Global, Belgium).



FISH FILLET

The main and traditional product of Vinh Hoan is pangasius farmed in accordance with sustainable and environmental-friendly standards and international standards on food safety and quality assurance of products. Pangasius have become the white fish consumed worldwide 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
- *High commercialization:*
 - Mild taste, suitable for consumers of all ages
 - Ease of cooking, versatile applications for all kinds of cuisines
 - Competitive price

Besides the main product - premium Pangasius fillet which accounted for 89% of total export value, Vinh Hoan also provides a stable supply of self-raised barramundi fillet which accounted for 2% of total export value.



“READY-TO-COOK” VALUED-ADDED PRODUCTS

- Formed breaded pangasius
- “Hand-made” breaded pangasius
- Marinated pangasius
- Steamed pangasius



“READY-TO-EAT” VALUED-ADDED PRODUCTS

- Kabayaki pangasius: grilled pangasius dipped in Teriyaki sauce
- Kabayaki pangasius with salad
- Onigiri rice balls filled with Kabayaki pangasius
- Salted egg fish skin snack



COLLAGEN & GELATINE PRODUCTS

In addition, Vinh Hoan is the only company in Vietnam to develop high-tech products from pangasius. Collagen and gelatine products with high technology, premium quality, from unique source of raw materials are widely used in pharmaceuticals, food supplements and cosmetics. Collagen and gelatine from fish skin is a crystallized effort to protect the environment and reduce waste from aquaculture production, turning it into a high value and sustainable source with creativity and passion. Collagen from fish skin is a high-grade collagen product thanks to its homogenous amino acids, easily absorbed by human body, compatible and highly penetrated with high purity.



BY-PRODUCTS

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

1.2.5 BUSINESS PREMISES

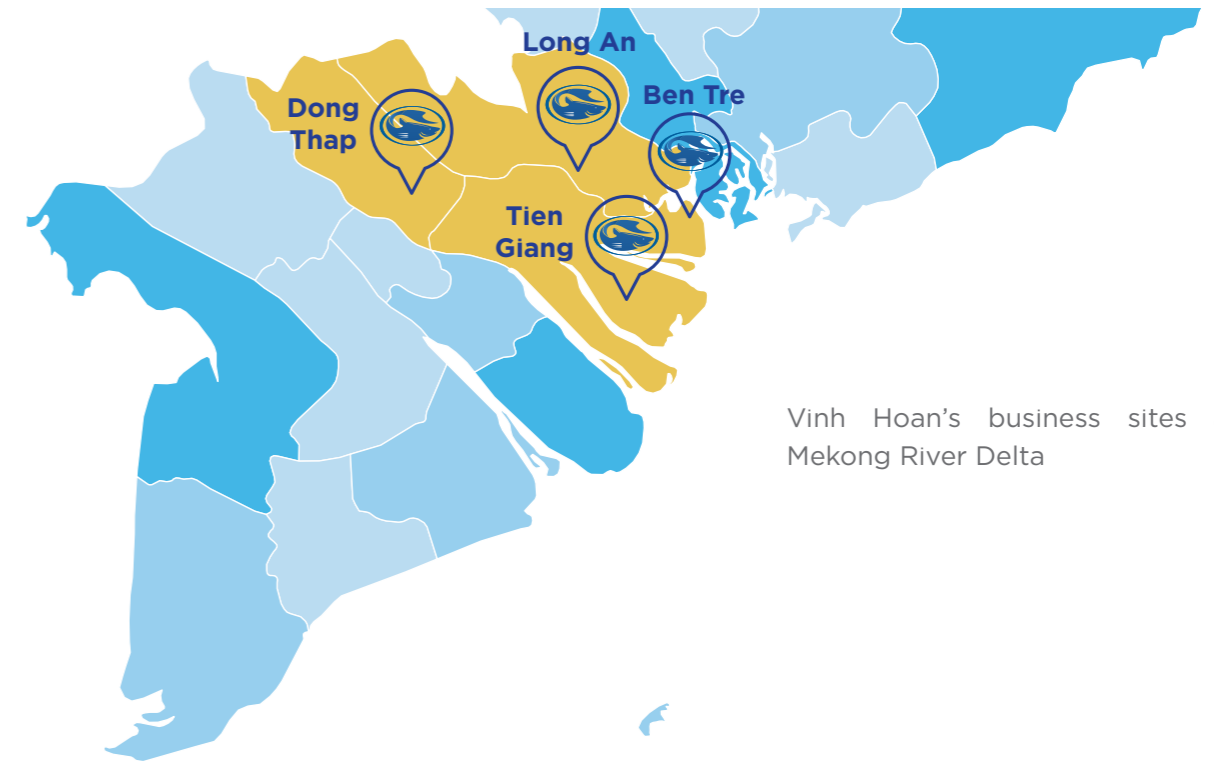
Vinh Hoan constantly develops its system of factories and subsidiaries to maximize long-term production capacity and productivity.

Domestic sites:

- Headquarter at Cao Lanh city, Dong Thap province with two pangasius factories and one factory for value-added products.
- Factory for processing fishmeal and fish oil at Thanh Binh district, Dong Thap province.
- Subsidiary - Van Duc Tien Giang Food Export Co., Ltd- with two pangasius factories, one value-added products factory and two fish oil and fish meal factories at Chau Thanh district, Tien Giang province.
- Subsidiary - Vinh Hoan Collagen One Member Co., Ltd - producing collagen and gelatine at Cao Lanh city, Dong Thap province.
- Subsidiary - Vinh Hoan Food 2 Co., Ltd - with two rice mills at Lap Vo district, Dong Thap province.
- Company branch at Hochiminh city - in charge of sales and investor relations.
- Fish farms, concentrated mainly in Mekong River Delta's provinces such as Dong Thap province, Tien Giang province and Ben Tre province.

Foreign sites:

- US-based strategic investee - Vinh Hoan (USA) Inc., - a company domiciled in California, US. It conducts sales, logistics, and customer services activities for US market.
- Singapore-based subsidiary - Octogone Holdings PTE. Ltd. - focuses on sales development in Asia.
- China-based subsidiary - Octogone (Guangzhou) Trading Co., Ltd - direct subsidiary of Octogone Holdings PTE. Ltd. with main objective of increasing sales in Chinese market.



Vinh Hoan's business sites at Mekong River Delta



Vinh Hoan's foreign sites

1.2.6 COMPETITIVE LANDSCAPE

Continuously growing, Vinh Hoan has maintained the leader position in Vietnam pangasius industry and stays on top of the 5 largest Vietnamese pangasius exporters.

TOP 5 LARGEST VIETNAMESE PANGASIUUS EXPORTERS (2010-2017)

(Unit: USD million)

(Source: VASEP)

2010	2011	2012	2013	2014	2015	2016	2017
VINH HOAN 126.4	VINH HOAN 150.7	VINH HOAN 154.9	VINH HOAN 166.2	VINH HOAN 207.4	VINH HOAN 227.6	VINH HOAN 251.2	VINH HOAN 270.3
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
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
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
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

1.2.7 EXPORT MARKETS

EXPORT MARKETS OF VINH HOAN'S PANGASIUUS

Top export markets of Vinh Hoan are listed below. Therein, China has risen from 7th place in 2015 to 3rd place in 2016 and 2nd place in 2017. Total export to the US slightly decreased from 62% in 2015 to 58% in 2016 and 57% in 2017. Other markets saw insignificant changes due to the extreme shortage of raw materials in 2017 which resulted in sales prioritized higher-end markets and medium markets with reasonable pricing.

Market	2017 (USD million)	2016 (USD million)
USA	148.4	143.9
China	25.1	15.3
UK	19.2	20.0
Canada	14.5	13.7
Australia	8.0	10.1
Hong Kong	7.9	9.7
Mexico	7.1	5.1
Belgium	7.2	7.6
Japan	5.1	2.6
Singapore	3.3	3.8
Netherlands	2.4	3.7
Switzerland	1.8	1.6
Germany	1.4	2
Spain	0.8	1.6

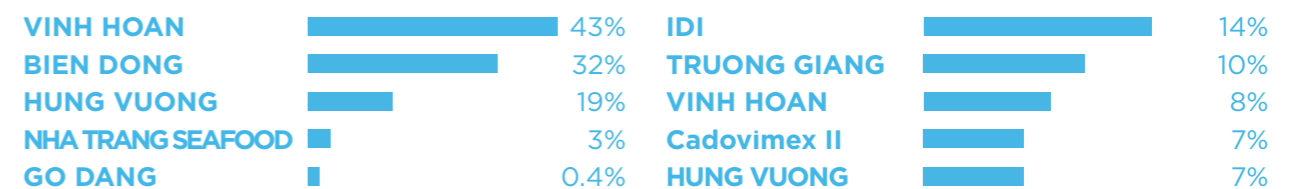
EXPORT MARKETS OF VIETNAM PANGASIUUS INDUSTRY

Out of the top 10 largest export markets, the US declined from 24% to 20% and Europe from 15% to 11%; growing markets included China (from 11% to 18%), Brazil (from 4% to 6%) and Mexico (from 5% to 6%).

No.	Market	2017 (USD million)	2016 (USD million)
1	USA	346	385
2	China	313	176
3	Brazil	104	67
4	Mexico	103	81
5	Colombia	56	24
6	Saudi Arabia	54	40
7	Thailand	48	43
8	UK	44	42
9	Netherlands	41	42
10	Canada	39	38

Vinh Hoan was the market leader in the US, accounting for 43% of Vietnam's pangasius exported to this market.

In China, Vinh Hoan held the 3rd position with 8% market share and concentrated mainly in high-end segment.



Top 5 Vietnamese pangasius exporters to the US

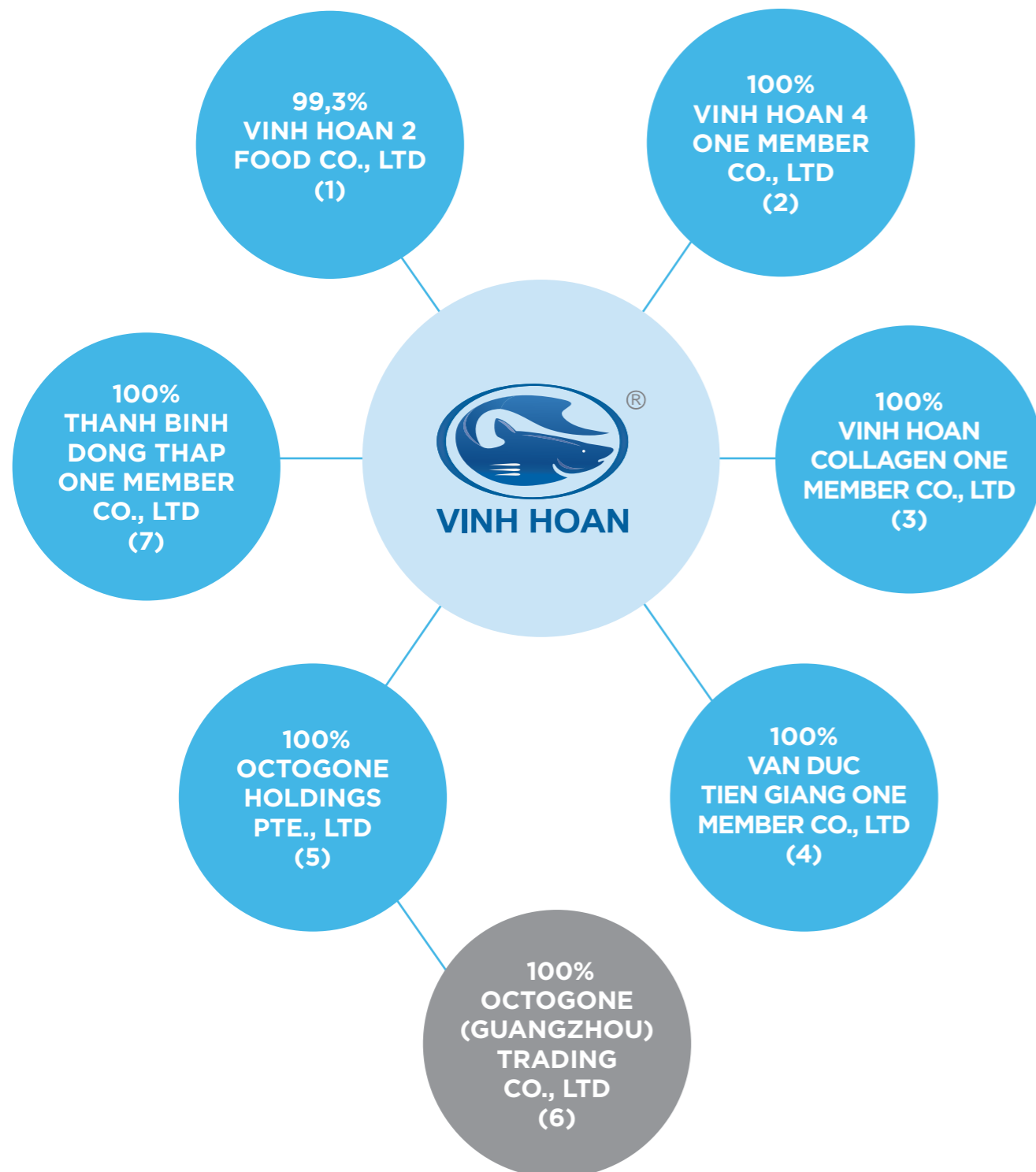
Top 5 Vietnamese pangasius exporters to China

I.3 COMPANY STRUCTURE - ORGANIZATION CHART - MANAGEMENT TEAM

In
1997

Mdm. **Truong Thi Le Khanh** founded and led Vinh Hoan from a small processing workshop to the current largest pangasius farming and exporting corporation. She is known as a leading businesswoman of Vietnam pangasius industry who always takes the initiative in the sustainable development path of the industry.

I.3.1 COMPANY STRUCTURE



- 1** **Vinh Hoan 2 Food Co., Ltd** was established in accordance with Business Registration Certificate No. 1401420853 dated July 27th, 2011 and 7th Amendment dated January 14th, 2015 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.
- 2** **Vinh Hoan 4 One Member Co., Ltd** was established in accordance with Business Registration Certificate No. 140171196 dated April 5th, 2012 and 1st Amendment dated October 16th, 2013 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., has not commenced.
- 3** **Vinh Hoan Collagen One Member Co., Ltd** was established in accordance with Business Registration Certificate No. 1401587429 dated on December 2nd, 2011 and 9th Amendment on February 8th, 2018 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 gelatine and collagen.
- 4** **Van Duc Tien Giang Food Export Co., Ltd** Vinh Hoan Corporation purchased Van Duc Tien Giang Food Export Co., Ltd. in 2014-2015.

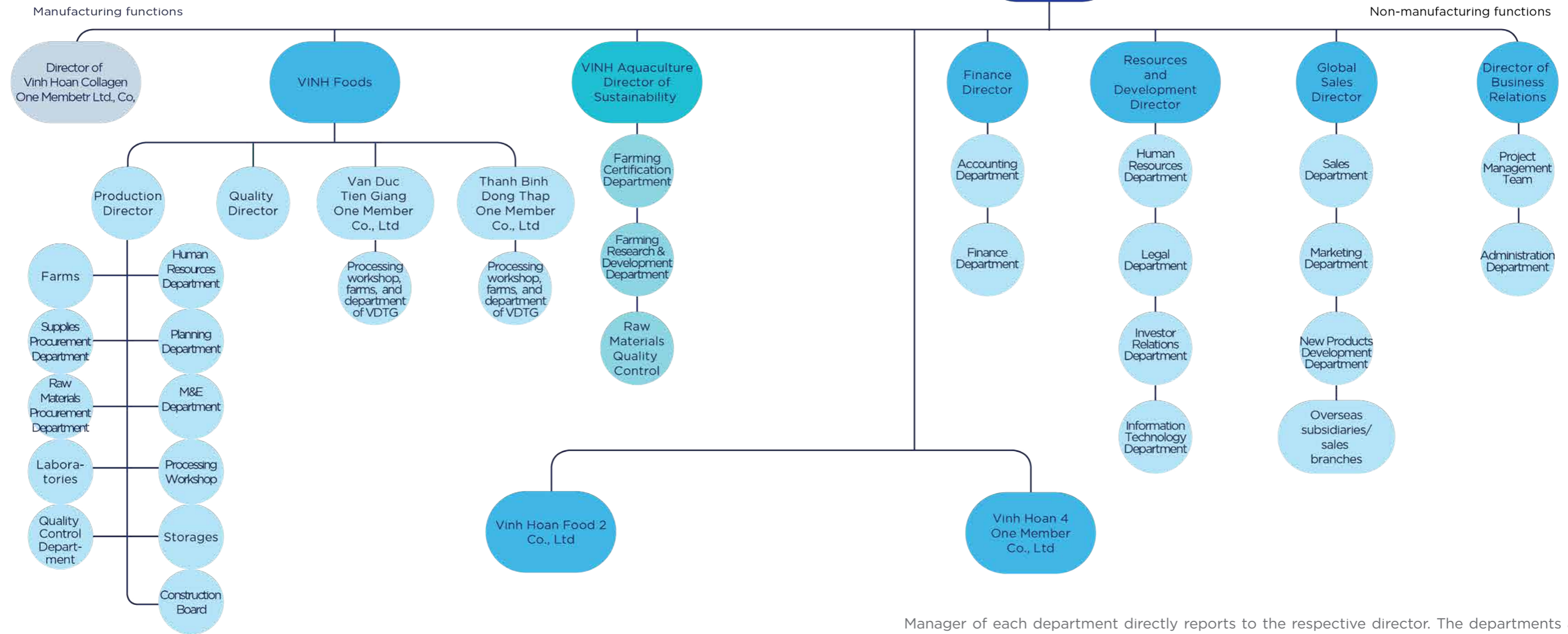
 - Van Duc Tien Giang Food Export Co., Ltd. was established in accordance with Business Registration Certificate No. 1200667963 - 15th Amendment on October 21st, 2015 by the Department of Planning and Investment of Tien Giang province. Charter capital (as of December 31st, 2017): VND 305,423,960,000; fully contributed by Vinh Hoan Corporation.
 - Principal business: aquaculture, processing, preserving and trading of fish and other fishery products.
- 5** **Octogone Holdings Pte., Ltd.** was founded in Singapore in accordance with Business Registration Certificate No. 20150681 dated March 17th, 2015 granted by Accounting and Corporate Regulatory Authority (ACRA).

 - Charter capital: USD 700,000; fully contributed by Vinh Hoan Corporation as of December 31st, 2017.
 - Principal business: trading and importing/exporting of fishery products
- 6** **Octogone (Guangzhou) Trading Co., Ltd.** was founded in China on June 3rd, 2015 through direct investment of Octogone Holding Pte., Ltd. Principal business: trading and importing/exporting of fishery products.
- 7** **Thanh Binh Dong Thap One Member Co., Ltd** was repurchased by Vinh Hoan Corp in the beginning of 2017.

 - Business Registration Certificate No. 1402054046 - 2nd Amendment dated January 10th, 2018. Business Registration Certificate No. 1402054046 - 2nd Amendment dated January 10th, 2018.
 - Principal business: aquaculture, processing, preserving and trading of fish and other fishery products.

1.3.2 ORGANIZATION CHART

Following the updated strategic brand repositioning via the establishment of VINH Foods, VINH Aquaculture and VINH Wellness divisions, the Company has restructured its organization chart to focus on the core functions of each division, and thereby to enhance the internal efficiency and healthy competition. Accordingly, the Company's organization chart, effective from April 1st, 2017, is constructed after the model of Joint Stock Company. At the top of the chart is General Shareholders Meeting, Supervisory Board, Board of Directors, and Board of Management which consists of General Director and Directors of sub-functions. The functions and departments are listed below:



- (i) Manufacturing function consists of Sustainable Development, Aquaculture and Processing, Gelatine and Collagen Production departments;
- (ii) Non-manufacturing function consists of Administration, Finance, Sales and Marketing, Resources and Development departments.

Manager of each department directly reports to the respective director. The departments are organized following the operational flow from raw materials, production to sales. The subsidiaries' directors are responsible for their own business results, and report directly to the General Director. In the case of foreign subsidiaries that focus mainly on selling fishery products and developing the market, they follow the parent company's general sales strategies, and are responsible for reporting their turnover to the Sales Directors.

I.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 (“BoD”) for office term 2017 – 2021 as follows:

- Mdm. Truong Thi Le Khanh – Chairwoman of the Board
- Ms. Nguyen Ngo Vi Tam – Member of the Board
- Ms. Truong Tuyet Hoa – Member of the Board
- Ms. Nguyen Thi Kim Dao – Member of the Board
- Mr. Vo Phu Duc – Member of the Board

There is no change in the BoD’s personnel in 2017.



INTRODUCTION TO THE BOARD OF DIRECTORS

MDM. TRUONG THI LE KHANH
CHAIRWOMAN OF THE BOARD

Year of birth: **1961**

Qualifications: **Bachelor of Economics**

She has served as the Chairwoman of the BOD since 2007

VHC shareholding ratio
(as of March 30, 2018): 42.83%



Since 1997, she has been the one who founded and led VHC from a small processing facility to one of the largest companies in farming and processing pangasius. She is known as one of the leading businesswomen in Vietnam pangasius industry, who takes a great part in pioneering the trades. She had been operating the Company for 19 years as Director and General Director, and as BoD’s Chairwoman after the equitization of VHC in 2007. In 2016, she transferred the position of General Director to Ms. Nguyen Ngo Vi Tam. The step down allowed her to focus on planning and managing the developing strategy of VHC as the Chairwoman of the Board.

On the 20th anniversary of Vinh Hoan establishment, she wrote the memoirs “Vinh Hoan – 20 years rise to the world” to tell briefly on the history of Vietnam pangasius industry, her start-up story, as well as to pay tribute to the pioneers of the industry, the precious supports she has received from customers, suppliers, partners and initial employees. We believe that the book will provide you – our shareholders and investors - a deeper understanding about the industry, Vinh Hoan and especially the vital values that have defined the development of Vinh Hoan until now and in the future also.

Mdm. Truong Thi Le Khanh has been granted multiple honorable and prestigious awards, to list some:

- 2011:** Third Class Labor Medal, for having excellent business result in 2005-2009, contributing to the building of socialism and national protection by the President of the Socialist Republic of Vietnam.
- 2013:** Successful intellectual businesswoman of Saigon 2013 Vietnam Union of Science and Technology Associations; Top 10 Most Successful Vietnamese Businesswomen by Forbes Vietnam.
- 2014:** Representative Vietnamese Businesswoman with “Shining The Golden Rose” Cup by Vietnam Chamber of Commerce and Industry; Mark of Respect - Top 50 Best Business Leaders 2014 by The Business Review.
- 2015:** Mark of Respect - Top 50 Best Business Leaders by The Business Review.
- 2016:** Top 50 Most Influential Vietnamese Women 2016 by Forbes Vietnam.
- 2017:** Second Class Labor Medal, for having excellent business result in 2011-2015, contributing to the building of socialism and national protection by the President of the Socialist Republic of Vietnam; Top 50 Most Influential Vietnamese Women 2017 by Forbes Vietnam.



MS. NGUYEN NGO VI TAM
BOARD MEMBER

Year of birth: **1979**
Qualifications:
Bachelor of Laws, MBA
Years with Vinh Hoan: **15 years**
She has been a BOD member since 2007
VHC shareholding ratio
(as of March 30, 2018): 0.12%

Ms. Nguyen Ngo Vi Tam joined Vinh Hoan as a sales staff 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 the 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 sales 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 speak multiple languages and are experienced in various distribution channels. She is also responsible for managing the establishments and operations of sale offices in the United States, Singapore and China and product development division. She also handles the anti-dumping case in the US, investors 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:

- 2007:** Merit for outstanding completion of seafood aquaculture and sales by Minister of Agriculture and Rural Development.
- 2011:** Merit for outstanding achievements in the national economy development by the Prime Minister of the Socialist Republic of Vietnam.
- 2012:** Excellence in mission accomplishment in 2012 by Chairman of People's Committee of Dong Thap province.
- 2016:** Selected into top 40 under 40 year old fisheries leaders by Intrafish.
- 2017:** Third Class Labor Medal, for having excellent business result in 2011-2015, contributing to the building of socialism and national protection by the President of the Socialist Republic of Vietnam.



MS. TRUONG TUYET HOA
BOARD MEMBER

Year of birth: **1976**
Qualifications: **Bachelor of Economics, MBA**
Years with Vinh Hoan: **21 years**
She has been a BOD member since 2015
VHC shareholding ratio
(as of March 30, 2018): 0.02%

Ms. Truong Tuyet Hoa was one of first employees of Vinh Hoan since its inception. She was among the first key sales person 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:

- 2007:** Merit for outstanding completion of seafood aquaculture and sales by Minister of Agriculture and Rural Development.
- 2012:** Excellence in mission accomplishment in 2012 by Chairman of People's Committee of Dong Thap province.
- 2017:** Merit for excellent performance in the establishment and development of Vinh Hoan Corporation on the occasion of the 20th Anniversary by Chairman of People's Committee of Dong Thap province.



MS. NGUYEN THI KIM DAO
BOARD MEMBER

Year of birth: **1979**
 QUALIFICATIONS:
BACHELOR OF ACCOUNTING
 Working time at Vinh Hoan: **15 years**
She has been a BOD member since 2016
 VHC's shareholding ratio
 (as at March 30, 2018): 0.09%

Ms. Nguyen Thi Kim Dao served as the Chief Accountant in 10 years before being appointed as the CFO in 2014. She manages accounting and financial procedures for Vinh Hoan to ensure strict compliance, accuracy and truthfulness and optimizing 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 US. 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:

- 2007:** Merit for outstanding completion of seafood aquaculture and sales by Minister of Agriculture and Rural Development.
- 2012:** Excellence in mission accomplishment in 2012 by Chairman of People's Committee of Dong Thap province.
- 2014:** Merit for excellent result in contributing in the development of socialism and national protection by the President of the Socialist Republic of Vietnam.



MR. VO PHU DUC
BOARD MEMBER

Year of birth: **1976**
 Qualifications: **CONSTRUCTION ENGINEER**
 Years with Vinh Hoan: **15 years**
He has been a BOD member since 2012
 VHC's shareholding ratio
 (as at March 30, 2018): 1.49%

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 manufacturing, rice, collagen, and gelatine. In the period of 2007 - 2013, he held the position of Director in Vinh Hoan 1 Aquacultural Feed Company. The company has great revenue increase and contribute greatly to the parent company business. After the selling of 70% of Vinh Hoan 1 stocks to Pilmico Foods, Mr. Vo Phu Duc was appointed as the Director of Vinh Hoan Collagen on August 01, 2013. Under his management, the operation at Vinh Hoan Collagen had started on schedule;

meanwhile, the technical standards of the final products and production efficiency are also met. He also advises the Board of Directors in strategies related to technology development and innovations.

He was awarded with below merit:

- 2014:** Merit for excellent result in contributing in the development of socialism and national protection by the President of the Socialist Republic of Vietnam.

THE BOARD OF DIRECTORS' SUBCOMMITTEES

On January 06, 2017, the Board of Directors decided on the forming of 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 purchase of goods and services.
- Optimize the performance of the purchase of goods and services for manufacturing:
 - Frequent supplier audits;
 - Monitor the procurement process to ensure no loss;
 - Review the effectiveness of the procurement process to ensure timely supply for production.;
 - Other specific functions/missions as decided by the Board of Directors from time to time.

Human Resources - Policies - Compensation subcommittee:

- Formulate the policies of salary, bonuses and benefits for the company's employees.
- Formulate the annual salary regime based on the scale of production and the business results.
- Annually evaluate the salary - personnel policies, the scale and structure of salary - bonuses - benefits for the Company's executive apparatus, and suggest the necessary changes for presenting to the General Assembly of Shareholders at the next meeting.
- Other specific functions/missions as decided by the Board of Directors from time to time.

PERSONNEL OF SUBCOMMITTEES (AS OF DECEMBER 31, 2017)

Procurement subcommittee:

No.	Full Name	Position	Title
1	Truong Thi Le Khanh	Chairwoman of the 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	Huynh Thi Tuyet Nga	Director of Van Duc Tien Giang Food Export Co., Ltd.	Member
6	Vo Phu Duc	Director of Vinh Hoan Collagen One Member Ltd., Co.	Member
7	Phan Thi Bich Lien	Director of Thanh Binh Dong Thap One Member Ltd., Co.	Member

There is no change in the personnel of the Procurement subcommittee in 2017.

Human Resources - Policies - Compensation subcommittee:

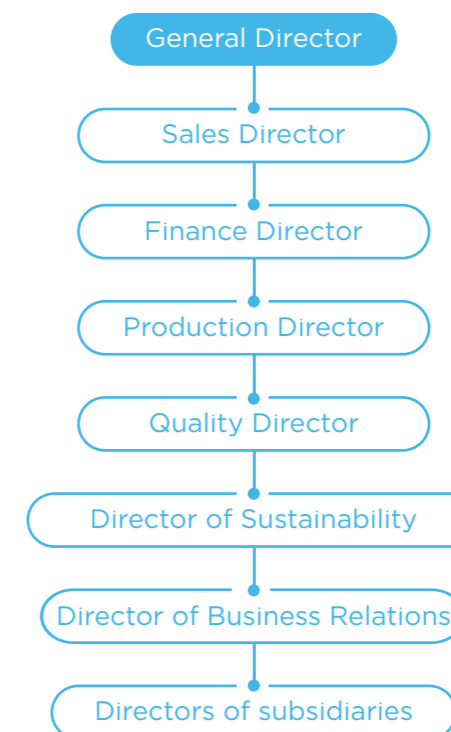
No.	Full Name	Position	Title
1	Truong Thi Le Khanh	Chairwoman of the BoD	Head of subcommittee
2	Nguyen Ngo Vi Tam	General Director	Deputy head
3	Nguyen Thi Kim Dao	Finance Director	Member
4	Ho Thanh Hue	Production Director	Member
5	Huynh Thi Tuyet Nga	Director of Van Duc Tien Giang Food Export Co., Ltd.	Member
6	Vo Phu Duc	Director of Vinh Hoan Collagen One Member Ltd., Co.	Member
7	Ho Thi Nhu Nguyet	Head of Vinh Hoan Corporation' Human Resource Department	Member

There is no change in the personnel of the Human Resources - Policies - Compensation subcommittee in 2017.

I.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 charged with different functions and subsidiaries.

Change in BoM personnel in 2017: Ms. Le Thi Dieu Thi was appointed as Quality Director since December 25, 2017.



INFORMATION ABOUT MEMBERS OF THE BOM

**MS. NGUYEN NGO VI TAM
DIRECTOR**



Please refer to Section I.3.3.
THE BOARD OF DIRECTORS

**MS. TRUONG TUYET HOA
SALES DIRECTOR**



Please refer to Section I.3.3.
THE BOARD OF DIRECTORS

**MS. NGUYEN THI KIM DAO
FINANCE DIRECTOR**



Please refer to Section I.3.3.
THE BOARD OF DIRECTORS

**MR. VO PHU DUC
DIRECTOR OF VINH HOAN COLLAGEN
ONE MEMBER LTD., CO.**



Please refer to Section I.3.3.
THE BOARD OF DIRECTORS



MS. HO THANH HUE
PRODUCTION DIRECTOR

Year of birth: **1982**
Qualifications: **Environmental Engineer**
Years with Vinh Hoan: **14 years**
Shareholding ratio
(as of March 30, 2018): 0.06%

Ms. Ho Thanh Hue joined Vinh Hoan as a Quality Control Department's staff, then was gradually appointed in positions of production management including Vice Quality Manager in 2006 and Factory Vice Manager in 2007. From 2007-2009, she was appointed as Production Director Assistant before being promoted to Production Director in 2010. She is responsible for managing all production activities of the Company including the construction projects, repairs, planning, purchasing materials and organizes daily activities of the fish processing workshops. She plays an important role in the implementation process of the capacity

expansion strategy in recent years to keep up with the sales growth and meeting the ever-increasing demand for products quality and productivity improvement.

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

- 2012:** Excellence in mission accomplishment in 2014 by Chairman of People's Committee of Dong Thap province.
- 2014:** Excellence in mission accomplishment in 2012 by Chairman of People's Committee of Dong Thap province.



MS. LE THI DIEU THI
QUALITY DIRECTOR

Year of birth: **1975**
Qualifications: **Engineer of Food Technology, Master of Business Administration**
Years with Vinh Hoan: **18 years**
Shareholding ratio
(as of March 30, 2018): 0.02%

Ms. Le Thi Dieu Thi joined Vinh Hoan since 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 Control Department in 2006, Manager of Quality Control Department in 2008, and Quality Director on December 25, 2017. Under her management, since 2008, the Company's control quality system has played a crucial role in improvement process of Vinh Hoan's brands and competitiveness. The Company continuously achieves high results in the examination and audits carried out by customers, third parties and authorities. This has helped the Company to gain trust and reputation.

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

- 2006:** Certificate of Merit (First prize in the 60th anniversary of the establishment of Vietnam's commercial industry) by Director of Department of Commerce and Tourism of Dong Thap province.
- 2007:** Excellence in mission accomplishment in 2007 by Minister of Agriculture and Rural Development.
- 2012:** Excellence in mission accomplishment in 2012 by Chairman of People's Committee of Dong Thap province.
- 2017:** Merit for excellent performance in the establishment and development of Vinh Hoan Corporation on the occasion of the 20th Anniversary by Chairman of People's Committee of Dong Thap province.



MS. DANG THI THUONG
DIRECTOR OF SUSTAINABILITY

Year of birth: **1987**
Qualifications: **Master of Biology**
Years with Vinh Hoan: **8 years**
Shareholding ratio
(as of March 30, 2018): 0.01%

Ms. Dang Thi Thuong started working for Vinh Hoan in 2010. She was responsible for the farms' certification activities before being appointed as Director of Aquaculture and Director of Sustainability in 2014 and 2017. She has led multiple successful implementation of the international aquaculture certification programs for the Company, typically ASC and BAP, contributing to the development of revenue and promotion of Vinh Hoan 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 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 a number of prizes and awards, as follows:

- 2017:** Merit for excellent performance in the establishment and development of Vinh Hoan Corporation on the occasion of the 20th Anniversary by Chairman of People's Committee of Dong Thap province.



MR. HUYNH DUC TRUNG
DIRECTOR OF BUSINESS RELATIONS

Year of birth: **1963**
Qualifications:
Engineer of Food Processing
Years with Vinh Hoan: **18 years**
Shareholding ratio
(as of March 30, 2018): 0.02%

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 charged with production and aquaculture for 13 years before being appointed as Project Director and later as Director of Business Relations 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:

- 2007:** Medal for the agriculture and rural development by Minister of Agriculture and Rural Development.
- 2011:** Merit for outstanding achievements in the national economy development by the Prime Minister of the Socialist Republic of Vietnam.
- 2012:** Excellence in mission accomplishment in 2012 by Chairman of People's Committee of Dong Thap province.
- 2016:** Third Class Labor Medal, for having excellent business result in 2011-2015, contributing to the building of socialism and national protection by the President of the Socialist Republic of Vietnam.



MS. HUYNH THI TUYET NGA
 DIRECTOR OF VAN DUC TIEN GIANG
 FOOD EXPORT CO., LTD

Year of birth: **1978**
 Qualifications: **Bachelor of Seafood Processing**
 Years with Vinh Hoan: **4 years**
 Shareholding ratio
 (as of March 30, 2018): 0.00%

Ms. Huynh Thi Tuyet Nga had 7 years serving as Production Director and Director of a seafood company before being appointed as the Director of Van Duc Tien Giang Food Export Co., Ltd since its establishment in 2007. She is responsible for entire farming and processing activities of Van Duc Tien Giang and under her leadership, the subsidiary

has continuously met and exceeded financial targets assigned by the parent company after Vinh Hoan's acquisition in 2014. Ms. Nga plays an important role in raw materials self-supply development strategy of Vinh Hoan in recent years and in the future.



MS. PHAN THI BICH LIEN
 DIRECTOR OF THANH BINH DONG THAP
 ONE MEMBER LTD., CO.

Year of birth: 1976
 Qualifications: **Engineer of Seafood Farming**
 Years with Vinh Hoan: **18 years**
 Shareholding ratio
 (as of March 30, 2018): 0.01%

Ms. Phan Thi Bich Lien is one of the key production management personnel of Vinh Hoan. She had been in charge of multiple positions, including the Director of Freezing Workshop, Production Director and Purchasing Manager. With her working experience and indepth understanding of production processes, she was appointed as Director of Thanh Binh Dong Thap One Member Ltd., Co. when Vinh Hoan acquired this company in early 2017. Overcoming the initial difficulties in taking over the new company, Ms. Lien and Thanh Binh Dong

Thap's staff quickly recruited labor, enhanced the performance and capacity which resulted in this subsidiary's profit contribution of VND 16.4 billion right in the first year of merging.

She has received the following award:

•**2017:** Merit for excellent performance in the establishment and development of Vinh Hoan Corporation on the occasion of the 20th Anniversary by Chairman of People's Committee of Dong Thap province.



MS. LE THI SAU

VINH HOAN FOOD CO., LTD.

Year of birth: **1966**

Qualifications:

**Engineer of Food Chemistry,
Bachelor of Economics**

Years with Vinh Hoan: **18 years**

Shareholding ratio
(as of March 30, 2018): 0.02%

Ms. Le Thi Sau was Manager of Planning Department at Vinh Hoan before being appointed as Director of Vinh Hoan Food 2 Co., Ltd. in January 2013. With her experience and high responsibility, she has organized all production activities of the rice mill, overcoming many challenges and difficulties of this side business. Currently, she is in charge of adopting restructuring plan of this rice business.

She has received many awards as follows:

- 2005:** Merit for excellent achievement which has been typically reported in the 3rd Assembly of patriotic emulation of Dong Thap province for the period from 2001-2005 by Chairman of People's Committee of Dong Thap province.
- 2007:** Merit for excellent achievement in seafood aquaculture and sales by Ministry of Agriculture and Rural Development.
- 2011:** Excellence in mission accomplishment in 2011 by Chairman of People's Committee of Dong Thap province.
- 2017:** Merit for excellent performance in the establishment and development of Vinh Hoan Corporation on the occasion of the 20th Anniversary by Chairman of People's Committee of Dong Thap province.



1.3.5 THE SUPERVISORY BOARD

THE SUPERVISORY BOARD FOR THE OFFICE TERM 2017-2021

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

- Mr. Nguyen Ngoc Thanh - Head of the Supervisory Board
- Ms. Phan Thi Kieu Oanh - 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 2017.

INFORMATION ON THE PERSONNEL OF THE SUPERVISORY BOARD



MS. NGUYEN THI THAI LY
MEMBER OF THE SUPERVISORY BOARD

Year of birth: **1988**

Qualifications:

Bachelor of Accountancy - Auditing, Passed CFA level 2.

Shareholding ratio (as of March 30, 2018): 0%
Joined Vinh Hoan in 2014, she has held the following positions: Chief Accountant of Vinh Hoan (USA) Inc., member of the Investor Relations department, authorized person to disclose information at the Company. She plays an important role in investor relations activities and actively engages in risk controlling programs at the Company's departments/functions.



MR. NGUYEN NGOC THANH
HEAD OF THE SUPERVISORY BOARD

Year of birth: **1979**

Qualifications:

- **Bachelor of Economics;**
- **Certificate of Certified Public Accountant issued by the Ministry of Finance in 2007;**
- **Master of Business Administration;**
- **Member of Vietnam Association of Certified Public Accountants (VACPA).**
- **He is currently the Deputy Director of A&C Auditing and Consulting Co., Ltd.**

Shareholding ratio (as of March 30, 2018): 0%

With many years of auditing experience, Mr. Thanh plays an important role in strategic planning and implementation plans for the Supervisory Board. He also provided professional comments on control procedures and programs and the completeness of the internal controls.



MS. PHAN THI KIEU OANH
MEMBER OF THE SUPERVISORY BOARD

Year of birth: **1987**

Qualifications:

Master of Accountancy-Auditing

Shareholding ratio (as of March 30, 2018): 0%

Ms. Oanh has nearly nine years of working experience in accounting and auditing before joining Vinh Hoan in 2016. She has contributed much professional advice on financial management and the completion of internal controls of the Company.

I.4 MAIN OBJECTIVES

At the 20-year milestone, while facing an ever-changing world, Vinh Hoan has to widen its eyes to a future where pangasius, with its premium quality and versatility, will be the primary supply for a variety of sustainable products well recognized by customers worldwide.

1.4.1 MAIN OBJECTIVES

Looking back at the past 20 years of challenges and difficulties, Vinh Hoan is proud of its journey from a small business to the leading corporation in Vietnam pangasius industry. The Company has accumulated and gained multiple strengths and edges, which are the cornerstones for the development in the following years.

- The edge as an industry leader: Vinh Hoan has topped Vietnam pangasius industry since 2010, accounting for 15% of the market share. The Company earns large market share in the US (over 40%) and other high-end markets including the UK, Canada, and Japan with shares of 44%, 38% and 29% respectively.

- The extensive sales network with high reputation and advantages in strategies against trade barriers: Vinh Hoan's products are available in almost every large retail chain and food distribution chain around the world. The Company has proved its ability to satisfy the most demanding customers in terms of quality, food safety and customer services.

- Integrated system from farming to processing of products and by-products, which helps to secure the material sources and optimize the revenue from every phase of the value chain. Besides the experience in seafood processing, in recent years the Company has trained its workforce and completed its farming experience to improve farming efficiency and motivate faster expansion in the future.

- Certificates of food safety and sustainable farming: Vinh Hoan is renowned as a trustworthy manufacturer who is able to satisfy the highest requirements on products quality control with the best infrastructures and staffing. Vinh Hoan is the first company to acquire the sustainable farming certificate Aquaculture Stewardship Council ("ASC") and Best Aquaculture Practices 4 stars ("BAP 4 Stars"). It is currently leading in the number of certified materials.

- The management team with great foresight, experience and commitment. The Board of Managers has continuously fulfilled goals and created growing profit for the shareholders throughout the years, especially in 2017.

- The managers of Vinh Hoan are experienced people who have the merit of being not only highly responsible and dutiful, but also visionary and strategy-minded. Their management has contributed to the Company's development in the past 20 years and in many years to come.



At the 20-year milestone, while facing an ever-changing world, Vinh Hoan has to widen its eyes to a future where pangasius, with its premium quality and versatility, will be the primary supply for a variety of sustainable products well recognized by customers worldwide. Vinh Hoan needs to step out of its safe zone to take on the new and challenging mission: to get out of the box, which are the traditional products, to get the best out of pangasius by providing convenient, delicious and healthy products. Therefore, the main objectives for the year 2018 are as follows:



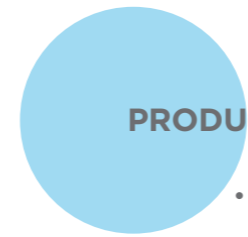
PRODUCTION:

- Continue to increase farming and processing capacity to ensure the stable supply of qualified raw materials, competitive production costs and high-quality pangasius products; acquire more international certifications and meet the market's ever-increasing demand. The Company has set the goal to invest in the 2nd phase at Thanh Binh Factory, thereby increasing its processing capacity by 20%. This will be the basis for the Company to plan its revenue of approximately VND 13,000 billion by 2020.

- Strongly develop and heavily invest in new products' research and development (R&D) capacity, install new equipment for value-added products facilities from the appropriated R&D fund of VND 10 billion.

- From aforementioned R&D fund, the Company also aims to foster the research on technological application in the entire value chain to trigger breakthroughs, to overcome challenges caused by climate changes, to boost labor productivity, and to renew the image of an industry in the global market.

- Quickly complete the construction of new farms, especially the 220-ha farm, to fully utilize whole farm by the end of 2018 and ultimately, to increase raw materials' self-supply ratio to 70% by end of 2019.



PRODUCTS

- Improve product quality through technological application in production.

- Continue to protect, uphold and improve the quality control system to solidify the brand in the global market.

- Focus on development and introduction of value-added products.

- Complete and develop more collagen-derived products, and increase the values and services offered to customers.

MARKETS

- Sales of value-added products leaps to USD 20 million in 2018, eyeing 10% of the total sales revenue in 2020.
- Maintain stable growth in the US market, forge more into growing markets including Asia (especially Japan and China), Latin America (especially Brazil and Mexico), and South-East Europe.
- Continue to implement Vinh Hoan's brand positioning strategy along with product branding and take the lead in promoting program of the industry to protect the image of the pangasius. These actions help increase the final selling price and create more demand for pangasius products in international market.
- Continue to fight against trading barriers, promote free trade to expand global export and create basis for sustainable business growth.

EMPLOYEE TRAINING AND DEVELOPMENT

- Continue to implement welfare programs especially the 2nd stage of workers' accommodation program, tend to their lives, train the workforce with objectives of tighten the bonds among current employees and attract more qualified labor.
- Standardize operating processes and manage the risks according to international standards.
- Restructure the Company's management model to improve the proactiveness, delegation and encourage staffs to increase productivity, constant innovations, workplace's healthy competition and for the Company to achieve higher goals.

I.4.2 SUSTAINABLE DEVELOPMENT OBJECTIVES

Over the past 20 years, Vinh Hoan has been able to accomplish business booms through continuously expanding the scale of farming, processing and exporting. From the inception of its business, the Company has recognized four key values underlying its sustainable development path including its policies on environment protection, social responsibilities, food safety and product traceability.

SUSTAINABLE DEVELOPMENT BASED ON HUMAN RESOURCES

Labor is the key factor determining the efficiency level in aquaculture farming and processing. Particularly, as a company of 7,000 labors who are mostly female, Vinh Hoan is well aware of the importance of human resources; hence building up an efficient workforce has been one of our main focuses during the past 20 years.

First and foremost, the company implements a consistent policy adhering to the government regulations, especially the remuneration policy, working hours, health insurance and social insurance. Besides, the Company applies the most appropriate mechanism to enhance labor productivity and stimulate skilled workers. The fair and transparent remuneration policies ensure stable and increasingly improving life standards, and encourage labor's long-term commitment to the workplace. In 2016, the Company continued passing all audits on social responsibility carried by the customers who are large distribution chains globally.

The Company's products are sold worldwide, so discipline and professionalism are compulsory to employees. In order to achieve such merits, the Company always puts huge

effort into training activities. Besides training courses on labor safety and food safety, the workers are also trained in vocational skills to improve their proficiency meeting higher demands from importing markets.

Additionally, beyond regulations, criteria and certifications, Vinh Hoan is keen on nurturing and enriching our corporate culture where workers can live and work in a professional, open-minded and friendly working environment. Regardless of positions or titles, employees are all treated fairly regarding their physical and mental needs. As such, the Company has become the second home for our employees. The unity amongst employees and workers has been a crucial driver that pulls Vinh Hoan forward and overcoming previous challenging periods, maintaining our position in an ever-changing market. The Company regularly organizes activities to strengthen the bond between the managers and staff such as annual meetings, teamwork activities, sports events, musical festivals.

In 2017, the Company received the official approval from the government to use 1.6 ha of land to construct worker accommodation.

The project is expected to supply 600 houses for workers so that they can settle down, feel more secured and work more efficiently. In 2017, construction of 39 houses completed and we are planning to complete the project

in 2020 to create a more stable life for our employees.

SUSTAINABLE DEVELOPMENT ASSOCIATED WITH COMMUNITY RESPONSIBILITY

Vinh Hoan pays tribute to local areas where offer the company the best sources to develop its business. Appreciation is a continuing and long-term responsibility of the Company to the social community. In 2018, the Company is planning to concentrate on 3 big programs of Dong Thap province:

- Program to promote education and encourage gifted students and pupils.
- “Nghia tinh Dong Thap” program to provide accommodation and shelter to the poor.
- Supporting program to the Association for the Support of Vietnamese Handicapped, Orphans and Poor Patients.

SUSTAINABLE DEVELOPMENT ASSOCIATED WITH ENVIRONMENT RESPONSIBILITY AND BIODIVERSITY

Since 2008, when the pangasius industry had not yet had well-known international aquaculture certifications as today, Vinh Hoan has successfully built “Green Farm” program based on the principles of environmental protection, responsibility towards social communities, food safety assurance and traceability. This program was the first perception and action the Company had taken for a sustainable development path. Whether having certificate or not, the Company’s farm certification program is standardized and compliant with the following provisions:

- The government’s environmental regulations: the farm must acquire all licenses as required by law relating to farming activities. Waste water must be rigorously treated according to industry regulations. Besides, it is required that full assessment of the environmental impacts must be conducted by independent third parties and measures must be taken to minimize environmental impacts caused by production activities;

- Ensure no impact on the biodiversity of the ecosystem surrounding farming areas: specifically, to prevent the fish from escaping to avoid threats to the survival of other aquatic animals, to not kill wildlife in the conservation list, and to not destroy the important flora in the region;

- Energy-saving policies for factories and farms: all facilities must consume energy in an economical and efficient method;

- As for the feed chain for pangasius: the Company considered this as a crucial element of the sustainable development in aquaculture, because the annual feed consumption by the fish supplied to Vinh Hoan is a huge volume. By 2020, the Company aims to use only feed made from responsibly produced sources. In particular, the source of fishmeal, marine fish oil must be certified as sustainable exploitation by the units who are members of the International Social and Environmental Accreditation and Labeling Alliance (ISEAL).

In addition, the Company gives priority policy to feed plants that can replace marine fishmeal with by-products from farmed fish. In order to achieve this, the Company works closely with the feed suppliers in research

and development, cooperates and promotes sustainable development. The Company aims to have 100% of supplied materials certified by at least one sustainable certification body by 2020.

SUSTAINABLE DEVELOPMENT ATTACHED TO PRODUCT RESPONSIBILITY, FOOD SAFETY ASSURANCE AND TRACEABILITY

In order to develop sustainably, compliance with the requirements on product quality and traceability are the prerequisites for serving high quality and safe products to customers. Vinh Hoan always complied with laws and regulations on food safety; and our production has received certificates on food safety such as HACCP, ISO, IFS, BRC, GlobalGAP, ASC and BAP. Additionally, traceability and recall procedures are also effectively implemented from raw materials to final output.

At processing stage, products must meet criteria on microorganism, chemicals and antibiotics residuals; suitable production conditions to prevent degradation during shipping and warehousing process. All records of controls on processing assemblies and finished products are seriously implemented, fully retained and available on customers’ requests. Vinh Hoan’s thorough and primary

approach on quality control is to control the processes and analyzed risks, rather than a countermeasure against destination’s product clearance procedure. The traceability number is marked on every single small pack offered to the customers so that Vinh Hoan’s products can be traced back to the exact farm in the event of incident or per request from buyer.

At farming stage, the record is fully maintained from brood stocks, fingerlings to commercial fish regarding the fish health status, fish feed’s origins, other farming inputs; all factors are rigorously evaluated and controlled. Product responsibility nowadays also include fish welfare. Fish are farmed and shipped in conditions that ensure best living environment, and are slaughtered in a humane method before further processing.

1.4.3 BUSINESS PLAN FOR 2018

The year 2018 is expected to be another challenging year in terms of raw material supply due to the shortage of fingerlings and the impact of high demand from China. In order to protect the target profit for shareholders, Vinh Hoan implements the sales strategy with a pricing level that is sufficient to offset the increase of raw material cost. On the other hand, the increase in sales of value-added products will contribute positively to the Company's profit margin improvement strategy in the medium and long term. Especially in 2018, the Company expects positive results from the business of collagen and gelatine after 3 years of market development with net profit after tax forecast of VND 40 billion.

REVENUE AND PROFIT PLAN

Items	2016 Actual (VND billion)	2017 Actual (VND billion)	2018 Plan (VND billion)	2018 Growth rate (%)
CONSOLIDATED REVENUE	7,304	8,151	9,300	14.1%
• Frozen seafood, fishmeal and fish oil	6,932	7,583	8,590	
• Fish feed	334	411	450	
• Rice	10	0	0	
• Collagen and Gelatine	28	157	260	
CONSOLIDATED PROFIT AFTER TAX TO THE COMPANY	567	605	620	2.5%
• Fishmeal and Fish oil	574	624	573	
• Fish feed	22	12	25	
• Rice	(17)	(18)	(18)	
• Collagen and Gelatine	(12)	(13)	40	

INVESTMENT PLAN

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, in 2018, Vinh Hoan places its focus on construction of new farm and expansion of processing capacity at Thanh Binh factory. Specifically, the investment plan of increasing the capacity of Thanh Binh plant to 150 tons of raw materials per day is planned at approximately VND 100 billion. The 220-hectare farm in Long An province was constructed in early April, 2018 including a hatchery zone which will provide sufficient fingerlings for the grow-out fish farms. This, together with the application of innovations to the process and machineries, are expected to increase the self-supply ratio of Vinh Hoan by another 40%. Total investment for this farm is planned at VND 220 billion. Besides, there are also other small investments including upgrading collagen workshop of VND 20 billion, upgrading and purchasing machineries and equipment for Vinh Hoan's fish processing workshop of VND 35 billion.

I.4.4 SWOT ANALYSIS 2018

STRENGTHS

- Advantage of tax rate and reputation in the US market, a leading import market of the industry with good growths;
- Prestige of high quality of products and quality control and sustainable farming system in compliance with international standards, particularly in the European markets;
- Integrated production from hatchery, grow-out farming to processing of finished products and by-products, which helps to secure the supply of raw materials and optimize profitability of each phase in the value chain;
- Besides the experience in seafood processing, in recent years the Company has trained its workforce and completed its farming experience to improve farming efficiency and motivate faster expansion in the future;
- Talented, committed and experienced management team, multinational and multicultural overseas sales team;
- Solid understanding and broad network in various foreign markets, the Company is capable of leading the industry's general strategies to promote and protect the image of Vietnam pangasius in particular and aquaculture industry in general;
- Strong financial status, with no burden of loans, sufficient for funding farming expansion and other expansionary strategies into other seafood businesses.

WEAKNESSES

- Lack of workforce for the new factories;
- Underdeveloped brand;
- The business procedures is not up-to-date and the risks have not been managed to international standards.

OPPORTUNITIES

- Market with the immense potentials to tap into, especially in retail and value-added segments.
- Global aquaculture development is underway and replacing the traditional capture industry to serve an ever-growing population. This has created more opportunities for the industry of manufacturing fishery products and by products.
- The aquaculture in general, and the pangasius industry in specific, is receiving the attention and investment from the Government, which come in forms of research and development programs, trade promotions, marketing and public relations to improve the image of pangasius in the future;
- The heightened consumer awareness about food safety, origin of products, and sustainable elements.
- The pangasius is keeping its competitive advantage in pricing compare to other whitefish products, without any direct or significant substitute.

THREATS

- Increasing production costs;
- Competition with other industries for labor;
- Climate changes and environmental issues;
- Trade barriers and technical barriers built by importing countries;
- Negative impacts on the image and quality of pangasius products on the global market due to competitors' smear media campaigns.

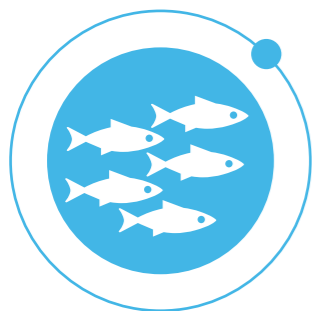
STRATEGIC DIRECTIONS OF THE COMPANY

According a FAO's report, by 2050, the population of the world will exceed 9 billion. If the pangasius consumption rate remains the same, the output of the fish industry will have to grow by 56% to meet the demand. With the limitation of fishery resources, the obvious choice to secure the nutrition for a more populated world is going to be an increase in aquaculture. It is expected that by 2030, the contribution of farmed fish to total fish supply will exceed 60%, which translates to the consumers will eat more farmed fish than wild-caught fish. This is the huge opportunity that Vinh Hoan needs to grasp and creates a bigger market "pie" for pangasius products and its range of value-added products. Pangasius is a fish native to Vietnam, and a material made for fillet products for its boneless, white meat, light fragrance and especially sustainably farmed according to international standards. Thus, with years of experience in market development for the high-end segment, Vinh Hoan should continue to invest and develop to make pangasius become everyone's best choice in premium seafood segment and make the Company itself the customers' best choice.



CHANGING MINDSET - APPLICATION OF SCIENCE AND TECHNOLOGY

Starting up as a small processing business, over the 20-year history, Vinh Hoan has continuously expanded its scale and the diversity of its products, from by-products to value-added products and hi-tech products, to the establishment of its own raw material area based on the financial strength and the effort in training and managing its human resources. With its own experiences and achieved results, Vinh Hoan is now confronting the new milestone and challenge, which have created awakening targets of changing the mindset of the whole production chain: from the fingerlings, fish feed, farming techniques, processing to advertising and marketing to build up its brand. Understanding the challenges of the modern hi-tech age and with the initial success of its collagen and gelatine project, Vinh Hoan will foster the application of the next technological innovations in the whole value chain. This is expected to create breakthrough changes, to overcome the obstacles of climate changes and labor limitations, and finally to renew the image of an industry in the global market.



TAKING INITIATIVE AND INNOVATING THE SUPPLY OF RAW MATERIAL

One of the Company's main strategies for the following years is the expansion of farming area. This strategy focuses on possessing an abundant supply of materials, which is at the same time competitive in terms of quality and farming costs thanks to outstanding innovations in farming efficiency. These advantages are sure to contribute greatly to the Company's reputation and preeminence in the market.



BRANDING

Starting from the first five customers in 1998, Vinh Hoan is currently having more than 300 customers in nearly 40 countries worldwide. The average annual growth rate of export value for the last 20 years is 19%. In 2010, Vinh Hoan became the leading enterprise of Vietnamese pangasius industry and has remained this position ever since. Its success is driven by sales strategies focusing on market development. Not only increasing its footholds in traditional markets, but the Company has also been searching for new opportunities and opening new markets, together with researching and developing new value-added products to be more diversified and flexible in shifting its markets over the years. Vinh Hoan is pioneering in general programs of the industry and the government authorities to improve the image of pangasius, thereby to build the trade reputation for Vietnam and to avoid upcoming trade barriers. In addition to marketing strategies for positioning Vinh Hoan on the market, the Company also invests in building its own branded products in several strategic markets..



NURTURING THE CORPORATE CULTURE

Due to the unique nature of the industry and business, Vinh Hoan understands the weaknesses in its management system versus the international system and standards. Therefore, the advantages of human resources and corporate culture has been the center of attention in its corporate governance. With the long-term loyal workforce, Vinh Hoan continues to preserve and promote the valuable ethics that link thousands of people together in the same workplace. Those values are the enthusiasm, the unity, the honesty and the sincerity in the relationships with colleagues, partners and customers. On the Company's 20th anniversary, the Company put forwards a number of welfare and competitive programs to show its gratitude to the employees, to boost the morale and to recruit qualified employees. The culture of Vinh Hoan is also reflected in its compliance with domestic and foreign laws, not forgoing environment and Company's reputation for profits. Vinh Hoan competes fairly with a forward-looking vision, focusing on values and sustainability.

II. BUSINESS OPERATIONS IN 2017

- II.1 • Report of the Board of Directors
- II.2 • Report of the Board of Management
- II.3 • Financial information
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II.1 REPORT OF THE BOARD OF DIRECTORS

“The Company has been established and effectively operated throughout the years based on the firm ground of the integrated production model, the capability to self supply raw materials, and the differentiation in quality control and values added to its products.”

REPORT OF THE BOARD OF DIRECTORS

In 2017, the Board of Directors (“BoD”) supervised and guided the work of the Board of Management (“BoM”) following the plan set out in Resolution of 2017 Annual Shareholders Meeting. As a summary of a successful year, this report of the BoD aims to provide an evaluation of the Company’s activities, the BoM’s activities as well as orientation for future development.

OVERVIEW OF THE COMPANY

The following strengths have driven Vinh Hoan’s development for the past 20 years, and will continue to do so in the future:

- **The leading position:** Vinh Hoan is the leading company in Vietnamese pangasius industry since 2010, holding 15% of the market share. The Company has considerable market share in USA (over 40%) and other high-end markets including UK, Canada, and Japan with the market share of 44%, 38% and 29% respectively.
- **The extensive sales network with high reputation and strategic advantages to overcome the economy barriers:** Vinh Hoan’s products is available in almost every large retail chains and food distribution chains. The Company has proved its ability to satisfy the highest demand for quality, safety and services.
- **Certificates of food safety and sustainable farming:** Vinh Hoan is known as a trustworthy manufacturer who is able to satisfy even the highest demands for products quality control through its best facilities and staffing. Vinh Hoan is the first company to acquire the sustainable farming certificate Aquaculture Stewardship Council (“ASC”) and Best Aquaculture Practices 4 stars (“BAP 4 Stars”). It is currently leading in the number of certified materials.
- **The management team:** with great foresight, experience and commitment, the executive committee of the Company has continuously achieved many goals and generated growing revenue for the shareholders throughout the years. The greatest achievement is the outstanding result in 2017 despite the existence of many barriers and struggles in big export markets. The leaders of Vinh Hoan have a great commitment to the Company for many years as well as the good values of responsible, and compliant to the vision and strategies. For the past 20 years, Vinh Hoan has succeeded in creating an experienced and knowledgeable technical and management force, which are the crucial factors for the following development steps in the future.
- **Healthy financial status:** without any burden of loan interest, it ensures the ability to further expand in farming area and other aquaculture investment plans.

PRODUCTS

The Company has five product lines as follows:

- **The frozen pangasius fillet products:** the main product line, which accounted for approximately 73% of the Company’s consolidated revenue, reaching VND 5,919 billion and growing by 8% in 2017. Along with the traditional distribution channels via exporters and distributors, the Company has made important strategies in sales of branded products and direct distribution to restaurants chains and supermarkets. Notably, in 2017, Vinh Hoan’s “Petaloganga” product has been distributed at Pão de Açúcar stores of Brazil’s biggest retailer – GPA. In addition, with the distinction in the assurance of food safety and product quality, Vinh Hoan’s pangasius is also differentiated in the capability to supply products certified with sustainable farming standards such as Aquaculture Stewardship Council (ASC) and Best Aquaculture Practice 4 stars (BAP 4 stars).



- **Value-added products:** the strategic products in the Company’s plan to grow sales stably and increase profit margin. Vinh Hoan has successfully developed and sold breaded and marinated fillets to European, American and Asian markets. In 2017, the Company has introduced new solution of ready-to-eat and delicious grilled fish (Kabayaki) with the first shipment to Japanese market. Total revenue of value-added products in 2017 was VND 173 billion, a growth of nearly 2.4 times year-on-year. The BoD highly appreciated the BoM’s efforts in gradually increasing contribution of this product line to 10% of the consolidated revenue in the next 3 years.



• **Collagen and gelatine:** are the products line which Vinh Hoan started production and sales in 2015. This is a new product line that is produced by high-tech and maximizing the value of pangasius skin. The pangasius skin is a by-product derived from fillet production process. The products are promoted by the Company with the advantage from the ability to fully control of raw materials, which made the business a unique model in Vietnam and in the world. Thanks to being single sourced, Vinh Hoan can provide better quality and stable protein source as input for food and beverage, cosmetics and supplement industries. The Board of Directors evaluate this project as a success thanks to right direction judged by the hi-tech concentration in production based on a good business model, and by the efforts put in research, development of production process and market development over the last 2 years. With 2017's revenue recorded at VND 157 billion and Vinh Hoan Collagen made profit in late 2017, the BoD believe that this product line's revenue will realize no less than VND 40 billion VND in 2018 and will grow faster in the following years.



• **The by-products:** including fishmeal, fish oil as input for animal feed industry, and other by-products such as stomachs, swim bladders and fins. This line recorded revenue of VND 1,373 billion in 2017.



• **Other products:** including barramundi, tilapia, shrimp and some other materials. Total revenue in 2017 of these products was VND 529 billion, of which barramundi fillet sales grew over 440% year-on-year. Regarding tilapia, after the trial period and considering current market condition, the BoD and the BoM agreed to suspend the production, awaiting better opportunity in the future. The BoD also directed the BoM to continue seeking expansionary opportunities to other aquatic species to optimize the Company's available capacity.



THE ABILITY TO SELF-SUPPLY HIGH QUALITY RAW MATERIAL: THE KEY TO GROWTH AND SUCCESS

Since the beginning of 2017, the raw materials has become a hot topic than ever before, when its price climbed up day by day and the processors suffered to secure orders. Accounting for more than 75% of the production costs, material price is decisive factor in the profit of all pangasius companies. Therefore, considering the volatility of the material pricing, the more a company can control its raw material supply, the better it can grab the market share and grow its profit. Throughout the year, the BoD has constantly reported the market updates and farming situation to adjust monthly and quarterly plans, to keep material costs under control, as well as to meet customer's orders and ultimately to secure a certain profit. With sales and profit results in 2017, the BoD highly appreciated the proactiveness of the BoM in managing production and sales.

The ability to control material supply is just one side of the key to growth, another side is the quality of the supply. Besides processing conditions, raw materials quality will directly affect the quality of final products. Currently, the raw materials quality is guaranteed by sustainable farming certificates issued by international and national certification bodies, which is the prerequisite for Viet Nam pangasius to enter big markets with rigorous imports criteria due to high demand of the customers regarding food hygiene and safety. Vinh Hoan is leading in the number of certified farms in Vietnam with the area certified with Aquaculture Stewardship Council (ASC), Best Aquaculture Practices (BAP), Global Good Agricultural Practice (GlobalGAP) of 180 ha, 135 ha and 155 ha respectively. The high quality of materials is also reflected in robust controls of the whole process and raw materials source to ensure zero residue of antibiotics and banned chemicals. Besides, with the ideology of "re-startup" in the direction of intensive hi-tech application, the BoM has always been seeking and implementing innovations in nursery and grow-out phase. The BoD encouraged this by appropriating a farming R&D fund of VND 10 billion in 2018. The Company was honored to be assigned by the Ministry of Agriculture and Rural Development to lead the Premium Pangasius Project under the National Product Framework Proposal. Vinh Hoan, with the commitment to the general development and 20 years of experience, hopes that the success of this project will contribute to resolve core problems of the pangasius industry for a more sustainable growth in the future.

THANH BINH - A NEW PIECE IN VINH HOAN'S LONG-TERM PICTURE

On February 6, 2017, the Company acquired 100% stake of Thanh Binh Dong Thap JSC, later renamed as Thanh Binh Dong Thap One Member Co., Ltd. This M&A deal brought about multiple synergies and as a "well-fitting" piece in the Company's long-term development picture.

Vinh Hoan is implementing its 3-year strategy (2016-2018) with three main pillars: (1) Increase footholds in existing markets and expand to new markets, (2) Develop value-added products, and (3) Increase direct distribution channels to restaurants and supermarkets.

The implementation of this strategy requires Vinh Hoan to formulate corresponding annual capacity expansion scheme. The BoD evaluated the acquisition of Thanh Binh was an optimal investment considering both time and cost benefits it had created. On one hand, it satisfied all the requirements to ramp up capacity in a fairly short period and on the other hand, it could serve the purpose of more capacity expansion in the future. Thanh Binh possesses two fillet processing factories with total design capacity of up to 300MT of raw materials per day, one cold storage and other appurtenance facilities in a total 8-ha land area. Although only one factory with capacity of 100 MT/day is operating now, Vinh Hoan plans to upgrade total utilized capacity of Thanh Binh to 200 MT/day by the end of 2018. Additionally, Thanh Binh is located on National Highway No.30, on the same route to that of Vinh Hoan's head office, which turns convenient for management, connection and supports among factories. With the large-scale advantage of Thanh Binh, Vinh Hoan can focus its management effort in one place instead of spreading over different locations.



MARKETS

Over the years, the Company's network of export markets has been developed around the globe, reaching about 40 markets in 2017. In key markets, Vinh Hoan is dominating with large market share of the industry.

In the US market, Vinh Hoan has gained the reputation and a solid customer network with 40% share of total Vietnam's exports to this market in 2017. Company's products are available at many popular retailers such as Walmart, Target, Trader Joe and Kroger and distributed by the US leading food services such as Sysco, Gordon Food Service and US Foods.

With Chinese market rapidly emerging in recent years and becoming the largest export market of Vietnam pangasius in 2017, Vinh Hoan also successfully developed the customer network here and revenue recorded an annual growth rate of 50% in the last 3 years. In 2017, Vinh Hoan accounted for 8% of total Vietnam's pangasius exports to China. In this market, Vinh Hoan has recognized its strength of being able to meet orders not only huge in volume but also strict in quality requirements from renowned restaurant chains and big supermarkets like Walmart.

In Europe, Vinh Hoan is the leading brand supplying for high quality market segments with strict requirements on controls at farming and processing facilities, and on international certifications. The Company's products are available at supermarkets such as Tesco, Aldi, Sainsbury's, Casino and Metro.



DEVELOPMENT ORIENTATION

The BoD continues to guide the activities of the BoM in 2018 and supervise the adoption of these orientations, including:

- In 2018, providing the forecast of raw material scarcity, the BoM needs to actively expand the farming and production capacity to secure the high quality raw materials at competitive costs and to produce premium products that are certified by more international standards and meet the higher demand from export markets. Particularly, the BoM needs to speed up the construction and starting operations of new farms and to invest in expansion of the processing workshop at Thanh Binh Dong Thap. These are the conditions needed for Vinh Hoan to accomplish the revenue growth according to its plan of approximately VND 13,000 billion by 2020.
- Foster sales of value-added products to 20 billion USD in 2018, contributing around 10% of total revenue by 2020.
- Regarding market development and marketing, implement Vinh Hoan brand positioning strategy along with developing product brands. The Company shall play leading role in general promotion programs of the industry, and protect the pangasius image with final purpose of increasing selling price and stimulating more market demand for pangasius products of Pangasius. The Company needs to develop new markets in regions such as Asia especially China and Japan, Latin America especially Brazil and Mexico, and South East Europe.
- Intensively invest in research and development competence, to enforce the application of new technological advances in the whole production chain to create breakthrough changes, overcome the challenges caused by climate change, improve labor productivity and renew the image of pangasius industry in the global market.
- Continue fighting against trading barriers especially the US Catfish Inspection Program, encouraging free trade to expand global exports and create basis for sustainable business growth.
- Complete the internal reporting system and internal control to enhance transparency and efficiency in all operations; and to restructure the Company's management model to improve the proactiveness, delegation and encourage staff to increase productivity, constant innovations, workplace's healthy competition and for the Company to achieve higher goals

II.2 REPORT OF THE BOARD OF MANAGEMENT

Sustainable markets, business reputation, and raw materials self-supply capability are vital elements for the Company to secure its profit in the year and increase the value to its shareholders.

II.2.1 ACHIEVEMENTS IN 2017

2017: THE BLOSSOMING YEAR OF VIETNAM'S SEAFOOD INDUSTRY

Vietnam's seafood export in 2017 reached a new peak of over USD 8.3 billion, increased 18% compared to 2016. Exports of all key products were growing, in which pangasius increased by 4%, worth USD 1.79 billion, and shrimp by 22%, worth USD 3.85 billion.

PANGASIOUS RAW MATERIALS – PROFIT FOR FARMERS

2017 was a successful year for the pangasius industry in terms of profit to farmers due to insufficient supply of raw materials compared to market demand, especially in China market and because of the weather conditions that negatively affected the brood stock. Although the statistics showed that total production volume of pangasius in 2017 reached 1.2 million tons, not lower than 2016 but according to our assessment, the actual output may be significantly lower due to major changes in the export products mix rendering the conversion rate of fish raw materials inaccurate. Raw materials pricing increased strongly at the beginning of 2017 and lasted until the middle of the second quarter. Notably, the pricing of raw materials in 2017 moved differently versus past trends in the sense that it only stopped increasing for a short period, then rallied from August until now. This led to a common rise in selling prices of all exporters and this was one of the catalysts for market shift in 2017.

MARKET SHIFT

The Chinese market continued to grow by nearly 35% in 2017, surpassing the US as the largest market of the industry in both volume and value since October, accounting for 22% of total industry's export value. On the opposite direction is the move of European market. In early 2017, pangasius was once again attacked in Europe, starting with a documentary broadcasted by Cuatro

channel in Spain displaying negative and incorrect images of pangasius. Consequently, the supermarket chain Carrefour in France and Belgium issued press releases of discontinuing pangasius sales due to environmental concerns, led by a series of supermarkets in Italy and catering companies' disuse of pangasius. This incident resulted in a slump in catfish exports to EU market – of over 22% in 2017. The US market, though leading the price, fell 11% to become the second biggest market after China. The main reason for this shift was the significant decreases in August and September, when the Catfish Inspection Program took effect. Accordingly, the US Department of Agriculture (“USDA”) started to inspect 100% of Vietnamese pangasius imports. It was implied that Vietnam pangasius had to “run away” from European and American markets to flock to China. We consider this implication superficial, based on data only but not truthfully reflecting the development and potentials of these markets. As regards the European market, Vinh Hoan, as the pangasius industry's leader and with its intrinsic strengths in sustainable product brands, has constantly exerted efforts together with government agencies and VASEP to promote pangasius image in recent years. This is a market that has consumer awareness and high-quality standards, and is worth the long-term investment. For example, the UK market, 10 years ago, it only accounted for an insignificant share of the union's import value, but now has become the only market with good growth in recent years with 2017's growth of nearly 3%. This proves that with a proper marketing and promotion strategy, pangasius will surely continue to develop in Europe. During the year, VASEP, with the effective support of Vinh Hoan, also successfully carried out a number of marketing programs including workshops in Brussels, Belgium and website youreverydayfish.com dedicated to promoting pangasius. Additionally, Vinh Hoan and VASEP persistently insisted the Ministry of Agriculture and Rural Development and various authorities on the need to develop the marketing fund of Vietnam's pangasius industry so that it can financially aid the implementation of marketing and advertising programs to regain the fish's reputation on the market worldwide and to sustainably develop the industry in the future. As regards the US market, despite the difficulties faced in early transitional phase of the Catfish Inspection Program, in early 2018 the industry received good news that Vietnam has successfully passed the equivalency test on documentation and regulations, which has motivated the government agencies and companies to continue to complete the entire equivalency process in this year. Once overcoming this barrier in the US market, we believe that pangasius will made another firm step in confirming its quality, trade credibility, and motivate the development in more markets. The Chinese market is surely full of growth potentials which derive from the fact that pangasius itself has become a great source of seafood for restaurant chains, hotels and daily meals of the consumers. It also gradually affirmed the brand value of quality, as substantiated by the higher selling price and tightening requirements on quality control. In addition, there should be better control of government agencies on food safety and product quality to sustain the growth. In South America, Brazil and Mexico recorded growth rates of 54% and 24% respectively. Brazil's growth, however, was inflated due to a sharp drop in 2016 driven by a more stringent quality control imposed by the importing authority.

In addition, a small but growing market in 2017 was Japan, up by more than 60% year-on-year.

Main export markets of pangasius:

Markets	2016 (USD million)	2017 (USD million)	Y-o-Y Change (%)
China	304.784	410.875	35%
The US	387.470	344.390	-11%
EU	261.125	203.023	-22%
ASEAN	135.220	143.171	6%
Brazil	68.014	104.688	54%
Mexico	84.367	104.252	24%
Colombia	55.357	54.564	-1%
Saudi Arabia	51.308	53.475	4%
Others	367.246	369.601	1%
Total	1,714.891	1,788.039	4%

(Source: VASEP)

Other important developments in the year:

- On September 12, 2017, the US Department of Commerce announced preliminary results of the 13th US anti-dumping duty review (POR13) for the period from August 01, 2015 to July 31, 2016 with country-wide rate of USD 3.97/kg, which is very high compared to POR12's USD 0.41/kg and 0.97 USD/kg. Vinh Hoan retained the previous duty of 0%.
- On May 9, 2017, Vietnam government issued the Decree No. 55/2017/ND-CP on management, processing and export of pangasius to replace Decree No. 36/2014/ND-CP. In accordance to the new Decree, pangasius quality, if falling under some minimum thresholds will be considered trade fraud. This is considered a good step in controlling the quality of pangasius from the government, contributing to the efforts of improving the image of pangasius in the world market.
- USDA's Catfish Inspection Program (under Farm Bill) went into effect in August 2017. A summary of some timelines of this program is as follows:
 - + In February 2014, the US Congress passed the Farm Bill 2014, whereby the Catfish Inspection Program was legalized, formally transferring the inspection authority from the FDA to the USDA.
 - + On May 26, 2015, the Food Safety and Inspection Service (FSIS) under USDA announced that from March 2016, it would officially adopt the new requirements on pangasius inspection. Accordingly, since March 2016 (later delayed to April 2016), the monitoring of these fish species had been transferred from FDA to USDA, and countries and manufacturers would have an 18-month transitional period (until September 01, 2017) for FSIS to conduct the inspection of 100% pangasius imported into the US.

+ The USDA then abruptly changed the inspection timeline one month ahead of schedule. Accordingly, from August 2, 2017, all Vietnam's pangasius shipments to the US were subject to 100% FSIS inspection.



HIGHLIGHTS OF THE COMPANY

- The anti-dumping tax rate of 0% in the US market was maintained during the 12th and 13th administrative reviews. Along with the development of new markets, the Company continued to take its existing edges in the US market, contributing to revenue and profit margin in the year.
- Despite the scarcity of raw materials, the Company managed to open two new markets -Nicaragua and Czech- contributing to a network of more than 350 customers in nearly 40 countries. The market's remarkable performance has been the growth of market share in strategic markets outside of the US, including 70% in China, accounting for 10% of total exports, and Japan almost doubled, accounting for 2%.
- Total export value of value-added products reached nearly USD 8 million, increasing by 2.4 times versus 2016 and their share in total export value also rose to 3.5%.
- In early 2017, the Company acquired 100% stake at Thanh Binh Dong Thap Seafood Joint Stock Company and started operation of a new catfish fillet processing factory with the capacity of 100 tons of raw material per day. This was a strategic move to ramp up production capacity of the Company.
- Vinh Hoan continued to lead the number of certified aquaculture farms in Vietnam in terms of Aquaculture Stewardship Council (ASC), Best Aquaculture Practices (BAP), Global Good Agricultural Practice (Global GAP) of 180ha, 135ha, and 155ha respectively, and provided certified pangasius accounting for 70% of the Company's own raw material.
- Forbes continued to honor Vinh Hoan in the Top 50 Best Vietnamese Listed Companies and Mdm. Truong Thi Le Khanh - Vinh Hoan's Chairwoman - in the Top 50 Most Influential Women in Vietnam.
- Delegates from the Asia-Pacific Economic Cooperation (APEC) 2017 paid a visit to Vinh Hoan farm and factory during a field trip to the APEC Week from August 18 -25 in Can Tho province.
- Vinh Hoan was honored at the Honor Ceremony of Outstanding Linked Agricultural Production Models organized by the Ministry of Agriculture and Rural Development.
- On December 27, 2017, the Company celebrated the 20th anniversary of establishment and received the first-class Labor Medal under Decision No. 2248/QD-CTN signed by the President of the Socialist Republic of Vietnam.

This event was an opportunity for Vinh Hoan to express its gratitude to the government agencies, customers, partners and employees who have always trusted and contributed to the development of the Company. This was also the occasion for the Company to carry out a series of seniority bonus scheme, employee accommodation program, emulation movements, sports and arts competitions to strengthen the collective bond. All employees of the Company had taken this opportunity to look back on the core values that define Vinh Hoan and set new goals with confidence about potential developments of pangasius in the world market and the passion of bringing a delicious, environmentally friendly and nutritious food source to the consumers.

II.2.2 SUMMARY ON BUSINESS RESULTS

In 2017, despite the challenges in materials supply and cost, the Company still successfully fulfilled its planned profit, made a new record in revenue, and completed other important business strategies.

The BoM would like to inform shareholders of the detailed business results of FY 2017 as follows:

REVENUE AND PROFIT GROWTH IN 2017 VERSUS 2016

Items	Actual 2016 (VND billion)	Actual 2017 (VND billion)	Growth (%)
Consolidated revenue	7,303	8,172	11%
Consolidated net profit after tax	567	605	7%

ACTUAL BUSINESS RESULTS VERSUS PLAN

Items	Actual 2017 (VND billion)	Plan 2017 (VND billion)	Completion rate (%)
Consolidated revenue	8,172	9,200	89%
Consolidated net profit after tax	605	600	101%

With the foresight regarding the difficulty in raw materials supply and costs, the 2017 plan set out by the BoM was considered challenging. During the year, the BoM constantly updated the forecasts to adjust its business and production plan accordingly to achieve the best results. On one hand, the Company's advantages in market, sales segments, and the supporting long-term customer network were deployed to increase average selling price, offsetting the rise in raw materials costs. Average selling price rose by nearly 10% in 2017. On the other hand, the Company's capability to self-supply part of its raw materials also helped to maintain its supply and enhanced its competitiveness on the market amid continuous hike of raw materials pricing. Thus, the Company has successfully accomplished its profit plan and total revenue grew by 11% year-on-year. This result was driven by all staff's concerted efforts and the support from our customers, suppliers, and partners.

As regards the export markets, the biggest challenge was when the Catfish Inspection Program took effect in August 2017, bringing about multiple changes in labelling and imports procedure, as well as rigorous standards in food safety and quality control of raw materials. Vinh Hoan's staff had worked hard with highest attention to meet these requirements. Therefore, only after two months of declining export volume in August and September, in October, the Company had completed its shipping processes for products intended for US market, recovered its sales volume and continued to provide products that are safe and qualifying all tests conducted on each container at the destination ports. This has paved the way for the Company to proceed with next steps in the equivalency evaluation process, avoiding disruption of export to the US.

Sustainable markets, business reputation, and raw materials self-supply capability are vital elements for the Company to secure its profit in the year and increase the value to its shareholders.



REVENUE ANALYSIS

The consolidated net revenue increased by 11% year-on-year in 2017, mostly from the rise in pangasius fillet pricing and considerable growth in the sales of value-added products, collagen and gelatine. Revenue of value-added products reached VND 173 billion, up by 2.4 times year-on-year. Revenue of collagen and gelatine reached VND 157 billion, a significant move since 2015 when the Company started investing in this business.

As regards total revenue breakdown by products, there is no major change compared to previous years. However, sales of merchandises rallied thanks to its feed trading segment. Growth in revenue of finished products was driven by rising selling price and revenue of collagen and gelatine. Revenue of services rendered was mainly from consignment export service.

Revenue breakdown by product:

	Revenue 2017 (VND billion)	Share of total revenue in 2017 (%)	Revenue 2016 (VND billion)	Share of total revenue in 2016 (%)	Revenue 2015 (VND billion)	Share of total revenue in 2015 (%)
Sales of merchandises	565	6.9%	406	5.56%	205	3.9%
Sales of finished products	6,252	76.7%	5,829	79.81%	5,252	80.87%
Sales of services	6	0.1%	4	0.05%	2	0.03%
Sales of raw materials	47	0.6%	21	0.29%	54	0.8%
Sales of by-products	1,281	15.7%	1,044	14.29%	935	14.4%
Total	8,151		7,304		6,493	

As regards total revenue breakdown by each subsidiaries, the Company recorded strong growth at Vinh Hoan Collagen and Octogone Holdings Pte. Ltd. Details as follows:

	Revenue 2017 (VND billion)	Revenue 2016 (VND billion)	Change (%)
Parent company	5,619	5,595	0.4%
Vinh Hoan 2	10	19	-47.4%
Van Duc Tien Giang	2,078	1,801	15.4%
Vinh Hoan Collagen	157	54	290.7%
Octogone Holdings Pte. Ltd.	312	91	342.9%
Thanh Binh Dong Thap	690	-	Not meaningful

VAN DUC TIEN GIANG FOOD EXPORT COMPANY (“VDTG”)

Vinh Hoan’s ownership: 100%

Principal activities: farming and processing pangasius products

In 2017, VDTG improved its farming performance thanks to accumulated experience and efficient management, contributing to the Company’s net profit increase amid booming raw materials pricing. The grilled pangasius line at VDTG went into production and started to generate revenue, not significant though, thus incurred depreciation expense in this period. VDTG’s net revenue rose by 15.4% year-on-year, at VND 2,078 billion, and net profit after tax rose by 47% year-on-year, at VND 178 billion.

VINH HOAN FOOD 2 CO., LTD

Vinh Hoan’s ownership: 99.3%

Principal activities: rice milling and exporting

Although still suffering loss due to its depreciation expense of VND 18 billion in 2017, the Company attempts to find partners and planned to restructure this business in 2018.

OCTOGONE HOLDINGS PTE. LTD. (“OCTOGONE”)

Vinh Hoan’s ownership: 100%

Principal activities: investing in Octogone (Guangzhou) Trading Co., Ltd. which is a sales office for parent company in China

This is the subsidiary established to realize the Company’s strategy of implementing import service in China as well as building the distribution channel there. In 2017, Octogone recorded USD 14 million in revenue and contributed over 50% of total Company’s sales in China. The next strategy for this subsidiary is to expand the distribution in Singapore and China.

VINH HOAN COLLAGEN ONE MEMBER CO., LTD. (“VINH HOAN COLLAGEN”)

Vinh Hoan’s ownership: 100%

Principal activities: manufacturing of collagen and gelatine extracted from pangasius skin

Vinh Hoan Collagen’s revenue was nearly VND 157 billion, tripling that of 2015. In 2017, Vinh Hoan Collagen grew its sales, especially from gelatine intended for pharmaceuticals. Although in 2017, the subsidiary still recorded loss in its net profit after tax at minus VND 13 billion, but from September 2017, it has been profitable and is expected to perform well in 2018 with profit forecast at VND 40 billion.

THANH BINH DONG THAP ONE MEMBER CO., LTD. (“THANH BINH”)

Vinh Hoan’s ownership: 100%
Principal activities: processing pangasius products

On February 06, 2017, the Company acquired 100% stake at Thanh Binh Dong Thap JSC, later renamed Thanh Binh Dong Thap One Member Co., Ltd. After less than one year of operation, Thanh Binh quickly achieved the revenue and profit plan assigned by the BoD with revenue and profit at over VND 690 billion and over VND 16 billion respectively in 2017.

PROFIT ANALYSIS

Since early 2017, with the foresight regarding the scarcity of raw material, the Company formulated the strategy to secure its absolute profit over sales volume and other business activities. The profit result in 2017 was another remarkable achievement of Vinh Hoan, in the sense that it confirmed the Company’s values in customer network, markets, and competence in self-supply of raw materials. In addition, by-products segment, especially the fishmeal and fish oil, also considerably contributed to the Company’s growth in revenue and profit. Merchandises segment, especially feed trading, also picked up in revenue, although recorded decline in gross profit margin due to the Company’s policy to lower the margin to attract more orders from customers who are also the suppliers of raw material to Vinh Hoan. Such policy helped to secure a stable supply of raw material to the Company.

Items	2017 (VND billion)	2016 (VND billion)	2015 (VND billion)
Sales of merchandises	565	406	250
Sales of finished products	6,252	5,829	5,252
Sales of by-products	1,281	1,044	935
Cost of goods sold for merchandises	545	376	224
Cost of goods sold for finished products	5,274	4,826	4,449
Cost of goods sold for by-products	1,171	964	953
Gross profit margin for merchandises	3.5%	7.39%	10.40%
Gross profit margin for finished products	15.64%	17.20%	15.29%
Gross profit margin for by-products	8.59%	7.66%	-1.93%
Gross profit margin for finished products and by-products	14.44%	15.76%	12.69%

INVENTORY

There was no significant change in ending inventory. Of which, finished products balance considerably lowered due to scarcity in raw material supply and hiking selling price. The increase in sales of inventory helped realize the profit and the increase in farming inventory was to grow revenue and to increase self supply of raw materials.

Inventory	As of December 31, 2017 (VND billion)	As of December 31, 2016 (VND billion)
Materials	107	93
Tools and equipment	9	9
Work in progress	725	540
Finished products	402	567
Merchandises	7	4
Total	1,250	1,214

CHANGES IN OWNERS’ EQUITY

There was no change in owners’ equity in 2017. Total contributed capital by owners as of December 31, 2017 was VND 924,039,430,000.

PROFIT DISTRIBUTION

According to the Resolution of Annual Shareholders’ Meeting on May 5, 2017, dividend payout ratio was from 15-20% in cash. The Company had paid cash dividend (at 20% payout ratio) from March 26, 2018.



EXPORT ACTIVITY ANALYSIS

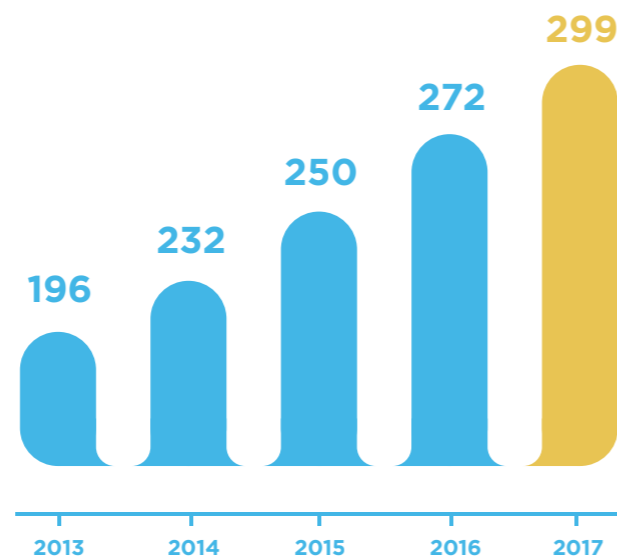
On the 20th anniversary of the establishment, the Company continued to mark a new record in its history with total export value reaching USD 299 million, up 10% year-on-year. Of which, seafood exports grew by 8% thanks to growth in the key segment – pangasius, barramundi and value-added products. In 2017, the Company suspended the development of tilapia after the trial period, hence no significant revenue being realized from this product. Growth in pangasius products was driven mainly by increase in selling price, while volume dropped due to shortage of raw materials. The most remarkable growth was of value-added products thanks to the strategy to foster investment in production establishments, research capability, product development, and sales force in recent years. Total export value of this product segment grew by 2.4 times, increasing its contribution in total value, which was a crucial step to accelerate this ratio to 10% in upcoming years. Besides traditional products such as breaded and marinated fish, the Company also received orders for its new, ready-to-eat, delicious and convenient products such as Kabayaki (grilled pangasius).

In the year, the Company successfully achieved several important sales strategies, including the capability of direct supply to supermarkets, for instant the “Petaló Panga” product had been distributed in Brazil – a newly developed market in the last two years, at Pão de Açúcar stores under Brazil’s largest retailer – GPA.

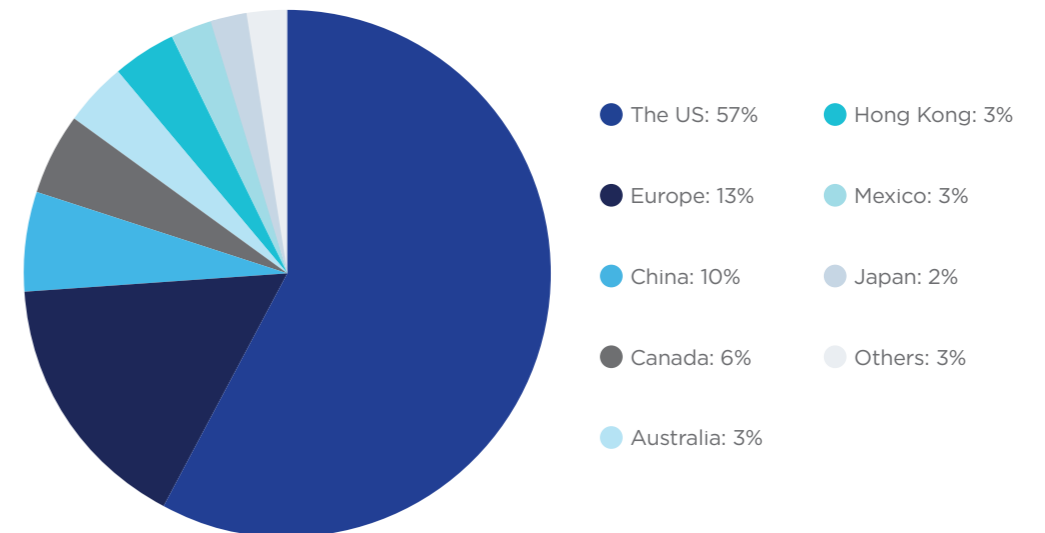
As regards markets, the US was still the Company’s largest export market, however in 2017, share of this market in total export value dropped to 57% compared to no less than 60% of previous years. China continued to move up the ladder to third place, accounting for 10% of total export value, followed by UK market of 7%. Despite the difficulty in raw materials supply, the Company still prioritized to develop new strategic markets, notably the strong growth (85%) of Japan market. Other export markets stabilized partially due to the shortage of raw materials in 2017.

Breakdown of export value in 2017 (USD million):

Seafood	273.5
Fishmeal and fish oil	19.3
Collagen and gelatine	6.2



Export value over 5 years (2013-2017)



Market breakdown in 2017

II.3 FINANCIAL INFORMATION



II.3.1 FIVE-YEAR BASIC FINANCIAL INFORMATION (CONSOLIDATED, AUDITED)

INCOME STATEMENT

(Unit: VND million)

	2017	2016	2015	2014	2013
Total revenue	8,172,376	7,369,982	6,527,521	6,300,115	5,104,982
Net revenue	8,151,497	7,303,546	6,493,390	6,292,449	5,095,012
Cost of goods sold	6,979,607	6,236,783	5,690,816	5,469,173	4,491,391
Gross profit	1,171,889	1,066,764	802,575	823,275	603,621
General and administrative expenses	410,702	381,056	370,120	406,786	383,810
Financial income	58,396	86,739	166,250	238,198	93,376
Financial expenses	88,525	92,877	210,038	64,704	90,567
Net operating profit	731,058	679,569	388,667	589,984	222,620
Other gains/(losses)	(8,278)	(7,135)	(1,999)	(2,921)	4,926
Earnings before interest and tax (EBIT)	794,222	740,579	423,510	625,501	305,103
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	993,068	887,417	567,872	746,332	415,927
Profit before tax	722,781	672,433	386,668	587,062	227,547
Net profit after tax	604,574	565,438	320,833	462,913	176,038
After-tax profit of the parent company	604,706	566,737	322,558	439,152	158,386
Average outstanding shares	92,301,883	92,318,614	92,403,943	91,371,686	61,404,913
Earnings per share - EPS (Unit: VND)	6,551	5,707	3,491	4,806	2,579

BALANCE SHEET

(Unit: VND million)

	2017	2016	2015	2014	2013
Current assets	3,004,111	2,748,388	2,847,044	3,118,826	1,660,675
Non-current assets	2,038,479	1,702,485	1,509,919	1,373,139	888,941
Total assets	5,042,590	4,450,873	4,356,963	4,491,964	2,549,617
Current liabilities	1,670,509	1,517,030	1,818,697	2,533,902	901,955
Non-current liabilities	429,465	540,730	448,937	71,304	91,380
Total liabilities	2,099,973	2,057,759	2,267,634	2,605,206	993,335
Owners' equity	2,942,533	2,387,041	2,076,958	1,869,914	1,467,894
Minority interest	83	6,073	12,372	16,844	88,389
Total resources	5,042,590	4,450,873	4,356,963	4,491,964	2,549,617
Debt/Equity	0.71	0.86	1.09	1.39	0.68

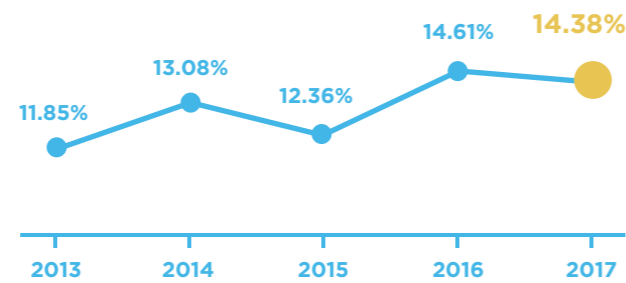
CASH FLOW STATEMENT

(Unit: VND million)

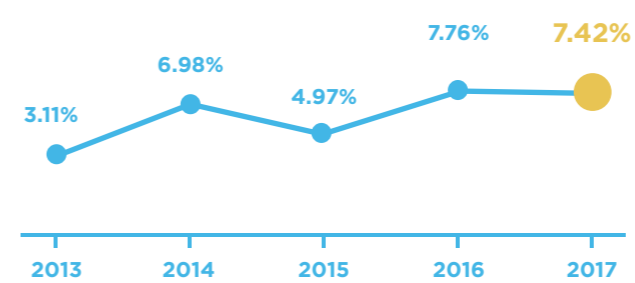
	2017	2016	2015	2014	2013
Profit before tax	722,781	672,433	386,668	587,062	227,547
Operating profit before changes in working capital	873,618	886,150	537,962	535,937	335,274
Changes in working capital	(426,155)	69,431	(392,429)	(472,350)	(273,610)
Net cash flows from operating activities	447,463	955,581	145,534	63,587	61,664
Net cash flows from investing activities	(593,432)	(464,947)	480,471	(1,097,413)	639,001
Net cash flows from financing activities	26,606	(621,961)	(419,466)	1,049,374	(663,097)
Net cash flows during the year	(119,364)	(131,327)	206,539	15,548	37,569
Cash and cash equivalents at the end of the year	45,345	164,636	296,093	89,238	73,329

FINANCIAL RATIOS

PROFITABILITY RATIOS

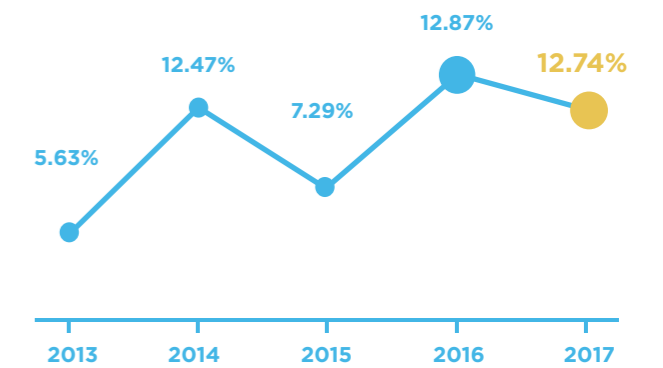


GROSS PROFIT MARGIN



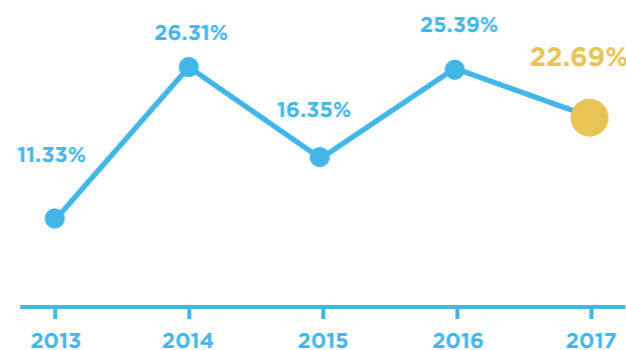
NET PROFIT MARGIN (*)

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



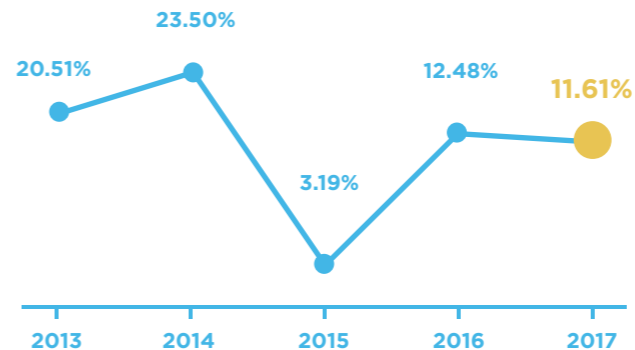
RETURN ON ASSETS (ROA) (*)

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

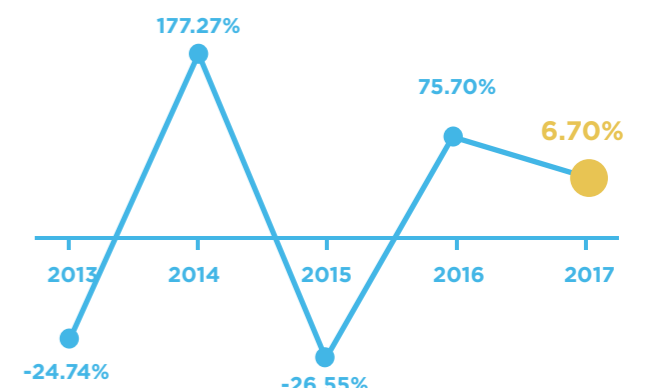


RETURN ON EQUITY (ROE) (*)

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



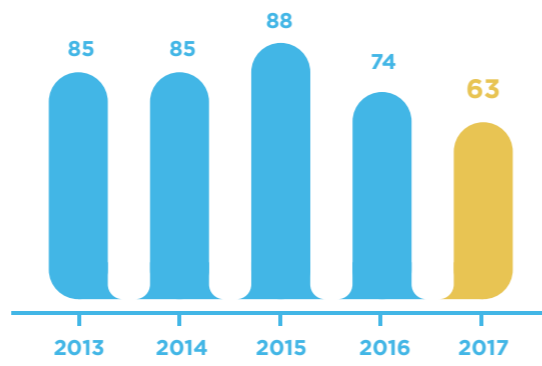
SALES GROWTH RATE (%)



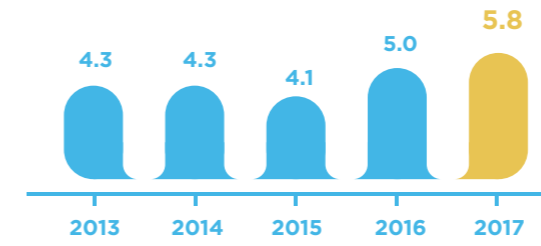
NET PROFIT AFTER TAX GROWTH RATE (%)

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

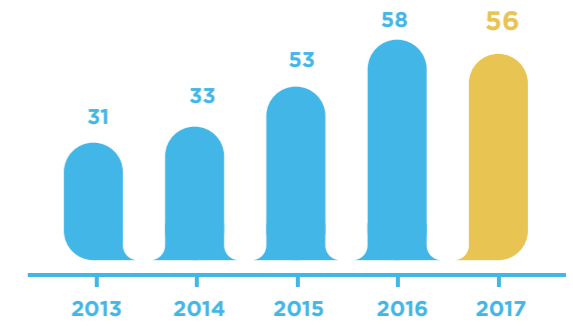
ACTIVITY RATIOS



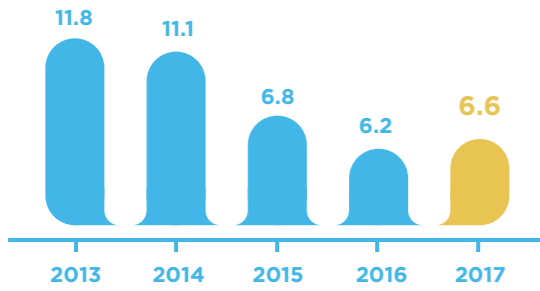
DAYS INVENTORY OUTSTANDING



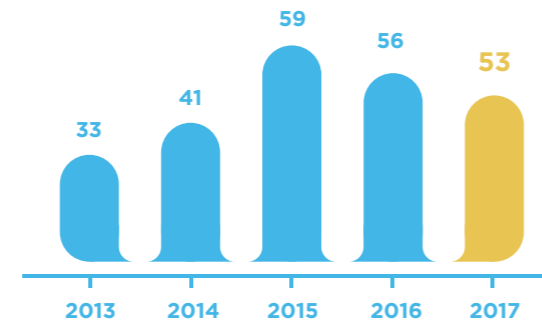
INVENTORY TURNOVER (TIMES)



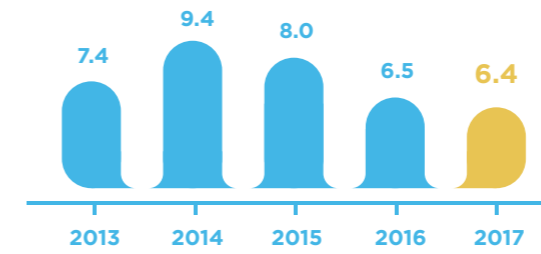
DAYS SALES OUTSTANDING



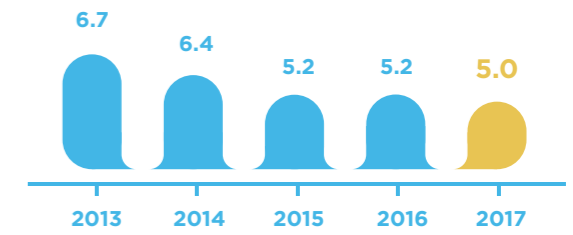
RECEIVABLE TURNOVER (TIMES)



DAYS PAYABLE OUTSTANDING

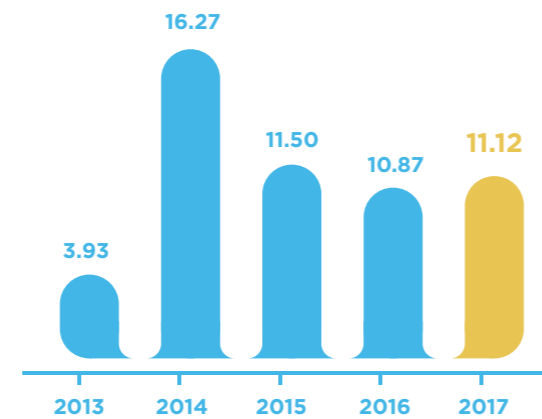


WORKING CAPITAL TURNOVER (TIMES)

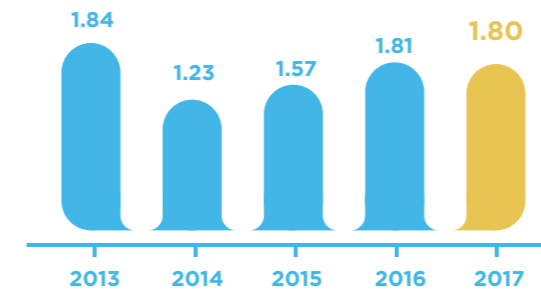


FIXED ASSETS TURNOVER (TIMES)

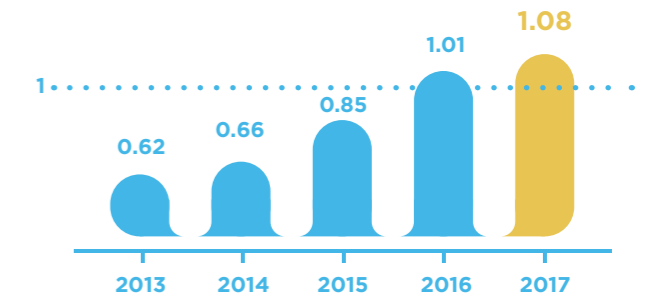
LIQUIDITY & SAFETY RATIOS



INTEREST COVERAGE RATIO (TIMES)

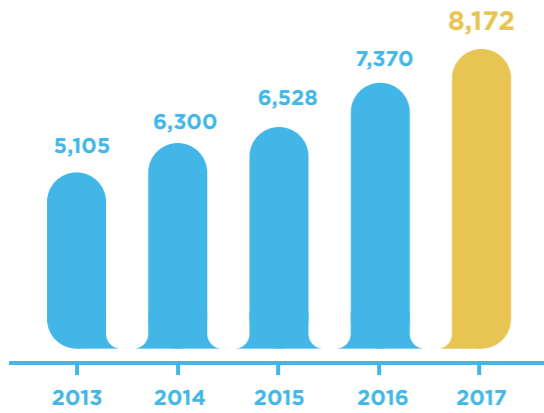


CURRENT RATIO (TIMES)

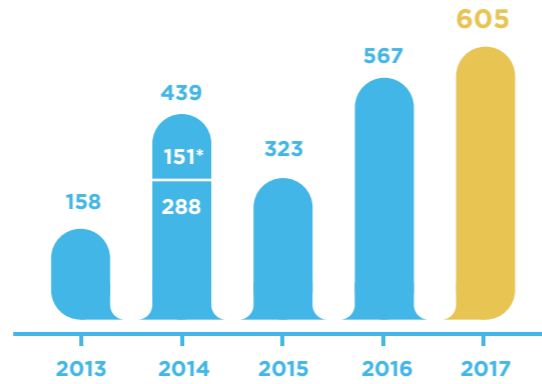


QUICK RATIO (TIMES)

MAIN FINANCIAL ITEMS

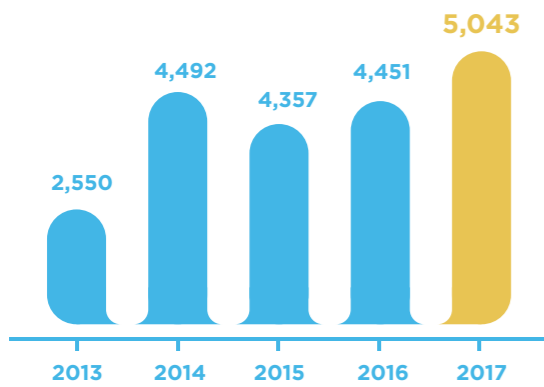


TOTAL REVENUE (VND BILLION)

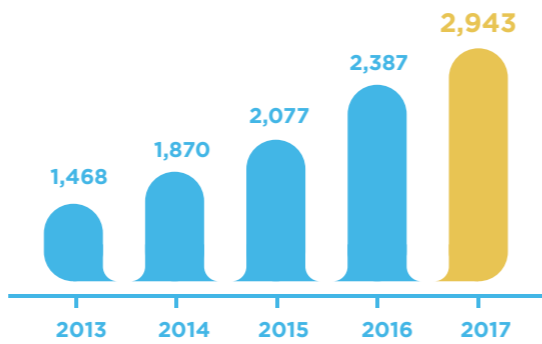


PROFIT AFTER TAX (VND BILLION)

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



TOTAL ASSETS (VND BILLION)



OWNERS' EQUITY (VND BILLION)



II.3.2 FINANCIAL RESULTS IN 2017

ITEMS

<i>(Unit: VND billion)</i>	2017	2016	(%) Change
Total assets	5,043	4,451	13%
Net revenue	8,151	7,304	12%
Operating profit	731	680	8%
Other gains/(losses)	(8)	(7)	16%
Net profit after tax	605	565	7%
Net profit after tax to the Company	605	567	7%

KEY FINANCIAL RATIOS

LIQUIDITY RATIOS

	2017	2016
Current ratio <i>Current assets/Current liabilities</i>	1.80	1.81
Quick ratio <i>(Current assets - Inventory)/ Current liabilities</i>	1.08	1.01

LEVERAGE RATIOS

	2017	2016
Total debt/Total assets	0.42	0.46
Debt/Equity	0.71	0.86

ACTIVITY RATIOS

	2017	2016
Inventory turnover (times)	5.78	4.96
<i>Cost of goods sold (VND billion)</i>	6,980	6,237
<i>Average inventory (VND billion)</i>	1,208	1,257
Net revenue/Total assets	1.62	1.64

PROFITABILITY RATIOS

	2017	2016
Net profit after tax/Net revenue	7.42%	7.76%
Return on equity (ROE)	22.69%	25.39%
Return on assets (ROA)	12.74%	12.87%
Operating profit/ Net revenue	8.97%	9.30%

ANALYSIS ON ASSETS

Thanks to its effort in maintaining production capacity amid severe shortage of raw materials supply and market development, Vinh Hoan was being able to grow not only revenue but also after-tax profit. The liquidity and financial leverage ratios reflect a safe and positive position. Notably, in 2017 the turnovers of receivables and inventory were significantly improved compared to 2016. In which, the inventory turnover has increased from 5 times to nearly 6 times in 2017.

Total assets increase by 13% year-on-year due to increase in non-current assets of new investment projects, details as follows:

CURRENT ASSETS

- By the end of 2017, the “Cash and cash equivalents” and “Short-term deposit” were properly structured, which resulted in higher investment income.
- Receivables turnover was higher than that of 2016 thanks to the effort of sales team and accounting team in recording and monitoring of the receivables. Days receivables outstanding declined by nearly 3 days in 2017 versus 2016.

Items	2017	2016	Variation (%)
Receivable turnover (times)	6.57	6.25	0.33
Net revenue (VND billion)	8,151	7,304	11.6%
Average receivables (VND billion)	1,240	1,169	6.1%
Days of sales outstanding (days)	55.5	58.4	-2.9

INVENTORY

Raw materials shortage speeded up the sales of inventory. Ending inventory dropped by 3% and days inventory outstanding plummeted by nearly 10 days while turnover increased by nearly 1 times.

Items	2017	2016	Variation (%)
Inventory turnover (times)	5.78	4.96	0.81
Cost of goods sold (VND billion)	6,980	6,237	11.9%
Inventory (VND billion)	1,208	1,257	3.9%
Days inventory outstanding (days)	63.2	73.6	-10.4

NON-CURRENT ASSETS

Non-current assets rose by approximately 20% due to the investment to expand processing workshop at Thanh Binh Dong Thap.

ANALYSIS ON LIABILITIES

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

LIABILITIES EXPOSURE

Items	2017	2016	Variation (%)
Short-term debts (VND billion)	1,671	1,517	10%
Short-term debts and borrowings (VND billion)	1,008	866	16%
Long-term liabilities (VND billion)	429	541	-21%
Total liabilities (VND billion)	2,100	2,058	2%
Liabilities/Total assets	0.42	0.46	-0.10%
Financial leverage (Total assets/Owner' equity)	1.71	1.86	-0.08%

ANALYSIS ON COSTS CONTROL

In parallel with the strategy focusing on market development and strengthening pricing power, Vinh Hoan always strives to control its costs to improve its efficiency and competitiveness.

In 2017, the Company frequently considered, analyzed, evaluated its operations to optimize the resources and propose management measures or encouragement to minimize wastage bill of input (raw materials, other materials, energy, packaging) and to maximize production capacity.

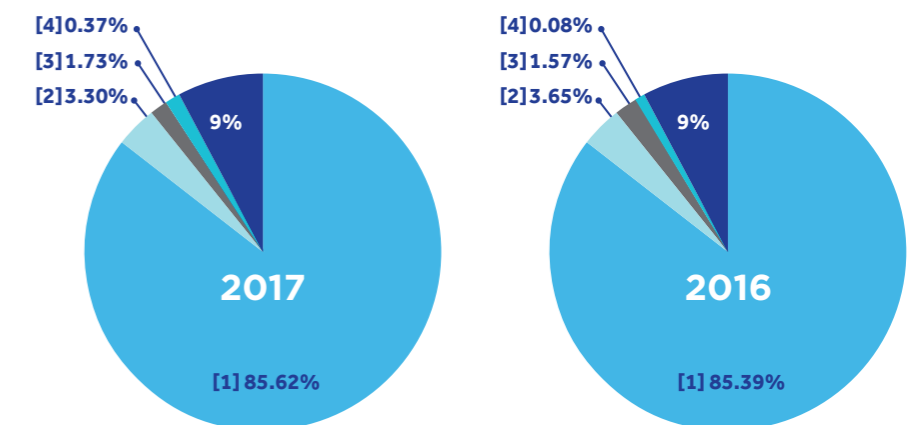
The proportion of expenses over revenue slightly changed compared to 2016.

Two items with increasing proportion (over revenue) compared to 2016 are:

- Cost of goods sold: mainly caused by spiking raw materials costs amid severe raw materials shortfall. Consequently, raw materials prices climbed up and could not be offset by corresponding increase in final products' selling price.
- Financial expenses: almost 80% of Vinh Hoan's revenue is from exports and sales is denominated in US dollar. In contrast to previous years when exchange rate fluctuated by 2-3%/year, the exchange rate in 2017 was quite stable, which caused lower realized exchange gain. Furthermore, large capex incurred right from the beginning of 2017 to purchase Thanh Binh Dong Thap also resulted in higher interest expenses.
- In accordance with 2018 plan, Vinh Hoan expects its costs will be more efficiently controlled.

EXPENSE/REVENUE PROPORTION BY EXPENSE TYPE

Items	2017	2016	Variation (%)
[1] Cost of goods sold	85.62%	85.39%	0.23%
[2] Selling expenses	3.30%	3.65%	-0.34%
[3] General and administrative expenses	1.73%	1.57%	0.16%
[4] Net financial expenses	0.37%	0.08%	0.29%
Total	91.03%	90.70%	0.34%



Expense/revenue proportion by expense type in 2017 vs 2016

II.4 CAPITAL EXPENDITURES IN 2017

Total capital expenditures incurred 2017 was VND **462** billion, including:

- Continuing disbursement for remaining work at processing factory No. 2 and value-added processing line at Van Duc Tien Giang: VND 45 billion.
- Continuing disbursement for “Fishmeal and fish oil factory – Expansion phase 2” project which has started since 2014: VND 17 billion.
- Renovation, construction and expansion of fish farms: VND 16 billion.
- Upgrade of existing factories and cold storage at Vinh Hoan’s factories: VND 112 billion.
- Upgrade of collagen and gelatine factory: VND 7 billion.
- Assets investment at Thanh Binh Dong Thap: VND 240 billion.
- Employee accommodation project: VND 25 billion.

II.5 SHAREHOLDER STRUCTURE AND CHANGES IN OWNERS' EQUITY

SHAREHOLDER STRUCTURE AND CHANGES IN OWNERS' EQUITY

SHARE INFORMATION (AS OF MARCH 30, 2018)

Total number of shares (shares)	92,403,943
Par value (VND/share)	10,000
Number of Treasury shares (shares)	102,060
Number of outstanding shares (shares)	92,301,883
Number of non-transferable shares restricted under the Employee Stock Ownership Program (ESOP)	142,170
Number of shares freely transferrable	92,261,773

SHAREHOLDER STRUCTURE (ACCORDING TO THE LIST OF SHAREHOLDERS AS OF MARCH 30, 2018)

No.	Object	Number of shares	Ownership (%)	Number of shareholders	Shareholder structure	
					Institution	Individual
1	State shareholder	0	0	0		
2	Major shareholders	56,818,332	61.49	7	5	2
	Vietnamese	44,446,352	48.10	2		2
	Foreign	12,371,980	13.39	5	5	
3	Labor Union of the Company	20,033	0.02	1	1	0
	Vietnamese	20,033	0.02	1	1	
	Foreign					
4	Treasury shares	102,060	0.11	1	1	0
5	Preferred shareholders (if any)	0	0	0		
6	Other Shareholders	35,463,518	38.38	1,921	80	1,841
	Vietnamese	14,257,489	15.43	1,800	32	1,768
	Foreign	21,206,029	22.95	121	48	73
	TOTAL	92,403,943	100	1,930	87	1,843
	Vietnamese	58,825,934	63.66	1,804	34	1,770
	Foreign	33,578,009	36.34	126	53	73

CHANGES IN OWNER'S EQUITY

In 2017, there was no change in owners' equity.

TREASURY SHARES TRANSACTIONS

In 2017, there was no transaction related to Treasury shares.

II.6 REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS

The heart of “**Vinh Hoan people**” who are “**strong, pioneering**” and “**responsible**” is very much appreciated. They are “**strong**” in the marketplace, even in the worst times and storming. Also they are “**pioneering**” in innovation and new product creation, new market opening. Lastly, these people are “**responsible**” toward the development of the industry, community and society.

II.6.1 REPORT ON ENVIRONMENTAL IMPACTS

HIGH QUALITY RAW MATERIALS

To ensure the supply of high quality raw material to consumers, Vinh Hoan has strengthened its raw materials quality control staff to make sure that only qualified raw materials will enter production. With its high quality raw materials, the Company guarantees products are free from any issues related to food safety and provides traceability from the fingerlings.

In 2017, Vinh Hoan continued to maintain and expand its certified farms. The Company now owns the continued ASC, BAP and GlobalGAP certified farming area in the world. The certified farming area in 2017 has risen by 30% compared to 2016.

Especially after successfully organizing the supplier conference in 2016 through the implementation of sustainable development policy of Vinh Hoan for suppliers, the Company has expanded the certified farming area to outside suppliers. With the support of Vinh Hoan in 2017, a pangasius household has achieved the first ASC certification for individual households. This result has become a great motivation for both farmers and the Company to maintain and expand the farming area of high quality pangasius.



Sustainable farming standards that the Company has achieved

In addition, Vinh Hoan has provided training and consulting support to raw material suppliers in evaluating standards for certification of food safety in aquaculture.

The Company aims at 100% of the raw materials supplied to Vinh Hoan will achieve at least one sustainable certificate by 2020.

COMPLIANCE WITH ENVIRONMENTAL PROTECTION REGULATIONS

In the environmental field, our processing plants have acquired ISO 14001 certification. This standard provides the criteria for an effective environmental management system. Vinh Hoan has designed its waste water treatment system qualified grade A according the industry standard and in accordance with ISO as well as other international environmental standards such as BAP.



Waste water treatment system

In addition, the Company received no complaint or penalty related to environmental violations at processing plants and farms in 2017. The Company acquired all relevant environmental license and strictly controlled the treatment and quality of its wastewater according to industry regulations. Moreover, the environmental impact assessments are conducted by independent third parties and the Company also takes measures to prevent or minimize the environmental impact from production.

At present, the Company has more than 500 hectares of farming area. Right from the beginning, the Company has planned its farming activities towards eco-friendly orientation. All farms have sewage and sludge treatment ponds to ensure no harm to the environment.



Company's farming area

II.6.2 REPORT ON THE COMPANY'S HUMAN RESOURCES

SCALE OF HUMAN RESOURCES

As of December 31, 2017, Vinh Hoan Corporation has over 7,000 employees. With nature of a corporation specializing in aquaculture and seafood processing, women outnumber men in total workforce with share of 52% versus 48%.

	Company Names	Total
1	Vinh Hoan	3,900
2	Van Duc Tien Giang	2,300
3	Thanh Binh Dong Thap	930
4	Vinh Hoan Collagen	130
	Total	7,260

LABOR POLICY AND IMPROVEMENT OF ORGANIZATIONAL STRUCTURE

Vinh Hoan always considers its workforce as the cornerstone and the most valuable asset of the Company. Therefore, Vinh Hoan's human resource policy is designed to transform its workforce into a special edge and play the decisive role in successfully achieving its goals. Vinh Hoan has introduced and enhanced a number of management policies, ensuring a streamlined but efficient system.

1. Regular training and development of human resources

The recruitment in 2017 has made breakthroughs in both quality and quantity. In 2017 alone, Vinh Hoan recruited more than 1,800 employees to meet the needs of operation. Vinh Hoan also cooperated closely with relevant universities and colleges to prepare the young and talented human resources for its operational segments, especially the segment of processing and production research to optimize the value of by-products.

Vinh Hoan also fostered educational and vocational training courses for both the office staff and production staff with diverse training contents such as vocational and operational skills, safe and efficient production, competence in

using tools, machineries and equipment, mastering technology. In particular, Vinh Hoan has organized more than 30 training courses with more than 3,000 attending shifts in 2017.

2. Remuneration policy and other benefits:

The remuneration policy and other benefits at Vinh Hoan are designed to ensure the transparency and fairness to promote the creativity, commitment and dedication of employees. At Vinh Hoan, the system of salary scales is applied throughout the corporation, ensuring that the employees' salaries will match their performances and be competitive to the market rate.

The remuneration policy is flexibly applied to encourage employees to do their best. The allowances, including responsibility allowance, hazard pay, night-shift pay, fuel and accommodation allowances, child support allowance, are added into monthly or quarterly income to ensure employee's benefits and worry-free working experience.

In particular, Vinh Hoan applies the annual bonus policy such as the 13th month salary, year-end bonus, national holidays bonus; irregular bonus for technical innovations, individuals with outstanding performance, etc. This policy is applied fairly and righteously to the employees, promptly encouraging individuals who contribute to the development of the Company. In addition, Vinh Hoan has fully implemented the welfare scheme for employees according to the Law and its policy such as social and health insurance; unemployment and accident insurance, annual health check every 6 months; team building trips in Vietnam and overseas; organizing birthday parties for employees; visiting and giving gifts to the employees and families with difficulties.

On the occasion of our 20th anniversary in 2017, the Company had applied special welfare policies such as seniority awards, gifts for employees and their relatives, launched cultural and sports activities and successfully organized the celebration ceremony for all employees.

Safety policy: Vinh Hoan invited the Fire and Rescue Police department of Dong Thap province to train fire prevention practice for the employees and excavation exercises for all direct workers in the processing plants.

3. Corporate culture activities

In addition to business activities, Vinh Hoan regularly organizes programs to strengthen corporate culture such as organizing art performance competitions, football tournaments, team building activities, or giving presents on the occasion of International Women's Day, Mid-Autumn Festival, International Children's Day, etc.. to create motivation, strengthen internal bond and communication. The culture of Vinh Hoan is built on the spirit of collective

and natural cohesion for all employees. Vinh Hoan is proud of being one of the enterprises with best organizational culture which is reflected in families with two or three generations all work for Vinh Hoan.

At Vinh Hoan, the employees implement and adhere to the Code of Conduct with the motto of each member being the foundation contributing to the formation, nurturing and sustainable development of Company's brand value.

IMPROVEMENTS IN HUMAN RESOURCES STRUCTURE - POLICIES - MANAGEMENT

In business and production management, human resources always play a centric role to Vinh Hoan Corporation. To get the best out of each staff, Vinh Hoan has implemented and innovated a number of management policies to ensure a streamlined yet efficient organization.

The Company has step by step adopted HR hierarchical structure on corporate scale and applied matching method of calculating salary and bonus to motivate its employees. Vinh Hoan has standardized and applied consistently the Act on Salary and Appendices on HR hierarchical structure and the Act on Assets Management.

The second and third generation of management team have been established and developed by prioritizing staffs with seniority, professional competence, and experience. They are regularly trained, rotated, and armed with management know-how domestically and overseas. At the same time, Vinh Hoan always foster the application of IT advances and management software into production and business activities in order to improve the management efficiency, executive professionalism and sustainable development.

Policies and policy revision in 2018: complete the implementation of the government's new requirements in labor issues such as The 2018 Employees Summit, the amended and supplemented Collective Labor Agreement, the system of wage scales and labor contracts which take effect from January 01, 2018.

II.6.3 REPORT ON SOCIAL RESPONSIBILITY

Citing Mr. Le Minh Hoan - Secretary of Dong Thap Provincial Party Committee on the 20th anniversary of the Company:

There is an old saying that "Peaceful land nest more birds!" However, the land of Pink Lotus wishes to express our gratitude to "Vinh Hoan birds" for choosing this place to settle down, work hard and creatively, and bring the fruits of their labour to the life. The brand name "Vinh Hoan" has contributed to the beauty of the name "The land of Pink Lotus". Wherever Vinh Hoan's products reach out to, the name "Dong Thap" also comes with.

"Live your life with a kind heart". The heart of "Vinh Hoan people" who are "strong, pioneering" and "responsible" is very much appreciated. They are "strong" in the marketplace, even in the worst times and storming. Also they are "pioneering" in innovation and new product creation, new market opening. Lastly, these people are "responsible" toward the development of the industry, community and society.



In response to the trust of local authority and sharing responsibility with society through its business achievements, as well as nurturing a supportive environment for future development of the Company, Vinh Hoan continues to carry out more and more welfare and community programs with the highest commitment and sincerity.

In 2017, we carried out following programs:

MEDICAL CARE

In collaboration with the Association for Poor Patients in Dong Thap and Cho Ray Hospital in Ho Chi Minh City to organize three major campaigns and programs:

- + “Compassionate Heart” campaign for poor patients suffering from serious heart disease with the total amount of VND 240 million.
- + Program “Health Insurance for All”, in which Vinh Hoan sponsored over 2,000 health insurance cards for poor households with a total amount of VND 125 million, helping people overcome serious diseases, improve both material and mental life.
- + “The Light of Dreams” campaign, in which Vinh Hoan sponsored more than 650 eye surgeries with nearly VND 600 million.

In 2017, Vinh Hoan received the certificate of merit according to Decision No. 275/QĐ dated July 05, 2017 by the Chairman of Dong Thap People’s Committee to honor its “Completion of gratitude policies in Dong Thap province on the 70th anniversary of war veterans July 27, 1947- July 27, 2017” and receiving certificate of merit under Decision No. 250/QĐ dated 25/04/2017 of the Chairman of Dong Thap People’s Committee for “Excellent contribution to social security.”



The Gardening Contest in celebration of the International Women Day (March 8th)



Sponsored Health Insurance cards at Binh Thanh village, My Xuong village, Cao Lanh district



Sponsored Health Insurance cards at Ward 11 and 250 cards at Tan Thuan Tay village



Sponsored Health Insurance cards at Tan Thuan Dong village

EDUCATION

In order to increase people’s knowledge, train human resources and nurture talents, in 2017, the Company cooperated with Dong Thap Study Encouragement Association and other districts and cities to provide scholarships for students, pupils and teachers encouraging education at local provinces with total sponsored amount over VND 70 million.



“Nguyen Sinh Sac” scholarship award ceremony



“Guong Sang Hieu Hoc” scholarship award ceremony



“Nguyen Sinh Sac” scholarship award ceremony

LIFE, CULTURE, SPORTS, SOCIETY, SECURITY AND OTHER FIELDS

In response to “Love of Dong Thap” program hosted by the Committee of Dong Thap province to provide accommodation to poor households, the Company sponsored the construction of 25 houses for people in the province of VND 30 million per house and VND 750 million in total.

During the year and especially during Lunar New Year, the Company cooperated with local authorities to organize gift giving occasions for the poor and blind people at many communes and wards in Cao Lanh city and Cao Lanh district with over 1,500 gifts worth nearly VND 500 million.

The Company supported the provincial leading entrepreneurs association with VND 100 million.

During Lunar New Year Festival, the Company sponsored VND 500 million to Spring Festival of Dong Thap province to renovate Cao Lanh city and bring holiday spirits to the community.

The Company funded the “Dream Playground” project at Dong Thap Park for children of the province to have a nice, safe and clean playing area. Sponsored USD 1,000 for “Cycling out-Child Poverty in Vietnam” program. Other security and defense support: nearly VND 150 million.



Transferred 25 houses to the poor households in 2017



Transferred 25 houses to the poor households in 2017



Transferred 25 houses to the poor households in 2017



Cooperated with Van Duc Tien Giang to transfer 2 “Dai Doan Ket” houses

COLLECTIVE BENEFITS

Accompanying with “Building Houses for Labor” program of the Provincial Labor Confederation, in 2017, the Labor Union sponsored the construction of three houses for labor in need of housing with a total amount of VND 45 million.

The Executive Committee of the Labor Union also promptly proposed to the Board of Management of the Company appropriating fund to support the laborers if they have difficulties in life.

To commemorate the 20th anniversary of the Company (December 27, 1997 - December 27, 2017), in gratitude for the contribution of the employees to the success of Vinh Hoan, the Company has organized a series of Employee benefits programs as follows:

+ Supported to construct two houses worth of VND 50 million per unit.

+ Built houses for workers which expected to address shelter need for approximately 1,000 workers. In 2017, the Company has completed the first phase of 39 houses.

+ Recreational activities for the employees after hard-working days such as the Decorating Contest on International Women’s Day March 8th, Sports Tournament on Reunification Day April 30th and Labor Day May 1st, Greeting Ceremony on National Independence Day September 2nd, Mid-Autumn Festival for the children of the employees, Company trip to Thailand for outstanding staff.

+ Offered seniority bonus and gifts to employees on the occasion of 20th anniversary with the total amount of more than VND 14 billion.

Sponsored a scholarship worth VND 10 million per year for students who are children of Vinh Hoan’s workers in difficult circumstances.

Rewarded children of employees with good academic achievements in 2017.

Continuously developed the workforce with the recruitment and training programs worth VND 200 million in 2017.

The health care system, security system, labor safety in the Company are well improved with transparency and fairness; the workers are completely assured at work and offer long-term commitment with the Company.



Arts competition



Employee sports competition 2017



Employee accommodation



Employee accommodation

III. CORPORATE GOVERNANCE



III.1 The Board of Directors

III.2 The Supervisory Board

**III.3 Report on internal person's
shares trading in 2017**

III.1 THE BOARD OF DIRECTORS



ACTIVITIES OF THE BOARD OF DIRECTORS (“BOD”) IN 2017

The BoD has hold official meetings in 2017 as follows:

FULL NAME	TITLE	ATTENDED MEETINGS	PARTICIPANT RATE %
Truong Thi Le Khanh	Chairwoman	6/6	100%
Nguyen Ngo Vi Tam	BoD Member	6/6	100%
Truong Tuyet Hoa	BoD Member	6/6	100%
Nguyen Thi Kim Dao	BoD Member	6/6	100%
Vo Phu Duc	BoD Member	6/6	100%

In addition to official quarterly meetings, the Board frequently holds other meetings, telephone conversation, and e-mail communication when deemed appropriate to discuss the corporate governance matters and strategic decisions of the Company, to list some:

- Quarterly business plans in 2017 and business plan for 2018;
- Monitor and supervise the activities of the Board of Management (“BoM”)’s adoption of the formulated strategies;
- Review of business reports, production reports, farming reports of Vinh Hoan, its subsidiaries and affiliates;
- Recruit senior managers and appoint managerial positions within the authority of the BoD;
- Consider and decide the orientation of the Company’s vision and mission in the new period;
- Review and decide on investment plans and production expansion plans within the authority of the BoD; and
- Review and resolve issues raised in reports of the Supervisory Board.

RESOLUTIONS OF THE BOD IN 2017

- Resolutions dated Jan 06, 2017 regarding the formation of sub-committees under the BoD, those are Procurement subcommittee and Human Resources - Policies - Compensation subcommittee, and
- Resolution dated February 06, 2017 on the acquisition of Thanh Binh Dong Thap.

TRAINING ON CORPORATE GOVERNANCE

In 2017, the BoD and the BoM of Vinh Hoan Corporation attended training courses on new regulations on corporate governance (Decree No. 71/2017/ND-CP) to supplement the assessment of management activities. Besides, the BoD also participated in discussion forums and comments on the application of Decree No.71 in enterprise practice.



ACTIVITIES OF SUBCOMMITTEES OF THE BOARD OF DIRECTORS

HUMAN RESOURCES - POLICIES - COMPENSATION SUBCOMMITTEE

Established at the beginning of the year, the Human Resources - Policies - Compensation subcommittee has proposed and advised the BoD on the policy of senior staffing, including members of the BoM and the orientation of management rotation through companies in the group.

In addition, the Human Resources - Policies - Compensation subcommittee also involved in reviewing the salary and bonus of the BoD and other personnel under the authority of the BoD to propose adjustment and improvement based on actual performance of the Company to the BoD for consideration.

PROCUREMENT SUBCOMMITTEE

In 2017, the Procurement subcommittee completed the following tasks:

- Assisted the Purchasing Department in working with suppliers regarding the packaging quality;
- Reviewed the Purchasing Department’s reports on the results of visits and audits of regular suppliers, and advised on selection of suppliers;
- Approved the pricing of raw materials purchased outside when the need arises to promptly support the production during time of scarcity;
- Reviewed and advised the BoD on the quotations from the contractors for construction activities of companies in the group.

III.2 REPORT OF THE SUPERVISORY BOARD

ACTIVITIES OF SUPERVISORY BOARD (“SB”) IN 2017

In 2017, the SB has held the following official meetings:

NO.	MEMBER	TITLE	DATE OF COMMENCEMENT / NO LONGER A SB MEMBER (*)	ATTENDED MEETINGS	PARTICIPANT RATE (%)
1	Mr. Nguyen Ngoc Thanh	Head of SB	05/05/2017	6/6	100%
2	Ms. Nguyen Thi Thai Ly	SB Member	05/05/2017	6/6	100%
3	Ms. Phan Thi Kieu Oanh	SB Member	05/05/2017	6/6	100%

(*) The Annual General Meeting 2017 held on May 05, 2017 elected and approved the Supervisory Board personnel for office term 2017-2021

SUPERVISION ACTIVITIES OF THE SUPERVISORY BOARD ON THE BOARD OF DIRECTORS AND THE BOARD OF MANAGEMENT:

- Monitored the implementation progress of plans set forth in the Resolution of 2017 Annual Meeting of Shareholders;
- Attended quarterly and extraordinary meetings of the BoD in order to catch up with issues arising in the course of production and business;
- Planned and directed the activities of the internal control department;
- Reviewed internal control procedures of key departments, and proposed improvement (if any);
- Reviewed the systematicness, consistency and appropriateness of the accounting operation and preparation of financial statements at the Company;
- Reviewed reports and issues raised in independent auditor report and reviewed the interim and annual financial statements.

The SB worked closely and regularly with the BoD and BoM and other departments in supervising and improving the efficiency of activities at the Company.

The SB assessed the management and supervision of the BoD and BoM had been implemented in an effective, prudent method and in accordance with the strategies and objectives set forth by the General Meeting of Shareholders as well as in compliance with relevant provisions of the Law.

OTHER ACTIVITIES OF THE SUPERVISORY BOARD

- Internally trained on tax policies, financial accounting, and labor and salary regulations;
- Assisted the departments in developing and issuing Financial Regulations and updating their operating procedures;
- Analyzed and evaluated the effectiveness of the controls on selling expenses;
- Analyzed and evaluated the effectiveness of the controls on raw material costs;
- Analyzed and evaluated the effectiveness of the controls on bill of materials and production costs;
- Reviewed the controls on the process of calculating salary, remuneration and allowances for employees;
- Reviewed the controls on sales and customer payment process;
- Participated in periodic inventory counts;
- Advised the BoD on the criteria for selecting independent auditor, informed the BoD of the procedures to submit to the General Meeting of Shareholders for consideration and approval of the independent auditor for the fiscal year 2018 at the upcoming General Meeting of Shareholders.

ACTION PLAN FOR 2018

- Focus on material risks identified in 2017;
- Periodic review of the compliance and effectiveness of internal processes;
- Internal training;
- Other activities as requested by shareholders.

III.3 REPORT ON INTERNAL PERSONS' SHARES TRADING IN 2017

REPORT ON INTERNAL PERSONS' SHARES TRADING IN 2017:

In 2017, the following transactions of internal persons occurred:

Transaction type	Institution / Individual Name	Related person	Number of shares			Transaction Disclosure Date	Post transaction shareholding ratio (%)
			Before trading	Sell	After trading		
Sell	Dang Thi Thuong	Director of Sustainability	13,350	5,950	7,000	23/12/2017	0.01
Sell	Truong Thi Le Khanh	Chairwoman of the Board of Directors	45,575,142	6,000,000	39,575,142	13/04/2017	42.88
Sell	Truong Tuyet Hoa	Member of the Board of Directors	56,907	35,000	21,907	17/01/2017	0.02

(*) The post-transaction shareholding ratio percentage is calculated based on 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.





**IV.
CONSOLIDATED
FINANCIAL
STATEMENTS
FOR THE
YEAR ENDED
31 DECEMBER
2017**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

- **Corporate information**
- **Statement by the Board of Directors**
- **Independent auditor's report**
- **Consolidated balance sheet
(Form B 01 - DN/HN)**
- **Consolidated income statement
(Form B 02 - DN/HN)**
- **Consolidated cash flow statement
(Form B 03 - DN/HN)**
- **Notes to the consolidated financial statements
(Form B 09 - DN/HN)**

CORPORATE INFORMATION

ENTERPRISE REGISTRATION CERTIFICATE

No. 1400112623 dated 17 April 2007 issued by the Department of Planning and Investment of Dong Thap Province.

The latest amended Enterprise registration certificate is the twelfth amendment dated 29 December 2016 issued by the Department of Planning and Investment of Dong Thap Province.

BOARD OF MANAGEMENT

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

BOARD OF SUPERVISION

Mr. Nguyen Ngoc Thanh	Head (appointed on 5.5.2017) Member (resigned on 5.5.2017)
Mrs. Nguyen Thi Thai Ly	Member (appointed on 5.5.2017) Head (resigned on 5.5.2017)
Mrs. Phan Thi Kieu Oanh	Member (appointed on 5.5.2017)
Mr. Tran Minh Hao	Member (resigned on 5.5.2017)

BOARD OF DIRECTORS

Mrs. Nguyen Ngo Vi Tam	General Director
Mr. Huynh Duc Trung	Permanent Director (appointed on 1.1.2017)
Mrs. Nguyen Thi Kim Dao	Director - Finance
Mrs. Ho Thanh Hue	Director - Production
Mrs. Truong Tuyet Hoa	Director - Purchasing (appointed on 1.1.2017)
Mrs. Dang Thi Thuong	Director - Sustainable Development (appointed on 1.1.2017)

LEGAL REPRESENTATIVE

Mrs. Truong Thi Le Khanh	Chairwoman
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REGISTERED OFFICE

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

AUDITOR

PwC (Vietnam) Limited

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRECTORS OF THE COMPANY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors 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 2017, and the results of its operations and its cash flows for the year then ended. In preparing these consolidated financial statements, the Board of Directors 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 Directors 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 Directors 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.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements as set out on pages 5 to 44 which give a true and fair view of the financial position of the Group as at 31 December 2017, 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 Directors

Nguyen Ngo Vi Tam
General Director
Authorised by Legal Representative
Dong Thap Province, SR Vietnam
29 March 2018



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 2017 and approved by the Board of Directors on 29 March 2018. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2017, 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 44.

THE BOARD OF DIRECTORS’ RESPONSIBILITY

The Board of Directors 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 Directors determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express 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 Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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



AUDITOR’S OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2017, 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.

For and on behalf of PwC (Vietnam) Limited



Mai Viet Hung Tran
Audit Practising Licence No.
0048-2018-006-1
Authorised signatory

Trieu Nguyen Duy
Audit Practising Licence No.
3022-2017-006-1

Report reference number: HCM6922
Ho Chi Minh City, 29 March 2018

As indicated in Note 2.1 to the consolidated financial statements, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam’s accounting principles, procedures and practices.

FORM B 01 - DN/HN

CONSOLIDATED BALANCE SHEET

As at 31 December

Code	ASSETS	Note	2017 (VND)	2016 (VND)
100	CURRENT ASSETS		3,004,110,967,925	2,748,388,388,483
110	Cash	4	45,344,991,423	164,635,864,246
111	Cash		45,344,991,423	164,635,864,246
120	Short-term investment	5A	372,822,249,924	169,275,191,322
123	Investments held to maturity		372,822,249,924	169,275,191,322
130	Short-term receivables		1,329,416,952,221	1,150,325,090,100
131	Short-term trade accounts receivable	6	1,211,607,864,033	944,083,667,925
132	Short-term prepayments to suppliers	7	88,816,290,883	190,493,978,302
136	Other short-term receivables	8	32,322,844,712	18,736,293,064
137	Provision for doubtful debts - short term		(3,330,047,407)	(2,988,849,191)
140	Inventories	9	1,202,370,830,996	1,213,755,638,148
141	Inventories		1,250,350,195,101	1,324,703,604,719
149	Provision for decline in value of inventories		(47,979,364,105)	(110,947,966,571)
150	Other current assets		54,155,943,361	50,396,604,667
151	Short-term prepaid expenses		3,404,677,866	15,001,610,266
152	Value Added Tax to be reclaimed		50,492,135,110	33,662,326,749
153	Other taxes receivable from the State Budget		259,130,385	1,732,667,652
200	LONG-TERM ASSETS		2,038,478,534,429	1,702,484,557,203
210	Long-term receivable		1,456,379,625	1,167,461,625
216	Other long-term receivables		1,456,379,625	1,167,461,625
220	Fixed assets		1,565,828,947,902	1,323,138,566,722
221	Tangible fixed assets	10A	1,408,291,199,920	1,212,244,033,397
222	Cost		2,381,685,407,368	2,004,805,525,873
223	Accumulated depreciation		(973,394,207,448)	(792,561,492,476)
227	Intangible fixed assets	10B	157,537,747,982	110,894,533,325
228	Cost		175,441,071,886	125,444,253,681
229	Accumulated amortisation		(17,903,323,904)	(14,549,720,356)
240	Long-term asset in progress		224,285,956,057	176,729,928,029
242	Construction in progress	11	224,285,956,057	176,729,928,029
250	Long-term investment	5B	1,297,729,978	17,275,069,978
253	Investments in other entities		1,297,729,978	17,275,069,978
260	Other long-term assets		245,609,520,867	184,173,530,849
261	Long-term prepaid expenses	12	128,982,179,560	105,558,408,721
262	Deferred income tax assets	13	3,140,451,514	6,969,855,842
269	Goodwill	14	113,486,889,793	71,645,266,286
270	TOTAL ASSETS		5,042,589,502,354	4,450,872,945,686

The notes on pages 9 to 44 are an integral part of these consolidated financial statements.

FORM B 01 - DN/HN

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December

Code	RESOURCES	Note	2017 (VND)	2016 (VND)
300	LIABILITIES		2,099,973,450,522	2,057,759,301,910
310	Short-term liabilities		1,670,508,724,200	1,517,029,641,715
311	Short-term trade accounts payable	15	233,078,917,957	275,896,581,913
312	Short-term advances from customers		65,544,542,598	19,193,492,651
313	Tax and other payables to the State Budget	16	105,933,001,781	109,360,398,325
314	Payable to employees		118,072,835,469	117,820,035,479
315	Short-term accrued expenses	17	12,404,108,112	11,490,969,521
319	Other short-term payables	18	79,124,265,487	34,954,676,295
320	Short-term borrowings	19	1,008,178,927,948	865,657,118,683
321	Provision for short-term liabilities	20	-	33,566,154,322
322	Bonus and welfare fund	21	48,172,124,848	49,090,214,526
330	Long-term liabilities		429,464,726,322	540,729,660,195
338	Long-term borrowings	19	402,300,000,000	518,215,877,244
341	Deferred income tax liabilities	13	19,946,145,322	15,125,029,951
342	Provision for long-term liabilities		7,218,581,000	7,388,753,000
400	OWNERS' EQUITY		2,942,616,051,832	2,393,113,643,776
410	Capital and reserves	23	2,942,616,051,832	2,393,113,643,776
411	Owners' capital	22, 23	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	23	216,409,744,645	216,409,744,645
415	Treasury shares	23	(3,015,672,745)	(3,015,672,745)
417	Foreign exchange differences	23	(357,597,012)	(285,558,957)
421	Undistributed earnings	23	1,805,456,932,995	1,249,893,178,979
421a	- Undistributed post-tax profits of the previous years		1,209,893,178,979	685,655,679,328
421b	- Post-tax profit of current year		595,563,754,016	564,237,499,651
429	Non-controlling interests	23,24	83,213,949	6,072,521,854
440	TOTAL RESOURCES		5,042,589,502,354	4,450,872,945,686


Ha Thi Phuong Thuy Hong Nhung
Chief Accountant/Preparer


Nguyen Ngo Vi Tam
General Director
Authorised by Legal Representative
29 March 2018

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FORM B 02 - DN/HN

CONSOLIDATED INCOME STATEMENT

Year ended 31 December

Code	Note	2017 (VND)	2016 (VND)
01	Revenue from sales of goods and rendering of services	8,172,376,252,171	7,369,981,598,268
02	Less deductions	(20,879,574,064)	(66,435,398,702)
10	Net revenue from sales of goods and rendering of services	28 8,151,496,678,107	7,303,546,199,566
11	Cost of goods sold and services rendered	29 (6,979,607,337,425)	(6,236,782,607,392)
20	Gross profit	1,171,889,340,682	1,066,763,592,174
21	Financial income	30 58,396,039,931	86,738,581,629
22	Financial expenses	31 (88,524,689,138)	(92,877,246,978)
23	- Including: Interest expense	31 (71,440,932,223)	(68,145,484,377)
25	Selling expenses	32 (269,403,201,556)	(266,377,952,906)
26	General and administration expenses	33 (141,299,187,674)	(114,678,239,962)
30	Net operating profit	731,058,302,245	679,568,733,957
31	Other income	11,521,085,610	12,417,051,973
32	Other expenses	(19,798,793,921)	(19,552,321,097)
40	Net other expenses	(8,277,708,311)	(7,135,269,124)
50	Net accounting profit before tax	722,780,593,934	672,433,464,833
51	Business income tax - current	34 (109,555,628,124)	(108,816,514,243)
52	Business income tax - deferred	13, 34 (8,650,519,699)	1,821,285,513
60	Net profit after tax	604,574,446,111	565,438,236,103
Attributable to:			
61	Shareholders of the parent company	604,706,151,216	566,737,499,651
62	Non-controlling interests	(131,705,105)	(1,299,263,548)
70	Basic earnings per share	26 6,551	5,707
71	Diluted earnings per share	26 6,551	5,707


 Ha Thi Phuong Thuy Hong Nhung
 Chief Accountant/Preparer


 Nguyen Ngo Vi Tam
 General Director
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FORM B 03 - DN/HN

CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

Year ended 31 December

Code	Note	2017 (VND)	2016 (VND)
01	Net accounting profit before tax	722,780,593,934	672,433,464,833
Adjustments for:			
02	Depreciation, amortisation and allocation of goodwill	198,846,054,060	146,838,007,608
03	(Reversal of provisions)/provisions	(96,363,730,572)	38,755,585,507
04	Unrealised foreign exchange losses/(gains)	6,972,390,435	(7,166,433,668)
05	Profits from investing activities	(30,058,532,610)	(32,856,101,745)
06	Interest expense	31 71,440,932,223	68,145,484,377
08	Operating profit before changes in working capital	873,617,707,470	886,150,006,912
09	(Increase)/decrease in receivables	(176,142,829,257)	50,598,880,248
10	Decrease in inventories	74,353,409,618	39,037,234,665
11	(Decrease)/increase in payables (not including interest payables and business income tax payables)	(108,953,221,553)	113,408,969,446
12	Decrease/(increase) in prepaid expenses	14,800,676,847	(1,459,967,833)
14	Interest paid	(73,934,851,268)	(76,341,319,125)
15	Business income tax paid	16 (115,360,235,637)	(32,636,132,227)
17	Other payments on operating activities	(40,918,089,678)	(23,177,087,000)
20	Net cash inflows from operating activities	447,462,566,542	955,580,585,086
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and construction in progress	(242,641,007,176)	(356,421,120,982)
22	Proceeds from disposals of fixed assets	90,909,091	7,351,033,191
23	Loans granted and term deposits at banks	(600,007,058,602)	(980,115,644,150)
24	Collection of loans and term deposits at banks	396,460,000,000	813,288,064,202
25	Investments in other entities	(182,088,674,634)	(8,012,830,000)
26	Proceeds from divestment in other entities	19,172,808,000	28,503,089,795
27	Interest received	15,581,123,776	30,460,764,153
30	Net cash outflows from investing activities	(593,431,899,545)	(464,946,643,791)
CASH FLOWS FROM FINANCING ACTIVITIES			
32	Payments for share repurchases	23 -	(3,015,672,745)
33	Proceeds from borrowings	19 4,760,649,651,955	4,760,993,959,668
34	Repayments of borrowings	19 (4,734,043,719,934)	(5,149,278,756,450)
36	Dividends paid	25 (299,250)	(230,660,188,250)
40	Net cash inflows/(outflows) from financing activities	26,605,632,771	(621,960,657,777)
50	Net decrease in cash	(119,363,700,232)	(131,326,716,482)
60	Cash at beginning of year	4 164,635,864,246	296,092,552,290
61	Effect of foreign exchange differences	72,827,409	(129,971,562)
70	Cash at end of year	4 45,344,991,423	164,635,864,246

Major non-cash transactions during the year ended 31 December 2017 are presented in Note 37.


 Ha Thi Phuong Thuy Hong Nhung
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 Nguyen Ngo Vi Tam
 General Director
 Authorised by Legal Representative
 29 March 2018

The notes on pages 9 to 44 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017, the Group comprised the parent company and 6 subsidiaries. Details of the Company’s subsidiaries are presented below:

Company name	Principal activities	Address of registered office	Percentage of ownership and voting rights	
			31.12.2017	31.12.2016
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 Corporation	Extracting and manufacturing of collagen and gelatin	National Highway 30, Ward 11, Cao Lanh City, Dong Thap Province	100%	90%
Van Duc Tien Giang Food Export Co., Ltd.	Trading aquatic products	Dong Hoa Hemplet, Song Thuan Commune, Chau Thanh District, Tien Giang Province	100%	100%
Octogone Holdings PTE. Ltd.	Trading aquatic products and functional foods	No.3 Raffles Place#06-01 Bharat Building, Singapore	100%	100%
Octogone (Guangzhou) Trading Co., Ltd.	Trading aquatic products and functional foods	No.537 Northern Panyu Boulevard, Guangzhou City, Guangdong Province, P.R. China	100%	100%
Thanh Binh Dong Thap One Member Limited	Trading aquatic products	Thanh Binh Industrial cluster, Binh Thanh Commune, Thanh Binh District, Dong Thap Province	100%	-

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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.

2.2 FISCAL YEAR

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

2.3 CURRENCY

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 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.

2.5 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 GOODWILL (CONTINUED)

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 joint ventures and associates is included in the carrying amount of the investments at the date of acquisition. The Group does not amortise this goodwill.

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

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

2.6 CASH

Cash comprises cash on hand and cash at banks.

2.7 TRADE RECEIVABLES

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

2.8 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.

2.9 INVESTMENTS

(A) INVESTMENTS HELD-TO-MATURITY

Investments held to maturity are investments which the Board of Directors 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 INVESTMENTS (CONTINUED)

there is evidence that part or the whole of the investment is uncollectible.

(B) 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.

2.10 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 are as follows:

Buildings, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 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.

2.12 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.

2.13 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.

2.14 BORROWING COSTS

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.

2.15 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.

2.16 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 PROVISIONS (CONTINUED)

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.

2.17 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.

2.18 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 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.

2.20 REVENUE RECOGNITION

(A) 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.

(B) RENDERING OF SERVICES

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 REVENUE RECOGNITION (CONTINUED)

- 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.

(C) INTEREST INCOME

Interest income is recognised on an earned basis.

(D) DIVIDEND INCOME

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

2.21 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.

2.22 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.

2.23 FINANCIAL EXPENSES

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

2.24 SELLING EXPENSES

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 GENERAL AND ADMINISTRATION EXPENSES

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

2.26 CURRENT AND DEFERRED INCOME TAX

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

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

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

2.27 RELATED PARTIES

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 RELATED PARTIES (CONTINUED)

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

2.28 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.

3. BUSINESS COMBINATION

Acquisition of Thanh Binh Dong Thap One Member Limited ("Thanh Binh"), a new subsidiary. On February 2017, the Company completed the related legal procedures to exercise its control over Thanh Binh. Accordingly, the financial statements of Thanh Binh have fully been consolidated from the date that the control was transferred to the Company.

The fair value of Thanh Binh's identifiable assets and liabilities at the acquisition date is as follows:

	Fair value at the acquisition date VND
Assets	
Cash and cash equivalents	911,325,366
Short-term receivables	1,336,318,082
Inventories	1,547,074,065
Other current assets	26,225,579,471
Tangible fixed assets	206,663,113,142
Intangible fixed assets	59,469,233,305
Construction in progress	4,625,526,700
Other long-term assets	6,056,236,389
	306,834,406,520
Liabilities	
Short-term liabilities	(195,822,574,220)
	111,011,832,300
Net asset value	
Non-controlling interests	-
Goodwill from the business combination (Note 14)	56,988,167,700
	168,000,000,000
Total consideration transferred	168,000,000,000

4. CASH

	2017 VND	2016 VND
Cash on hand	1,186,753,377	747,717,722
Cash at banks	44,158,238,046	163,888,146,524
	45,344,991,423	164,635,864,246

5. INVESTMENTS

(A) INVESTMENTS HELD TO MATURITY

	2017		2016	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits at banks	372,822,249,924	372,822,249,924	169,275,191,322	169,275,191,322

The term deposits represent bank deposits with maturity of more than three months, less than one year and earn fixed interest in Vietnamese Dong.

(B) EQUITY INVESTMENTS IN OTHER ENTITIES

	2017		2016	
	Cost VND	Provision VND	Cost VND	Provision VND
Cuu Long Sea products Company	-	-	15,977,340,000	-
Vinh Hoan (USA) Inc.	1,297,729,978	-	1,297,729,978	-
	1,297,729,978	-	17,275,069,978	-

Equity investments in other entities represent the investments that the Group holds less than 20% voting rights in those entities.

As at the date of these consolidated financial statements, the Group had not determined the fair value of these investments as such information is not available.

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6. SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2017 VND	2016 VND
Related parties (Note 38(B))	444,881,264	91,829,573
Third parties (*)	1,211,162,982,769	943,991,838,352
	1,211,607,864,033	944,083,667,925

(*) Details of customers accounting for 10% or more of total trade receivables balance are as below:

	2017 VND	2016 VND
Vinh Hoan (USA) Inc.	963,117,091,333	683,767,352,006

As at 31 December 2017 and 31 December 2016, accounts receivable of USD8,750,000 (equivalent to VND198,318,750,000 as translated using the exchange rate as at 31 December 2017) were pledged with HSBC Bank (Vietnam) Ltd. as a security for a credit facility of USD17,500,000 which expires in 2018.

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

7. SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2017 VND	2016 VND
Related parties (Note 38(B))	46,122,408,100	69,499,928,810
Third parties (*)	42,693,882,783	120,994,049,492
	88,816,290,883	190,493,978,302

(*) Details of suppliers accounting for 10% or more of the total prepayments to suppliers balance are as below:

	2017 VND	2016 VND
Nutrawell (USA) Co., Ltd	11,744,246,040	22,211,776,920
Mr. Tran Quoc Khanh	7,729,956,000	-
Mr. Tran Van Khuonl	-	22,889,678,200
Mr. Lam Quang Thanh	-	19,934,925,000

8. OTHER SHORT-TERM RECEIVABLES

	2017 VND	2016 VND
Interest receivables from term deposits	11,365,568,903	5,502,611,112
Related parties (Note 38(B))	9,334,295,944	1,218,734,267
Advances	2,112,662,865	5,585,863,773
Others	9,510,317,000	6,429,083,912
	32,322,844,712	18,736,293,064

As at 31 December 2017 and 31 December 2016, there was no balance of other receivables past due or not past due but doubtful.

9. INVENTORIES

	2017		2016	
	Cost VND	Provision VND	Cost VND	Provision VND
Raw materials	107,274,920,181	-	93,034,263,924	-
Tools and supplies	9,359,200,807	-	8,999,223,571	-
Work in progress	724,965,997,461	-	540,086,026,952	-
Finished goods	401,746,053,734	(47,979,364,105)	678,227,948,660	(110,947,966,571)
Merchandises	7,004,022,918	-	4,356,141,612	-
	1,250,350,195,101	(47,979,364,105)	1,324,703,604,719	(110,947,966,571)

As at 31 December 2017 and 31 December 2016, inventories amounting to USD8,750,000 (equivalent to VND198,318,750,000 as translated using the exchange rate as at 31 December 2017) were pledged with HSBC Bank (Vietnam) Ltd. as a security for a credit facility of USD17,500,000 which expires in 2018.

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

	2017 VND	2016 VND
Beginning of year	110,947,966,571	63,986,836,719
Increase	-	46,961,129,852
Decrease	(62,968,602,466)	-
End of year	47,979,364,105	110,947,966,571

10. FIXED ASSETS

(A) TANGIBLE FIXED ASSETS

	Buildings, structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Other tangible fixed assets VND	Total VND
Historical cost						
As at 1 January 2017	752,666,156,856	1,152,120,537,449	58,651,767,750	10,953,461,912	30,413,601,906	2,004,805,525,873
New purchases	4,602,942,003	31,307,904,082	5,950,614,235	3,408,694,646	1,888,252,000	47,158,406,966
Additions from subsidiary's acquisition	123,615,083,724	82,702,407,600	345,621,818	-	-	206,663,113,142
Transfers from construction in progress (Note 11)	35,452,337,538	85,349,086,203	114,534,468	687,317,018	-	121,603,275,227
Reclassification	(12,991,820,000)	12,274,320,000	-	546,000,000	171,500,000	-
Other increases	3,553,608,200	-	-	-	-	3,553,608,200
Disposals	-	(811,207,266)	(1,287,314,774)	-	-	(2,098,522,040)
As at 31 December 2017	906,898,308,321	1,362,943,048,068	63,775,223,497	15,595,473,576	32,473,353,906	2,381,685,407,368
Accumulated depreciation						
As at 1 January 2017	252,292,259,059	498,074,271,559	23,253,439,472	5,353,748,092	13,587,774,294	792,561,492,476
Charge for the year	63,710,454,756	103,633,429,115	7,880,538,388	1,896,952,174	3,290,171,062	180,411,545,495
Additions from subsidiary's acquisition	-	1,568,023,919	-	-	-	1,568,023,919
Disposals	-	(278,933,710)	(867,920,732)	-	-	(1,146,854,442)
As at 31 December 2017	316,002,713,815	602,996,790,883	30,266,057,128	7,250,700,266	16,877,945,356	973,394,207,448
Net book value						
As at 1 January 2017	500,373,897,797	654,046,265,890	35,398,328,278	5,599,713,820	16,825,827,612	1,212,244,033,397
As at 31 December 2017	590,895,594,506	759,946,257,185	33,509,166,369	8,344,773,310	15,595,408,550	1,408,291,199,920

As at 31 December 2017, the Group's tangible fixed assets with a carrying value of VND714,605,482,101 (2016: VND511,947,745,701) were pledged with banks as securities for borrowings granted to the Group (Note 19).

Cost of fully depreciated tangible fixed assets but still in use as at 31 December 2017 was VND412,517,153,409 (2016: VND336,086,128,015).

Total interest expense which was capitalised during the year ended 31 December 2017 was nil (year 2016: VND8,825,630,997).

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10. FIXED ASSETS (CONTINUED)

(B) INTANGIBLE FIXED ASSETS	Land use rights VND	Computer Software VND	Total VND
Historical cost			
As at 1 January 2017	124,280,366,611	1,163,887,070	125,444,253,681
New purchases	1,508,875,700	270,290,000	1,779,165,700
Additions from subsidiary's acquisition	59,469,233,305	-	59,469,233,305
Reclassification (Note 10)	(11,251,580,800)	-	(11,251,580,800)
As at 31 December 2017	174,006,894,816	1,434,177,070	175,441,071,886
Accumulated amortisation			
As at 1 January 2017	13,702,612,776	847,107,580	14,549,720,356
Charge for the year	3,153,310,356	134,654,016	3,287,964,372
Additions from subsidiary's acquisition	65,639,176	-	65,639,176
As at 31 December 2017	16,921,562,308	981,761,596	17,903,323,904
Net book value			
As at 1 January 2017	110,577,753,835	316,779,490	110,894,533,325
As at 31 December 2017	157,085,332,508	452,415,474	157,537,747,982

As at 31 December 2017, the Group's land use rights with carrying value of VND52,338,844,539 (2016: VND52,182,162,615) were pledged with banks as securities for borrowings granted to the Group (Note 18).

Cost of fully amortised intangible fixed assets as at 31 December 2017 was VND2,742,769,597 (2016: VND2,093,934,617).

11. CONSTRUCTION IN PROGRESS

	2017 VND	2016 VND
Acquisition of fixed assets	133,366,403,190	154,793,983,910
Housing project for employees	29,665,486,286	-
Meeting hall and parking facilities	18,652,295,059	-
Sewage processing system	8,922,865,955	-
Expenses related to fish ponds	8,163,085,440	1,931,000,229
Other construction in progress	25,515,820,127	20,004,943,890
	224,285,956,057	176,729,928,029

Total interest expense which was capitalised during the year ended 31 December 2017 was VND1,927,178,000 (2016: nil).

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

	2017 VND	2016 VND
Beginning of year	176,729,928,029	245,627,838,605
Increases	195,630,612,510	265,713,326,704
Additions from subsidiary acquisition	4,625,526,700	-
Reclassification	-	15,589,250,000
Transfers to tangible fixed assets (Note 10(A))	(121,603,275,227)	(334,832,978,224)
Other decreases	(31,096,835,955)	(15,367,509,056)
End of year	224,285,956,057	176,729,928,029

12. LONG-TERM PREPAID EXPENSES

	2017 VND	2016 VND
Reinforcing fisheries	52,649,514,785	46,019,985,012
Land rental	26,338,617,134	18,007,388,166
Compensation costs for land lease	18,435,681,225	18,826,543,725
Leveling cost	4,772,678,845	-
Others	26,785,687,571	22,704,491,818
	128,982,179,560	105,558,408,721

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13. 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:

	2017 VND	2016 VND
Deferred tax assets		
Beginning of year	6,969,855,842	475,225,190
Consolidated income statement (charge)/credit	(3,829,404,328)	6,494,630,652
End of year	3,140,451,514	6,969,855,842

Deferred income tax assets mainly come from provision for severance allowance and provision for anti-dumping review.

	2017 VND	2016 VND
Deferred income tax liabilities		
Beginning of year	15,125,029,951	10,451,684,812
Consolidated income statement charge (Note 34)	4,821,115,371	4,673,345,139
End of year	19,946,145,322	15,125,029,951

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 2017 (2016: 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 subject 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::

13. DEFERRED INCOME TAX (CONTINUED)

Year of tax loss	Status of tax authorities' review	Loss incurred VND	Loss utilised VND	Loss carried forward VND
Year ended 31.12.2012	Outstanding	(6,683,114,441)	-	(6,683,114,441)
Year ended 31.12.2013	Outstanding	(14,395,978,801)	-	(14,395,978,801)
Year ended 31.12.2014	Outstanding	(19,360,497,434)	-	(19,360,497,434)
Year ended 31.12.2015	Outstanding	(30,074,572,814)	-	(30,074,572,814)
Year ended 31.12.2016	Outstanding	(17,846,515,610)	-	(17,846,515,610)
Year ended 31.12.2017	Outstanding	(31,174,752,455)	-	(31,174,752,455)

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.

14. GOODWILL

	2017 VND	2016 VND
Beginning of year	71,645,266,286	81,092,993,709
Increases	56,988,167,700	-
Allocation	(15,146,544,193)	(9,447,727,423)
End of year	113,486,889,793	71,645,266,286

15. SHORT-TERM TRADE ACCOUNTS PAYABLE

	2017		2016	
	Value VND	Able to pay amount VND	Value VND	Able to pay amount VND
Related parties (Note 38(B))	35,776,874,100	35,776,874,100	930,111,600	930,111,600
Third parties (*)	197,302,043,857	197,302,043,857	274,966,470,313	274,966,470,313
	233,078,917,957	233,078,917,957	275,896,581,913	275,896,581,913

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19. BORROWINGS (CONTINUED)

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

	2017 VND	2016 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh City Branch (i)	487,312,059,440	216,563,316,238
HSBC Bank (Vietnam) Limited (ii)	317,291,366,421	197,969,063,274
ANZ Bank (Vietnam) Limited - Ho Chi Minh City Branch (iii)	158,106,286,108	42,550,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade - Dong Thap Branch (iv)	45,469,215,979	408,574,739,171
	1,008,178,927,948	865,657,118,683

(i) The balance represents borrowings in VND, which fall due from January to March 2018, with applicable interest rates being specified for each drawdown to finance the Group'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 and all machinery and equipment in the factory of Van Duc Tien Giang Food Export Co., Ltd (Note 10).

(ii) The balance represents borrowings in VND from the Company and a subsidiary with applicable interest rates being specified for each drawdown to finance the Group's working capital requirements. The loan is secured by accounts receivable (Note 6), inventories (Note 9) and the Company's guarantee amounting to USD10,000,000.

(iii) These are unsecured loans in VND, which are due for repayment in January and February 2018.

(iv) The balance represents borrowings in VND, which fall due in March and April 2018, with applicable interest rates being specified for each drawdown to finance the Group'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 of the fish powder and fat-processing (Note 10).

(**) The balance represents long-term borrowings from the Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh City Branch, with terms of over 84 to 120 months and grace periods from 12 to 24 months. The borrowings are secured by the land use rights and the fixed assets in the Company's fish powder and fat-processing factory (Note 10).

20. PROVISIONS FOR SHORT-TERM LIABILITIES

The balance represents the estimated expenses related to anti-dumping lawsuit in the United States of America.

21. BONUS AND WELFARE FUND

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

	2017 VND	2016 VND
Beginning of year	49,090,214,526	52,267,301,526
Appropriated during the year (Note 23)	40,000,000,000	20,000,000,000
Utilised	(40,918,089,678)	(23,177,087,000)
End of year	48,172,124,848	49,090,214,526

22. OWNERS' CAPITAL

(A) NUMBER OF SHARES

	2017		2016	
	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)	-	(102,060)	-
Number of existing shares in circulation	92,301,883	-	92,301,883	-

(B) MOVEMENT OF SHARE CAPITAL

	Number of share capital	Ordinary shares VND	Preference shares VND	Total VND
As at 1 January 2016, 31 December 2016 and 31 December 2017	92,403,943	924,039,430,000	-	924,039,430,000

Par value per share: VND10,000.

23. MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Foreign exchange differences VND	Undistributed earnings VND	Non-controlling interests VND	Total VND
As at 1 January 2016	924,039,430,000	216,409,744,645	-	97,965,256	936,410,386,828	12,371,785,402	2,089,329,312,131
Repurchase of treasury shares	-	-	(3,015,672,745)	-	-	-	(3,015,672,745)
Net profit for the year	-	-	-	-	566,737,499,651	(1,299,263,548)	565,438,236,103
Dividends paid	-	-	-	-	(230,754,707,500)	-	(230,754,707,500)
Appropriation to bonus and welfare fund	-	-	-	-	(20,000,000,000)	-	(20,000,000,000)
Additional investments in subsidiaries	-	-	-	-	(2,500,000,000)	(5,000,000,000)	(7,500,000,000)
Others	-	-	-	(383,524,213)	-	-	(383,524,213)
As at 31 December 2016	924,039,430,000	216,409,744,645	(3,015,672,745)	(285,558,957)	1,249,893,178,979	6,072,521,854	2,393,113,643,776
Net profit for the year	-	-	-	-	604,706,151,216	(131,705,105)	604,574,446,111
Appropriation to bonus and welfare fund (*)	-	-	-	-	(40,000,000,000)	-	(40,000,000,000)
Additional investments in a subsidiaries	-	-	-	-	(9,142,397,200)	(5,857,602,800)	(15,000,000,000)
Others	-	-	-	(72,038,055)	-	-	(72,038,055)
As at 31 December 2017	924,039,430,000	216,409,744,645	(3,015,672,745)	(357,597,012)	1,805,456,932,995	83,213,949	2,942,616,051,832

(*) In accordance with the Resolutions of the Annual General Meeting of the shareholders on 5 May 2017, the Group appropriated an amount of VND40,000,000,000 from the year 2016's profit after tax to the bonus and welfare fund in the year ended 31 December 2017.

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24. NON-CONTROLLING INTEREST (“NCI”)

Details of NCI are as follows:

	2017 VND	2016 VND
Share capital	700,000,000	10,700,000,000
Allocated losses	(616,786,051)	(4,627,478,146)
	<u>83,213,949</u>	<u>6,072,521,854</u>

Movements of the NCI are as follows:

	2017 VND	2016 VND
Beginning of year	6,072,521,854	12,371,785,402
Allocated losses for the year	(131,705,105)	(1,299,263,548)
Decrease due to repurchase of share capital from NCI	(5,857,602,800)	(5,000,000,000)
End of year	<u>83,213,949</u>	<u>6,072,521,854</u>

25. DIVIDENDS

Movements of dividends payable during the year are as follows:

	2017 VND	2016 VND
Beginning of year	180,012,000	85,492,750
Dividends payable during the year	-	230,754,707,500
Dividends paid in cash during the year	(299,250)	(230,660,188,250)
End of year (Note 18)	<u>179,712,750</u>	<u>180,012,000</u>

26. 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:

26. EARNINGS PER SHARE (CONTINUED)

	2017 VND	2016 VND
Net profit attributable to shareholders (VND)	604,529,132,966	566,737,499,651
Less amount allocated to bonus and welfare fund (VND) (*)	-	(40,000,000,000)
	<u>604,529,132,966</u>	<u>526,737,499,651</u>
Weighted average number of ordinary shares in issue (shares)	92,301,883	92,301,883
Basic earnings per share (VND)	<u>6,551</u>	<u>5,707</u>

(*) Amount appropriated to the bonus and welfare fund for the year ended 31 December 2016 was based on the allocation rate of the planned appropriation to the bonus and welfare fund in accordance with the 2016 profit distribution plan, which was approved in the Company's shareholders' at the Annual General Meeting.

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

27. OFF BALANCE SHEET ITEMS

(A) OPERATING LEASES COMMITMENTS

The future minimum lease payments under non-cancellable operating leases for the years ended 31 December 2017 and 31 December 2016 are presented in Note 39.

(B) FOREIGN CURRENCIES

	2017	2016
United States Dollar (“USD”)	360,313.72	6,428,780.81
Euro (“EUR”)	56,898.52	537.16
Chinese Yuan Renminbi (“CNY”)	3,183,476.92	518,869.89
Japanese Yen (“JPY”)	31,983	33,435
Singapore Dollar (“SGD”)	575,555	126,350.18

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28. REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2017 VND	2016 VND
Revenue		
Sales of finished goods	6,273,044,408,472	5,895,408,486,571
Sales of by-products	1,281,110,654,888	1,043,620,343,247
Sales of merchandises	565,164,177,544	405,840,089,712
Sales of raw materials	47,215,468,362	21,309,300,676
Rendering of services	5,830,315,632	3,803,378,062
Others	11,227,273	-
	8,172,376,252,171	7,369,981,598,268
Deductions		
Sales allowances	(1,290,496,964)	(45,613,974,190)
Sales returns	(19,589,077,100)	(20,821,424,512)
	(20,879,574,064)	(66,435,398,702)
Net revenue	8,151,496,678,107	7,303,546,199,566

29. COST OF GOODS SOLD AND SERVICES RENDERED

	2017 VND	2016 VND
Cost of finished goods sold	5,273,995,709,833	4,826,061,984,742
Cost of by-products sold	1,171,239,738,752	964,009,965,991
Cost of merchandises sold	545,241,372,194	375,715,694,726
Cost of raw materials sold	45,918,091,399	22,133,488,266
Cost of services provided	1,861,237,045	1,808,780,000
(Reversal of provision)/provision for decline in value of inventories	(62,968,602,466)	46,961,129,852
Others	4,319,790,668	91,563,815
	6,979,607,337,425	6,236,782,607,392

30. FINANCIAL INCOME

	2017 VND	2016 VND
Interest income from deposits	20,637,299,235	27,976,131,561
Realised foreign exchange gains	26,069,492,947	42,080,055,579
Interest income on the advances for purchases of raw materials	5,117,225,204	7,987,243,704
Net gain from foreign currency translation at year-end	-	7,166,433,668
Others	6,572,022,545	1,528,717,117
	58,396,039,931	86,738,581,629

31. FINANCIAL EXPENSES

	2017 VND	2016 VND
Interest expense	71,440,932,223	68,145,484,377
Realised foreign exchange losses	9,703,680,484	30,868,193,721
Unrealised foreign exchange losses	6,972,390,435	-
Provision/(reversal of provision) for diminution in value of investments	183,732,302	(6,903,592,732)
Loss from disposal of investments	-	456,910,205
Others	223,953,694	310,251,407
	88,524,689,138	92,877,246,978

32. SELLING EXPENSES

	2017 VND	2016 VND
Transportation, storage and other outsourced service expenses	170,507,697,479	181,228,103,446
Exhibition and advertising expenses	37,023,216,602	45,951,150,236
Staff costs	13,062,694,405	18,308,705,891
Others	48,809,593,070	20,889,993,333
	269,403,201,556	266,377,952,906

33. GENERAL AND ADMINISTRATION EXPENSES

	2017 VND	2016 VND
Staff costs	55,121,285,129	43,641,626,193
Depreciation and amortisation	14,745,827,361	14,252,682,572
Allocation of goodwill	15,146,544,193	9,447,727,423
Tools and supplies	7,147,448,289	9,639,571,473
Others	49,138,082,702	37,696,632,301
	141,299,187,674	114,678,239,962

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34. BUSINESS INCOME TAX

In accordance with Circular No. 96/2015/TT-BTC dated 22 June 2015 issued by the Ministry of Finance, the Company and Van Duc Tien Giang Food Export Co., Ltd are subject to business income tax (“BIT”) at the rate of 15% for aquaculture processing activities and 20% for other activities.

The other subsidiaries of the Company have the obligations to pay BIT are as follows:

Octogone Holdings PTE. Ltd. and Octogone (Guangzhou) Trading Co., Limited

These companies have the obligation to pay BIT at a rate of 17% and 25% respectively in accordance with the regulations where these companies are incorporated.

Vinh Hoan 2 Food Co., Ltd. (“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 subject to the BIT rate of 20% in 10 years from the commencement date of operation for drying, peeling rice, manufacturing parboiled rice and polishing rice for export, and is exempted from BIT for 2 years from the first year making profit and entitled to a 50% reduction for 4 years thereafter. Vinh Hoan 2 has commenced its operation since 2012. From 1 January 2016, under item 9, Article 1, Law on BIT 71/2014/QH13 dated 26 November 2014, this company is entitled to tax incentive at the tax rate 17% for the business activities under tax incentive.

Vinh Hoan Collagen Corporation (“Vinh Hoan Collagen”)

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

Thanh Binh Dong Thap One Member Limited (“Thanh Binh”)

The company is subject to BIT at the rate of 15% for aquaculture processing activities and 20% for other activities. In accordance with Investment Certificate No. 7664856881 dated 28 February 2017 issued by the People’s Committee of Dong Thap Province, Thanh Binh is exempted from BIT for 2 years from the first year making profit and entitled to a 50% reduction for 4 years thereafter for the additional income in the expansion project.

The Group’s other activities are subject to BIT at the rate of 20%.

34. BUSINESS INCOME TAX (CONTINUED)

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

	2017 VND	2016 VND
Net accounting profit before tax	722,780,593,934	672,433,464,833
Tax calculated at the rate of 20%	140,634,620,146	130,611,122,215
Effects of:		
Income not subject to tax	-	(1,219,100,197)
Non-deductible expenses	3,100,881,283	3,251,673,063
Tax incentive	(34,187,421,417)	(27,224,679,783)
Temporary differences for which no deferred income tax asset was recognised in the prior years	-	(6,465,000,000)
Tax losses for which no deferred income tax asset was recognised	3,836,952,440	3,703,297,489
Others	4,821,115,371	4,337,915,943
Business income tax charge	118,206,147,823	106,995,228,730
Charged/(credited) to income statement:		
Business income tax - current	109,555,628,124	108,816,514,243
Business income tax - deferred (*)	8,650,519,699	(1,821,285,513)
	118,206,147,823	106,995,228,730

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

	2017 VND	2016 VND
Taxable temporary differences	19,946,145,322	15,125,029,951
Reversal of deferred income tax assets	6,969,855,842	475,225,190
Deductible temporary differences	(3,140,451,514)	(6,969,855,842)
Reversal of deferred income tax liabilities	(15,125,029,951)	(10,451,684,812)
Total deferred tax expenses/(income)	8,650,519,699	(1,821,285,513)

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35. COST OF OPERATION BY FACTOR

	2017 VND	2016 VND
Raw materials	5,291,231,076,137	5,071,940,875,733
Labour costs	665,433,101,142	560,620,516,850
Depreciation, amortisation and allocation of goodwill	198,846,054,060	134,657,290,661
Outsourced service expenses	573,450,053,127	645,272,673,695
Other cash expenses	193,876,007,213	180,066,852,951
	<u>6,922,836,291,679</u>	<u>6,592,558,209,890</u>

36. SEGMENT REPORTING

GEOGRAPHICAL SEGMENT:

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

	2017 VND	2016 VND
Export	6,769,771,522,404	5,889,159,094,337
Domestic	1,381,725,155,703	1,414,387,105,229
	<u>8,151,496,678,107</u>	<u>7,303,546,199,566</u>

BUSINESS ACTIVITY SEGMENT:

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

37. ADDITIONAL INFORMATION FOR THE ITEMS OF THE STATEMENT OF CASH FLOWS

(A) NON-CASH TRANSACTIONS AFFECT THE STATEMENT OF CASH FLOWS

	2017 VND	2016 VND
Purchases of fixed assets not yet paid	-	782,932,046
Transfers of prepayments to acquire shares to long-term investments	-	26,174,510,000
Capitalised interest expense during the year	<u>1,927,178,000</u>	<u>8,825,630,997</u>

(B) AMOUNT OF LOAN ACTUALLY WITHDRAWN DURING THE YEAR

	2017 VND	2016 VND
Proceeds from borrowings following normal borrowing contracts	<u>4,760,649,651,955</u>	<u>4,760,993,959,668</u>

(C) AMOUNT OF LOAN PRINCIPAL ACTUALLY PAID DURING THE YEAR

	2017 VND	2016 VND
Proceeds from borrowings following normal borrowing contracts	<u>4,734,043,719,934</u>	<u>5,149,278,756,450</u>

38. RELATED PARTY DISCLOSURES

(A) RELATED PARTY TRANSACTIONS

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

	2017 VND	2016 VND
I. Sales of goods and rendering of services		
Van Duc Food Co., Ltd.	3,948,011,766	1,054,246,652
Individuals	-	32,636,033,000
	<u>3,948,011,766</u>	<u>33,690,279,652</u>
II. Purchases of goods and services		
Individuals	<u>32,000,776,760</u>	<u>54,554,957,660</u>
III. Purchases of fixed assets		
Individuals	-	<u>51,005,175,000</u>
IV. Disposals of fixed assets		
Van Duc Food Co., Ltd	<u>90,909,091</u>	-
V. Compensation of key management		
Gross salaries and other benefits	<u>36,406,686,150</u>	<u>21,745,692,591</u>

38. RELATED PARTY DISCLOSURES (CONTINUED)

(B) YEAR END BALANCES WITH RELATED PARTIES

	2017 VND	2016 VND
I. Short-term trade accounts receivable (Note 6)		
Van Duc Food Co., Ltd.	444,881,264	91,829,573
II. Short-term prepayment to suppliers (Note 7)		
Individuals	46,122,408,100	69,499,928,810
III. Other short-term receivables (Note 8)		
Individuals	7,829,060,000	1,218,734,267
Board of Management and Directors	1,505,235,944	-
	<u>9,334,295,944</u>	<u>1,218,734,267</u>
IV. Short-term trade accounts payable (Note 15)		
Individuals	35,776,874,100	930,111,600
V. Other short-term payables (Note 18)		
Van Duc Food Co., Ltd.	11,593,323,359	2,133,557,639

39. OPERATING LEASES COMMITMENTS

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

	2017 VND	2016 VND
Within one year	7,192,660,070	5,367,078,408
Between one and five years	28,770,640,282	21,131,591,234
Over five years	53,218,529,281	55,758,944,702
Total minimum payments	<u>89,181,829,633</u>	<u>82,257,614,344</u>

40. SUBSEQUENT EVENTS

Pursuant to the Resolution of the Company's Board of Management dated 9 February 2018, the Board of Management approved the followings:

- Transfer of 526,000 shares in Octogone Holdings Pte, Ltd. The General Director of the Company was authorised to sign the share transfer agreement.
- Redemption of undistributed earnings of Van Duc Tien Giang Food Export Company ("VDTG"). The Chairperson of VDTG was authorised to implement an appropriate option to distribute dividends to the Company.
- Increase in VDTG's charter capital from VND305,423,960,000 to VND872,639,960,000. The capital increase is by way of cash injection by an external investor.

The consolidated financial statements were approved by the Board of Directors on 29 March 2018.



Ha Thi Phuong Thuy Hong Nhung
Chief Accountant/Preparer



Nguyen Ngo Vi Tam
General Director
Authorised by Legal Representative

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CORPORATION**