



VINH HOAN

**#RESILIENTFISH**

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**ANNUAL REPORTS 2019**

# GENERAL INFORMATION

Trading Name **VINH HOAN CORPORATION**

English name **VINH HOAN CORPORATION**

Abbreviation **VINH HOAN CORP.**

Business Registration No. **400112623**

Charter Capital **VND 924,039,430,000**

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

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Website **vinhhoan.com**

Stock Symbol **VHC**

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# 1

## MESSAGE FROM THE CHAIR- WOMAN



# MESSAGE FROM THE CHAIRWOMAN

## Dear Shareholders,

In 2019, the Pangasius industry witnessed the most abrupt raw material price correction in history. Farm-gate raw material prices decreased throughout 2019, after sharp increase in the two preceding years. This correction resulted in the export value for the Pangasius industry recording US\$2 billion, a dropped of approximately 11% compared year-on-year according to the Vietnam Association of Seafood Exporters and Producers (“VASEP”).

Our performance was not an exception to this trend. However, Vinh Hoan was the best performer in the Vietnam seafood industry in 2019, with a net profit after tax of VND1,178,079.9 billion, thanks to the support of our customers, employees, and investors. We continue to be the largest seafood company by market capitalization listed on the Ho Chi Minh Stock Exchange (“HOSE”).

One of our most notable achievements was Vinh Wellness, our investment into agri-tech R&D to manufacture gelatin and collagen from the Pangasius skin. Vinh Wellness has transformed Pangasius skin into a high value products. Led by our team of dedicated and passionate engineers, they made incremental development in the production techniques over the years to improve gelatin and collagen manufacturing. Complemented by stable skin supply and an unparalleled sales network, Vinh Wellness gradually increased capacity to meet the needs of pharmaceutical and

functional ingredient customers worldwide. As of 31 December, 2019, Vinh Wellness was operating at full capacity and with full order book. Vinh Wellness is and will be a significant contributor to both our strategy and financial results going forward.

Going forward, we will continue to focus our investment into human capital, hatchery, and farming, and technology. Projects are underway to improve our supply chain and management system using information technology. We are scaling up our new by-product facility, and expanding collagen manufacturing capacity to maximize economic value from our Pangasius fish stock.

Lastly, we are always grateful to our customers, partners, investors, and employees who have accompanied us on this amazing journey, leading us towards new breakthroughs in the Pangasius industry.

Sincerely,

A red circular official stamp of Vinh Hoan Corporation. The text inside the stamp includes "CÔNG TY CỔ PHẦN VINH HOAN" and "TR. CAO LÁNH - T. BÔNG THÀ". To the right of the stamp is a handwritten signature in blue ink.

Sincerely,  
**Chairwoman**  
**Truong Thi Le Khanh**



# 2

## INTRODUCTION

**2.1** Our Story

**2.2** Our Mission - Our Vision - Our Core Values

**2.3** Company History

**2.4** Product Portfolio

## 2.1

# OUR STORY

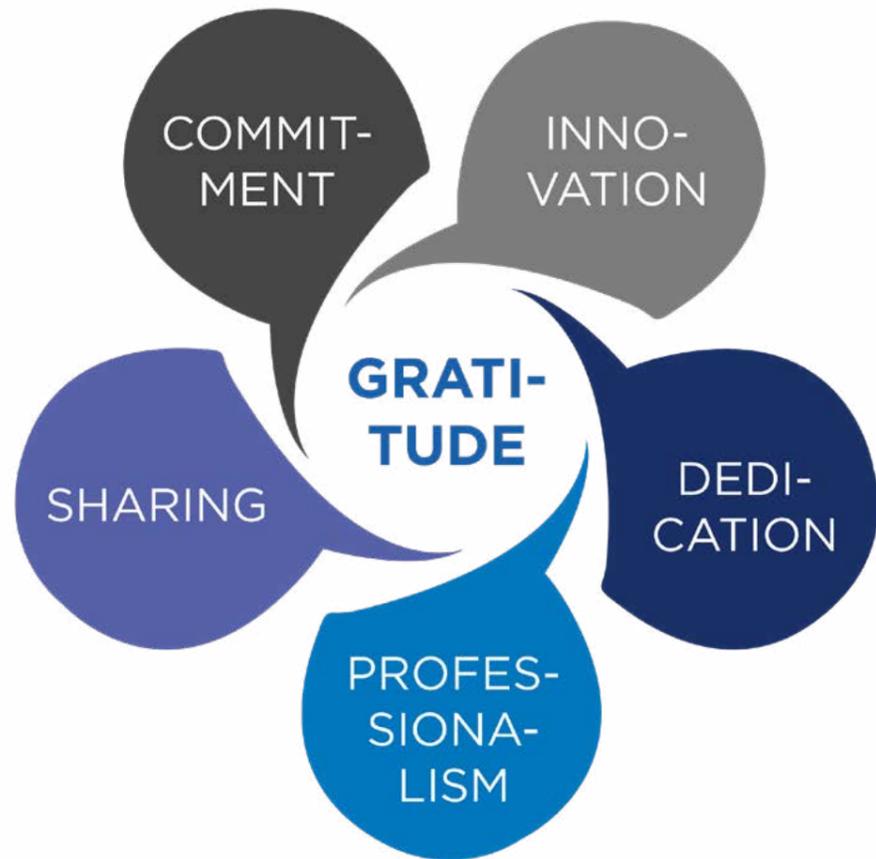
**“Vinh” means for ever and “Hoan” means global.**

From its humble beginning as a small seafood processor in 1997, Vinh Hoan Corporation (the “Company”, and together with its subsidiaries, the “Group”) has grown rapidly to be the global Pangasius leader, supplying high quality and affordable products to customers around the world.

Despite changes brought on by the success, the fundamentals of the business remain the same. Founded upon the passion, drive, and inspiration, Vinh Hoan has captured those qualities and embedded them within its DNA. By embracing innovation and technology, Vinh Hoan is ideally positioned to meet challenges of the future.

2.2

# OUR MISSION – OUR VISION – OUR CORE VALUES



## CORE VALUE

### OUR MISSION

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

### OUR VISION

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

### OUR CORE VALUES

Through 5 areas

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

### BUSINESS PHILOSOPHY

Exceed customer expectations, honesty and compliance.

# 2.3

## COMPANY HISTORY

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

1997  
Ms. Truong Thi Le Khanh, Chairwoman, established Vinh Hoan in Sa Dec, Dong Thap, Vietnam

1997

1999

Established a seafood workshop in Cao Lanh, Dong Thap, Vietnam

2007

- Listed on the Ho Chi Minh Stock Exchange
- Established Workshop 2

2008

Established Workshop 3

2010

Become the world's largest exporter of Pangasius fish according to the Vietnam Association of Seafood Exporters and Producers

2011

- Vinh Hoan was awarded the Labor Medal Class III by the President of the Socialist Republic of Vietnam
- 2012: Vinh Hoan was awarded the Labor Medal Class II by the President of the Socialist Republic of Vietnam

2014

- Top 50 Best Listed Companies by Forbes Vietnam
- Top 50 Best Performing Companies in Vietnam by Investment Review magazine

2015

- Vinh Wellness commenced operation
- Top 50 Best Listed Companies in Vietnam by Forbes Vietnam

2016

- Increased Foreign Ownership Limit to 100% to attract foreign investors
- Top 50 Best Listed Companies in Vietnam by Forbes Vietnam
- Vinh Hoan was awarded the Labor Medal Class I by the President of the Socialist Republic of Vietnam

2017

- Vinh Hoan acquired Thanh Binh Dong Thap to expand production capacity
- Top 50 Best Listed Companies in Vietnam by Forbes Vietnam
- Top 50 Best Performing Companies in Vietnam by Investment Review magazine

2018

- Establish Vinh Phuoc Food to expand production capacity
- Named "Most Reputable Exporters of 2018" by the Ministry of Industry and Trade

2019

- Named Top 50 Best Performing Companies in Vietnam by Investment Review magazine for six consecutive years
- The Food Safety and Inspection Service of the U.S. Department of Agriculture announced final determination to list Vietnam eligible to export Siluriformes fish and fish products to the U.S.
- Established Vinh Hoan Hatchery
- Vinh Phuoc Company Limited cold store and by-product facility commenced operation.

- Named "The Enterprise for Farmers" and Golden Rice Flower Award winner by the Ministry of Agriculture and Rural Development
- Named "The Sustainable Enterprise of the Mekong Delta" and "The Exemplary Enterprise of the Mekong Delta 2018" by the Vietnamese Chamber of Commerce and Industry of Can Tho

2.4

# PRODUCT PORTFOLIO

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

Consumers, along with ever-changing culinary trends, are the motivation and endless inspiration for Vinh Hoan to enrich its product diversified portfolio to satisfy consumer demand. We understand that modern consumers lack time to cook, yet demand delicious, unique, nutritious and convenient products.

They are prepared to pay more for natural and environmentally friendly foods with clear ingredient labeling. The Group creates delicious, nutritious, and convenient products, helping consumers to create memorable culinary experiences.

We strive to be a supplier of high-quality seafood and sustainable aquaculture. We focus on responsible farming and production with strict farming standards, animal welfare and transparent traceability under the standards of Best Aquaculture Practice (“BAP”) - four stars, Aquaculture Stewardship Council (“ASC”) and Global Good Aquaculture Practice (“Global GAP”) covering fingerlings, feed, raw material fish to processing.

Pangasius is a native species to Vietnam’s Mekong Delta, where it thrives in our local climate and water conditions. It is known as one of the most sustainable whitefish aquaculture species worldwide. With proper management,

Pangasius is one of the healthiest farmed fish with one of the smallest environmental footprints. It is easy to breed, robust, and grow rapidly. It is free of “wipe out” diseases and is suitable for intensive aquaculture.

Vinh Hoan’s product list for 2019 includes 4 main product groups: premium fillet products, value-added products, by-products, and wellness products:

Vinh Hoan’s has five main product groups:

- Pangasius products, including frozen fish fillets;
- By-products, including fish meal and fish oil;
- Wellness products, including gelatin and collagen.
- Value-added products, including breaded and marinated fish products; and
- Miscellaneous, including feed trading, services, and other revenues



## PANGASIUS PRODUCTS

The Group markets and distributes Pangasius fillets, steaks, wholefish, and cuts under a wide variety of specifications. Pangasius fillets are naturally-white, boneless fillets, therefore suitable for consumers of all age. It is plump and firm, sustainably raised, responsibly processed, fully traceable, competitively priced, and therefore attractive to food service and retailers.



#### BY-PRODUCTS

Vinh Hoan continues to optimize the recovery value through the processing of fish meal, fish oil, and fresh by-products. Fish meal and fish oil are ingredients for livestock nutrition, with the former primarily exported and the latter primarily sold domestically



#### WELLNESS PRODUCTS

Vinh Wellness is the only Pangasius gelatin and collagen producer in Vietnam.

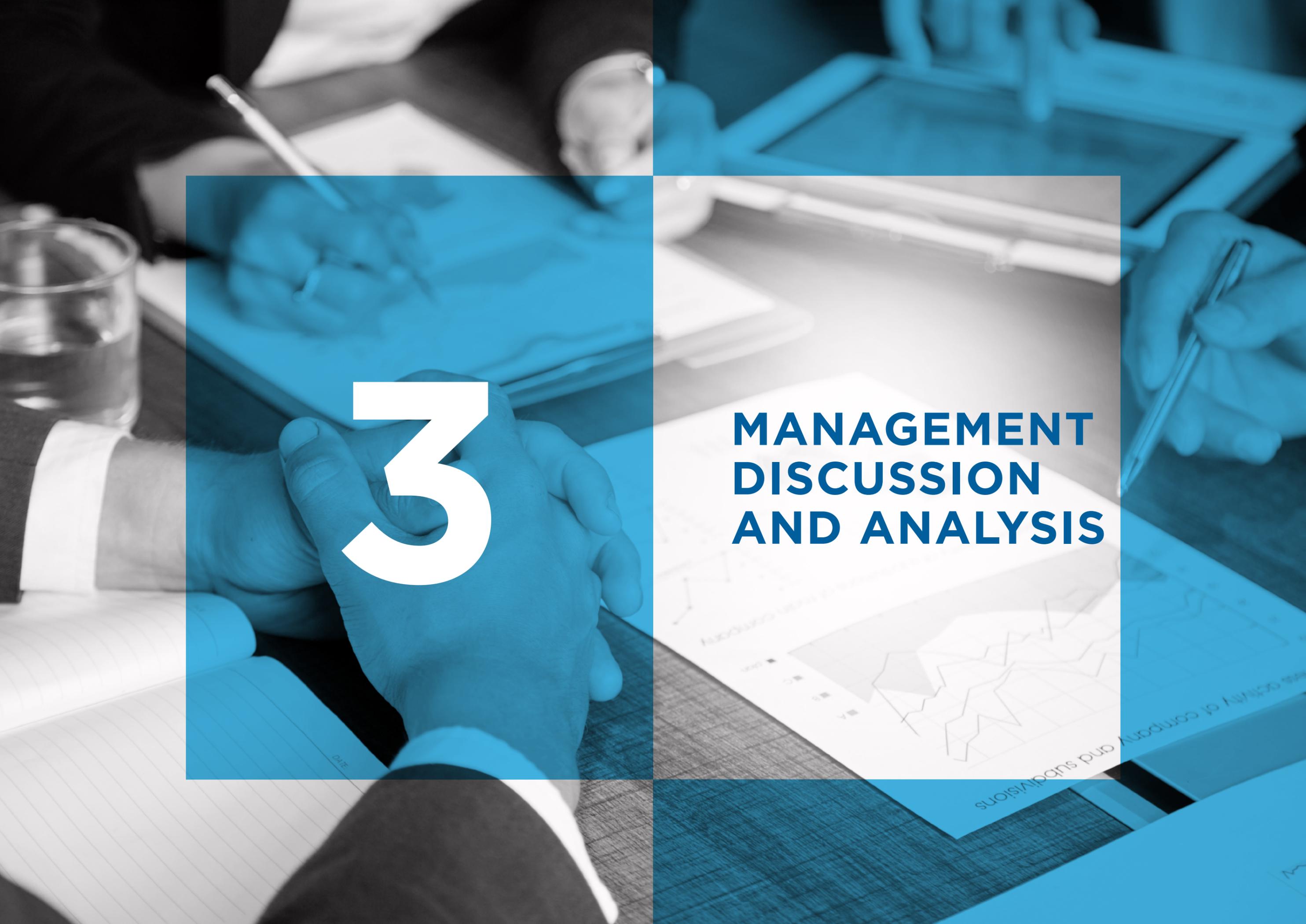
Vinh Wellness Gelatin is able to meet stringent requirements for pharmaceutical capsules or high-end food and beverage applications. It contains no pork or beef products, therefore is widely accepted across multiple cultural and religious demographics.

Vinh Wellness Collagen is highly soluble and 100% natural. It contains no artificial colors, flavors, additives, or preservatives, and is also free of fat, carbohydrate, sugar, and cholesterol. Unlike collagen from ocean fish, it is low in sodium. It is Halal certified and free of pork or beef products, therefore widely accepted across cultures and religions. It is a functional ingredient for health & wellness, nutraceuticals, and cosmeceuticals applications.



#### VALUE-ADDED PRODUCTS

Our technical capability and understanding of customer needs are foundation of our value-added R&D capabilities. We have won various awards: “Seafood Harmony” was the winner of the Seafood Prix d’Elite Health and Nutrition at Seafood Expo Global, Brussels 2009; “Provocake” was the winner of the Seafood Prix d’Elite Health and Nutrition at the Seafood Expo Global, Brussels 2011; “Pangasius Onigiri Rice Balls” was a finalist of Seafood Excellent Awards, Brussels 2018; and “Fish Bites” was awarded “Innovation of the Year” prize by the Australian supermarket Woolworths in 2019. Our current product portfolio consists of a variety of breaded and marinated products serving international brands.



**3**

**MANAGEMENT  
DISCUSSION  
AND ANALYSIS**

The management presents their report together with the audited financial statements of the Group for the year ended 31 December 2019.

### PRINCIPAL ACTIVITIES

Vinh Hoan Corporation, together with its subsidiaries, engages in (i) farming, processing, and sales of Pangasius fish products to the food and beverage and retail industry globally, (ii) manufacturing and sale of by-products such as fish meal, fish oil, and fresh by-products, (iii) manufacturing and sale wellness products such as gelatin and collagen as functional ingredients to the pharmaceutical and wellness industry, (iv) value-added products such as breaded and marinated pangasius fish products to the food and beverage and retail industry globally, and (v) trading of feed, rendering of services, and other miscellaneous activities.

### BUSINESS REVIEW

In 2019, Food Safety and Inspection Service of the United States Department of Agriculture made final determination to list Vietnam eligible to export Siluriformes fish and fish products to the United States.

Under the new regulatory regime, only certain establishments may export Siluriformes fish (including Pangasius) to the United States, which provided an additional barrier to entry. Improved raw materials supply and lower export price created additional demand and new markets for Pangasius. Growth in China continued, albeit at a decelerated pace, due to trade friction with the United States and other macroeconomic weaknesses.

For the year ended 31 December 2019, the Group's net revenue decreased 15% to VND7,867 billion (2018: VND9,271 billion). Pangasius products, by-products, wellness, value-added products, and miscellaneous contributed 69%, 13%, 7%, 2%, and 9% of the Group's revenue, respectively.

NET REVENUE (VND)	2018		2019		YOY
Pangasius products <sup>1</sup>	7,032,336,896,380	76%	5,460,726,044,223	69%	-22%
By-products <sup>2</sup>	1,237,973,743,659	13%	1,040,812,401,850	13%	-16%
Wellness <sup>1</sup>	262,917,705,885	3%	513,805,159,709	7%	95%
Value-added products <sup>1</sup>	108,854,234,523	1%	167,533,707,230	2%	54%
Miscellaneous <sup>3,4,5,6</sup>	629,246,504,047	7%	684,267,022,901	9%	9%
<b>TOTAL</b>	<b>9,271,329,084,494</b>		<b>7,867,144,335,913</b>		<b>-15%</b>

Net revenue from Pangasius products decreased 22% to VND5,461 billion (2018: VND7,032 billion) due to lower unit prices and volumes. United States, China (excluding Hong Kong), Europe, and Rest of World contributed 56%, 19%, 13%, and 12% of the Group's pangasius revenue, respectively.

In the United States, pangasius prices peaked in Q1 2019 and experienced drastic correction for the rest of 2019 leading to lower unit prices compared to 2018. Customers digested excess inventory and minimized purchases in anticipation of lower prices, which resulted in lower volume compared to 2018. United States pangasius revenue decreased 39% to VND3,039 billion (2018: VND5,006 billion).

In China, pangasius volume continued to exhibit rapid growth, albeit at a reduced pace due to a higher base in 2018. China pangasius prices fell due to increased supply and competition. Trading condition deteriorated in 2H 2019 as trade friction between the United States and China intensified.

In Europe, unit prices increased compared to 2018 as a result of annual contract renewal for selected customers. Additional raw material supply and improved affordability provided positive supply and demand stimuli to volume in Europe. Europe pangasius revenue increased 19% to VND708 billion (2018: VND596 billion).

In Rest of World, volume decreased as the Group focused on other major markets. Unit prices fell, in line with markets in United States and China. The Group won a number of strategic customers in modern retail. Rest of World pangasius decreased 10% to VND669 billion (2018: VND740 billion).

<b>NET REVENUE: PANGASIIUS PRODUCTS (VND)</b>	<b>2018</b>		<b>2019</b>		<b>YOY</b>
United States	5,005,788,087,066	71%	3,038,855,450,670	56%	-39%
China (excl. HK)	690,125,822,601	10%	1,044,505,578,007	19%	51%
Europe	596,213,516,299	8%	708,210,714,302	13%	19%
Rest of World	740,209,470,414	11%	669,154,301,244	12%	-10%
<b>TOTAL</b>	<b>7,032,336,896,380</b>		<b>5,460,726,044,223</b>		<b>-22%</b>

Net revenue from by-products decreased 16% to VND1,041 billion (2018: VND1,238 billion) due to lower unit prices. A new by-product facility at Vinh Phuoc Food came online in Dec 2019 and more fresh by-products are used to produce fish meal and fish oil, which increased recovery value.

Net revenue from wellness products increased 95% to VND514 billion (2018: VND263 billion) due to organic growth in both volumes and prices, as a result of increased adoption by functional ingredient customers globally.

Net revenue from value-added products increased 54% to VND168 billion (2018: VND109 billion) due to increased volume, partly offset by lower unit prices. Improved supply of raw materials compared to 2018 allowed the Group to allocate additional volume to this category in 2019.

Net revenue from miscellaneous products increased 9% to VND684 billion (2018: VND629 billion). Feed trading condition improved in 2019 due to higher industry pangasius farming volume and increased reliance on our feed supply.

Gross profit margin for the year was 19,5% (2018: 22,0%) driven by falling unit prices but partly offset by lower raw material costs.

Selling expenses increased 20% to VND252 billion (2018: VND210 billion) due to increased storage costs and freight costs.

General and admin expenses increased 4% to VND149 billion (2018: VND144 billion) due to increased staff costs and welfare and tools and supplies.

The Group's profit attributable to the parent company decreased from VND1,179 billion in 2018 to VND1,442 billion in 2019. The decrease in profit was mainly due to a sharp correction of fish prices compared to 2018, resulting in a decrease in profit margins. Earnings per share and diluted earnings per share were both VND12,559 (2018: VND15,489).

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

## LIQUIDITY AND FINANCIAL POSITION

As at 31 December 2019, the Group had total assets of VND6,612 billion, representing an increase of 5% as compared to VND6,299 billion as at 31 December 2018.

As at 31 December 2019, the Group's short-term and long-term borrowings amounted to VND866 billion (2018: VND1,269 billion) and nil (2018: nil), respectively.

As at 31 December 2019, net debt/(cash), defined as short-term and long-term borrowings minus cash and short-term investments, amounted to net cash VND-712 billion (2018: net debt VND618 billion).

All export sales are transacted in USD and domestic sales are transacted in VND. Foreign currencies are required for purchase of certain products and services.

## OUTLOOK

The Pangasius industry is undergoing a period of normalization where farm-gate price recovery will alleviate critical pressure on upstream market participants. Farms at the upper end of the industry cost curve and industry participants with capital constraints is reducing fingerling stocking, creating an endogenous supply shock and positive stimulus to farm-gate prices. In the meantime, depressed farm-gate and export prices will squeeze profit margins, therefore we will focus on cost control to improve competitiveness.

The Group's hatchery project is undergoing development and will further strengthen breeding and aquaculture R&D in late 2020. Improved health and robustness of juvenile fish stock will improve overall farming cost efficiency over time. The Group's economies of scale also provide additional upstream cost savings and revenue streams in feed procurement and trading, respectively.

In the Group's processing operation, it is taking a proactive approach to improve efficiency and maximize value. In pangasius farming, construction at 220ha Tan Hung Farm in Long An Province has been completed and is already being stocked. Additional farms stocking is underway. Year 2020 we plan for continued research and development on farming, nutrition

and machinery solutions to improve Feed Conversion Ratio (“FCR”) and efficiency. In pangasius processing, we continue to make incremental improvement by automation and by re-engineering manual processes. A new by-product facility at Vinh Phuoc Food commenced operation in late 2019 to maximize recovery value by converting fresh by-product into fish meal and fish oil.

In marketing and sales, global demand is facing unprecedented volatility from the coronavirus pandemic. In February 2020, demand dropped abruptly in China and began to recover in March 2020 as demand from modern retail and e-commerce increased and food services adapted to public health requirements.

Demand curtailment was more gradual in the United States with recovery contingent on food services successfully pivoting to take-out format or public health improvement. Demand from American and European strategic customers in modern retail remained relatively stable over this period.

Pangasius is widely use in budget and casual dining, which is less susceptible to economic weakness relative to premium restaurants, due to its nature as an affordable and nutritious fish. When the pandemic is over, seafood trade via modern retail and e-commerce channels will accelerate relative to traditional wet markets.

The global seafood industry will also re-access supply chain risks and reduce reliance on countries with significant trade disputes. In Vietnam, the EU-Vietnam Free Trade Agreement will remove tariffs overtime so pangasius will become price competitive with other whitefish.

Wellness products will play an increasing important role in profit expansion. Year 2020 we budgeted a 60 % growth of collagen and gelatin sales, reaching \$US 35 million thanks to our expanded gelatin line which will be in operation by August.

Wellness net profit will increase circa 50%, respectively. In addition, we expect the newly developed product, collagen tripeptides will enter the market this year after successful research and pilot production in 2019. Tripeptides have superior molecular performance than existing collagen products, and market demand in nutraceuticals and skin care products.

Based on the issues discussed, we expect to deliver consolidated net revenue and net profit after tax below:

UNIT: VND BILLION	ACTUAL 2019	PLAN 2020	
		High	Low
Net revenue	7,867	8,600	6,450
Net profit after tax	1,179	1,063	800

Our guidance for net revenue and net profit after tax could be impacted by, inter alia, prolonged global economic weakness, increased tariff and non-tariff trade barriers, significant volatility in foreign exchange rates, supply chain disruption, which may negatively impact our plan by a quarter, resulting in the low case guidance as the above.

**CAPEX**

The three main projects that we shall invest in 2020 are construction of Vinh Hoan hatchery, Vinh Hoan Collagen factory expanded and fish oil refinery, the total amount of which is VND billion 205. Another VND billion 30 is budgeted for further construction of small farms and renovating existing farms. Expenditure to complete cold store and new cold store at Vinh Phuoc was 160 VND billion early 2020. Miscellaneous renovation shall cost 185 VND billion. Total capex for 2020 we budget is 580 VND billion.

**Principal Risks and Uncertainties**

Principal risks and uncertainties faced by the Group are discussed below.

*Customer Demand and Preference*

Customer demand for a particular product may change due to customer confidence, preference, or taste. As customer purchasing power increases, preference may shift to higher end seafood products. A decline in demand will directly impact sales, margins, and profitability. In order to keep alert to customers’ demands and determine appropriate marketing strategies, management continuously follows the behavioral change and satisfaction of consumers.

*Product Quality and Safety*

Product quality and safety are paramount in the seafood sector. Failure to maintain quality control during the manufacturing process may lead to poor quality products and result in complaints, claims for compensation or product recalls, penalties and damage to the Group’s reputation. The Group is committed to producing high quality and safe products from its manufacturing process and has traceability systems for raw materials used and quality assurance systems throughout its supply chains.

*Free Trade*

The export of Pangasius fish and other products sold by the Group are subject to a variety of tariff and non-tariff barriers, such as anti-dumping duties, import value-added taxes, custom duties, and other technical or administrative barriers in all major markets including but not limited to the United States, China, and Europe. Although most anti-dumping duties, import value-added taxes, and custom duties are not directly paid by the Group, they affect customer demand, willingness to pay, and place additional administrative burden to the Group and its customers. Potential trade dispute between Vietnam and any other countries or delay in the implementation of free trade agreements (e.g. EU-Vietnam Free Trade Agreement) may affect volume and unit price of our export products. The

Group proactively monitor and engage with appropriate local and foreign governments, and actively participate in reviews, appeals and other processes to protect its access to major markets.

#### *Volatility of Commodity Prices*

Price of aqua feed, pangasius products, and other products are dependent on the demand and supply as well as the economic condition and consumer purchasing power and confidence. When supply exceeds demand, there is a negative impact on the selling price of the said products which in turn affects the performance of the Group. On the other hand, the Group's results may also be affected by price volatility of main ingredients used in aqua feed, such as soybean meal. These raw materials are basic agricultural commodities and their prices are affected by global commodity prices as well as domestic demand and supply. Management will set a safety stock level and continuously collect and analyze the commodity price information when purchasing these raw materials.

#### *Animal Disease Outbreaks*

Any epidemic outbreaks in Pangasius fish would affect the selling prices of our products and the results of the Group. The Group will continue to provide regular training to its employees to keep up with the knowledge and understanding on diseases and outbreaks, as well as continuously conduct surveillance, follow-up, and communication of information on diseases and their outbreaks.

#### *Foreign Exchange Rate Fluctuation*

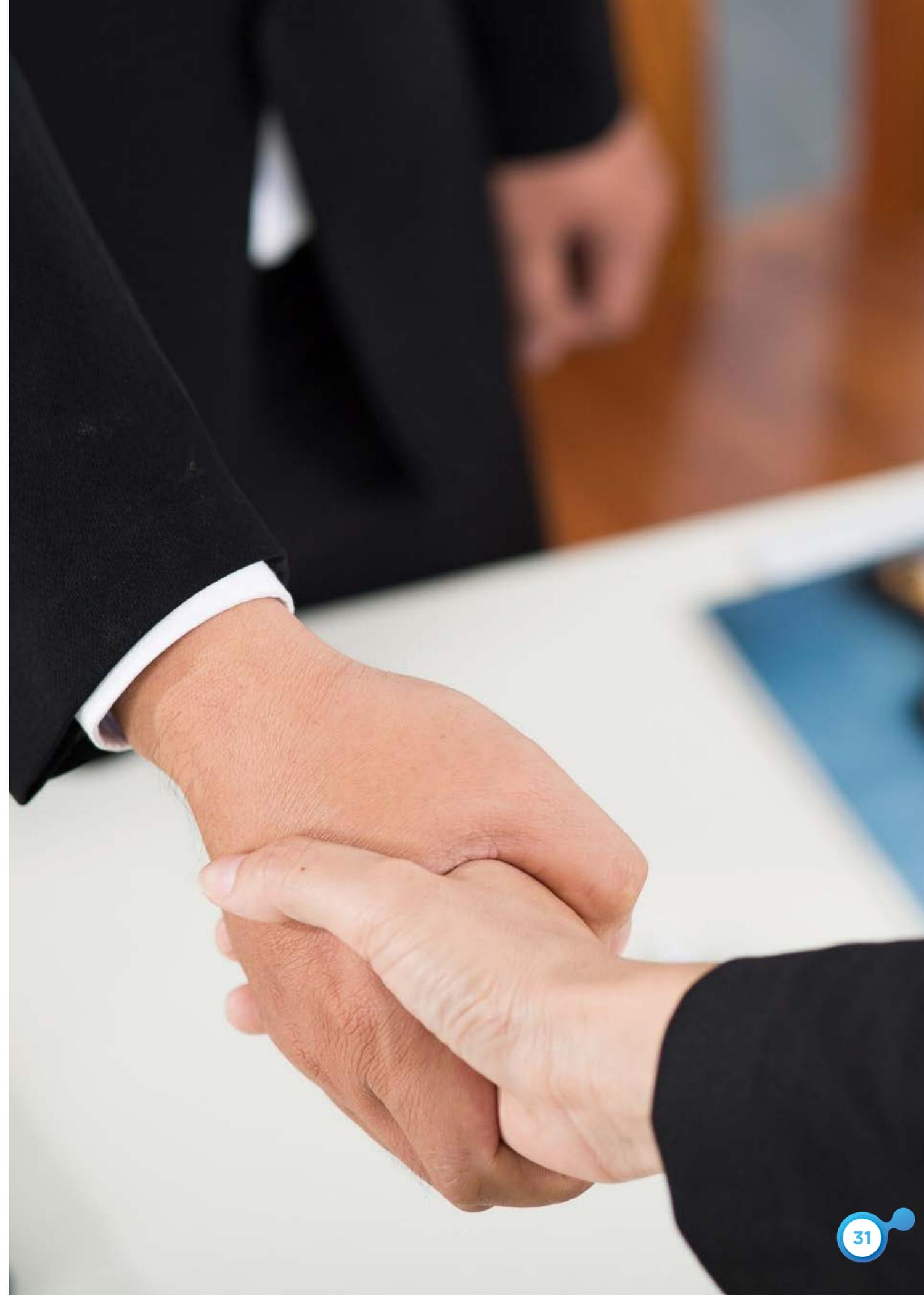
The Group primarily relies on export sales which is almost exclusively conducted in USD. In addition, the purchase of certain machinery and equipment are also conducted in foreign currencies. The Group's expenses and borrowings are primarily denominated in VND. Depreciation of USD against VND would result in a loss on translation. Furthermore, depreciation of USD against VND would also adversely affect results of the Group. The Group will continue to monitor foreign exchange movements and consider hedging when necessary.

#### *Interest Rate Fluctuation*

The Group had total bank borrowings of VND866 billion as at 31 December 2019. In the decision making for the selection of sources of capital, the Group will consider various factors such as current and expected interest rates in the market and debt-to-equity ratio of the Group.

#### *Compliance Risks*

The Group's businesses are subject to different industry standards and government regulations in different jurisdictions. These standards and regulations include food hygiene and safety related laws and regulations, environmental protection regulations, employment regulations and relevant tax laws, etc.



# 4

## CORPORATE GOVERNANCE

BOARD OF DIRECTORS

SUPERVISORY BOARD

BOARD OF MANAGEMENT

## CORPORATE GOVERNANCE

The Group is committed to adhere to strict corporate governance and conduct our business in compliance with all applicable laws, rules, and regulations, including the Listing Manual (“Listing Manual”) of Ho Chi Minh Stock Exchange (“HOSE”).

### BOARD OF DIRECTORS

A list of members of the Board of Directors as at 31 December 2019 and their board attendance record for the year ended 31 December 2019 are listed below:

NAME	POSITION	DATE OF BECOMING A MEMBER OF BOD	ATTENDANCE	%
Mdm. Truong Thi Le Khanh	Chairwoman	17 Apr 2007	07	100%
Ms. Nguyen Ngo Vi Tam	Member	17 Apr 2007	07	100%
Ms. Nguyen Thi Kim Dao	Member	03 Oct 2016	07	100%
Ms. Truong Tuyet Hoa	Member	08 May 2015	07	100%
Mr. Vo Phu Duc	Member	09 May 2012	07	100%

Members of the Board of Directors are elected for a five-year term from 2017 to 2021. There has been no change in the composition of the Board of Directors in 2019.

The BOD is responsible for supervision over the Board of Management, require the CEO to meet the strategic request of the BOD, review and evaluate audited reports, activities related to credit, guarantee, and distribution of financial resources, and quarterly results.

No	DATE	CONTENT
1	25 Feb 2019	Resolution adopting the dissolution plan of Vinh Hoan 2 Food Company Ltd.
2	23 Apr 2019	Resolution regarding the new authorized person for disclosure of the company's information.
3	06 May 2019	Resolution regarding payment of cash dividend (2nd for the year 2018)
4	07 June 2019	Resolution regarding transferring shares at Octogone Holdings Pte Ltd. and Van Duc Tien Giang Food Export Company Ltd.
5	30 July 2019	Resolution regarding adding Contributed Capital at Vinh Hoan Fish Hatchery Company Ltd.
6	18 Sep 2019	Resolution on the purchase of the Company's shares to be treasury shares
7	29 Nov 2019	Resolution regarding the plan to pay 2019 dividends by shares

### SUPERVISORY BOARD

Members of the Supervisory Board were appointed at the General Meeting of Shareholders. A list of members of the Supervisory Board as at 31 December 2019 and their board attendance record for the year ended 31 December 2019 are listed below:

NAME	POSITION	ATTENDANCE	%
Ms. Nguyen Thi Cam Van	Chủ tịch HĐQT	7/7	100%
Mr. Nguyen Quang Vinh	Thành viên HĐQT	7/7	100%
Ms. Nguyen Thi Thai Ly (resigned 9 April 2019)	Thành viên HĐQT	2/7	29%
Ms. Phan Thi Kim Hoa (appointed 26 April 2019)	Thành viên HĐQT	5/7	71%

The Supervisory Board is responsible for monitoring the implementation of shareholder resolutions, attending quarterly and ad hoc Board of Directors meetings to promptly grasp issues arisen in production and business processes, reviewing internal control procedures and to propose improvement thereof, verifying operational and accounting information integrity, reviewing reports and issues raised by external auditors, and reviewing quarterly and annual financial statements. The Supervisory Board coordinates closely with the Board of Directors, the Board of Management, and key departments to improve efficiency and to comment on issues raised in Board of Directors and Board of Management meetings, shortcomings of internal control procedures, and recommendation by external auditors. In addition, the Supervisory Board organized training on policies related to tax, accounting, labor, and salary, supported various departments in setting up financial policy and operational control processes, evaluated effectiveness control procedures related to selling expenses, production costs, payroll and allowance procedures, sale and receivable collection processes, observed year-end inventory counting, advised Board of Directors on selection of external auditors, submission procedures to the General Meeting of Shareholders, and the approval for external auditors.

### SUPERVISORY BOARD

The Board of Management (“BOM”) is led by the General Director who has overall responsibility for managing the Company and Directors who are in charge of different functions and subsidiaries.

There has been no change in the composition of the Board of Management in 2019.



**MS. NGUYEN NGO VI TAM**

**GENERAL DIRECTOR**



**MS. LE THI DIEU THI**

**QUALITY DIRECTOR**



**MS. TRUONG TUYET HOA**

**SALES DIRECTOR**



**MS. DANG THI THUONG**

**DIRECTOR OF SUSTAINABILITY**



**MS. NGUYEN THI KIM DAO**

**FINANCE DIRECTOR**



**MR. HUYNH DUC TRUNG**

**DIRECTOR OF  
BUSINESS RELATIONS**



**MR. VO PHU DUC**

**DIRECTOR OF VINH HOAN  
COLLAGEN ONE MEMBER CO., LTD.**



**MS. PHAN THI BICH LIEN**

**DIRECTOR OF THANH BINH  
DONG THAP**



**MS. HO THANH HUE**

**PRODUCTION DIRECTOR**



**MS. LE THI SAU**

**DIRECTOR OF VINH  
PHUOC FOOD**

**BIOGRAPHICAL OF BOARD OF DIRECTORS, BOARD OF MANAGEMENT, AND SUPERVISORY BOARD DIRECTORS**



**MDM. TRUONG THI LE KHANH**

- BEcon, born 1961, founded the Company in 1997. She built the Company from a local seafood processing workshop into the largest pangasius exporter in the world.
- She has over 20 years of experience in the pangasius industry and is widely known as the leader of the pangasius industry globally. She has been the Chairwoman of the Board of Directors since 2007 and is responsible for the overall strategic direction of the Company.
- She is the Chairwoman of the Freshwater Fish Committee of the Vietnam Association of Seafood Exporters and Producers. She was awarded Labor Medal Class II by the President of the Socialist Republic of Vietnam.
- She was named Top 50 Most Influential Vietnamese Women by Forbes Vietnam, Top 50 Best Business Leaders with Outstanding Business Achievements and Leadership by The Business Review, and Representative Vietnamese Businesswoman by the Vietnam Chamber of Commerce and Industry. She held 46.13% of VHC shares as of 31 December 2019



**MS. NGUYEN NGO VI TAM**

- LLB, MBA, born 1979, joined the Company as a salesperson in 2003, promoted to Sales Manager in 2006, Vice Sales Director in 2008, and re-designated as Sales and Marketing Director in 2014.
- She has been a Member of the Board of Directors since 2007 and General Director since 2016. Prior to joining Vinh Hoan, she was trade lawyer in Vietnam.
- She is responsible for overall implementation of strategic direction set by the BOD. She was awarded Labor Medal Class III by the President of the Socialist Republic of Vietnam.
- She was awarded Merit of Outstanding Achievements in the National Economy Development by the Prime Minister of the Socialist Republic of Vietnam, Merit of Outstanding Achievements in Aquaculture and Seafood Business by the Minister of Agriculture and Rural Development, Merit of Excellent Achievements by the Chairman of People's Committee of Dong Thap Province, and 40 under 40 by IntraFish. She held 0.12% of VHC shares as of 31 December 2019.



**MS. TRUONG TUYET HOA**

BEcon, MBA, born 1976, joined the Company in 1997 as one of the first employees and salespersons. She was promoted to Sales Manager in 2009. She has been a Member of the Board of Directors since 2007 and Sales Director since 2017. She is responsible for designing sales strategies, implementation of business plans, and leading export, logistics, and after-sale services.

She was awarded Merit of Outstanding Achievements in Aquaculture and Seafood Business by The Minister of Agriculture and Rural Development and Merit of Excellent Achievements by the Chairman of People's Committee of Dong Thap Province. She held 0.003% of VHC shares as of 31 December 2019.



**MS. NGUYEN THI KIM DAO**

Bachelor of Accounting - Auditing, born 1979, joined the Company in 2003 as Chief Accountant. She has been a Member of the Board of Directors since 2016 and Finance Director since 2014. She manages accounting and financial procedures to ensure strict compliance, internal control, and capital efficiency for the Company.

She was awarded Merit of Outstanding Achievements in the National Economy Development by the Prime Minister of the Socialist Republic of Vietnam, Merit of Outstanding Achievements in Aquaculture and Seafood Business by the Minister of Agriculture and Rural Development, and Merit of Excellent Achievements by the Chairman of People's Committee of Dong Thap Province. She held 0.09% of VHC shares as of 31 December 2019.



**MR. VO PHU DUC**

BEng, born 1976, joined the Company in 2003 and managed a wide range of expansion projects. He was Director, Feed between 2007 and 2013. He has been a Member of the Board of Directors since 2016 and Director, Vinh Wellness since 2013. Under his leadership, he led construction of the first Pangasius collagen and gelatin facility in Vietnam, developed the technical standards of wellness products, and increased profitability rapidly.

He was awarded Merit of Outstanding Achievements in the National Economy Development by the Prime Minister of the Socialist Republic of Vietnam, Merit of Excellent Achievements by the Chairman of People's Committee of Dong Thap Province, and Excellent Entrepreneur Award in Mekong Delta by the Vietnam Chamber of Commerce and Industry. He held 1.50% of VHC shares as of 31 December 2019.



**MS. HO THANH HUE**

BEng, born 1982, joined the Company in 2003 as a Quality Assurance staff member, promoted to Quality Assurance Vice Manager in 2006, Factory Vice Manager in 2007, and Assistant Production Director in 2009.

She has been Production Director since 2014. She is responsible for managing all production activities, including expansion, maintenance, planning, purchasing, and operation. She was awarded Merit of Excellent Achievements by the Chairman of People's Committee of Dong Thap Province. She held 0.04% of VHC shares as of 31 December 2019.



**MS. LE THI DIEU THI**

- BEng, BBA, born 1975, joined the Company in 2000 as a Quality Controller, promoted to ISO Committee Secretary in 2003, HACCP Team Leader and ISO Committee Secretary in 2004, Quality Assurance Vice Manager in 2006, and Quality Assurance Manager in 2008. She has been Quality Director since 2017.
- She is responsible for customer, certification, and regulatory audits of the Company. She is trained as a Food Technology Engineer. She was awarded Merit of Excellent Achievements by the Chairman of People's Committee of Dong Thap Province. She held 0.01% of 18,368 VHC shares as of 31 December 2019.



**MR. HUYNH DUC TRUNG**

- BEng, born 1963, joined the Company in 1999 as one of its first employees responsible for construction and production management. He was appointed Deputy Managing Director responsible for production and aquaculture, and later as Project Director. He has been Director of Business Relations since 2017, responsible for land documentation and management processes with regards to environment, labor union, security, and safety. He was awarded Labor Medal Class III by the President of the Socialist Republic of Vietnam.
- He was awarded Merit of Outstanding Achievements in the National Economy Development by the Prime Minister of the Socialist Republic of Vietnam, Medal for the Agriculture and Rural Development by the Minister of Agriculture and Rural Development, and Merit of Excellent Achievements by the Chairman of People's Committee of Dong Thap Province. He held 0.02% of VHC shares as of 31 December 2019.



**MS. DANG THI THUONG**

- MBio, born 1987, joined the Company in 2000 responsible for farm certifications, promoted to Director of Aquaculture in 2014. She has been Director of Sustainability since 2017.
- She is responsible for farm audits by customers, certification bodies, and regulatory authorities, in addition to aquaculture R&D.
- She was awarded Merit of Excellent Achievements by the Chairman of People's Committee of Dong Thap Province. She held 0.01% of VHC shares as of 31 December 2019.



**MS. PHAN THI BICH LIEN**

- BEng, MBA, born 1976, joined the company in 2000 as a Quality Controller, promoted to Quality Assurance Manager, Freezing Department Manager, Director of Workshop 1, Director of Workshop 3, and Raw Materials Purchasing Manager. She has been Director of Thanh Binh Dong Thap since 2017.
- She was awarded Merit of Excellent Achievements in Seafood Farming and Trading by the Minister of Agriculture and Rural Development and Merit of Excellent Performance by the Chairman of People's Committee of Dong Thap province. She held 0.01% of VHC shares as of 31 December 2019.



**MS. LE THI SAU**

- BEcon, born 1966, joined the Company in 1999 responsible for project management. She has been Director of Vinh Phuoc Food since 2018. She is trained as a Food Chemistry Engineer.
- She was awarded Medal for the Agriculture and Rural Development by the Minister of Agriculture and Rural Development and Merit of Excellent Achievement by the Chairman of People's Committee of Dong Thap Province. She held of 27,622 VHC shares as of 31 December 2019.



**MR. NGUYEN QUANG VINH**

- BEcon, born 1979, joined the Company in 2018[year]. He serves as a Member of the Supervisory Board and Farming Director since 2018 and Farming Director since [year]. He did not hold any VHC shares as of 31 December 2019.



**MS. NGUYEN THI CAM VAN**

- BEcon, CFA, born 1986, serves as the Head of the Supervisory Board since 2018. She is also an Investor Director of R.C Real Estate Development and Finance Corporation (REFICO).
- Prior to joining REFICO, she worked in financial advisory and auditing at KPMG Vietnam. She did not hold any VHC shares as of 31 December 2019.



**MS PHAN THI KIM HOA**

- BBA, MBA, born 1988, joined the Company in 2012. She serves as a Member of the Supervisory Board since 2019 and Sales Manager since 2017. She held 0.01% of 14,060 VHC shares as of 31 December 2019.

A hand is shown holding a globe. The globe is overlaid with a network of green lines and nodes, representing a digital or interconnected world. A large white number '5' is centered on the globe. The background is split into green and white sections.

5

**ENVIRONMENT  
AND SOCIAL  
RESPONSIBILITIES**

## APPROACH

Over 22 years of business operation, Vinh Hoan has made great development through continuously expanding the scale of farming, processing and exporting and has been at the top of the industry for many years. Vinh Hoan always sets its mission to guide the path of sustainable development through continuous improvement of production processes and product quality, operations of the company to ensure environmental friendliness.

## STAKEHOLDER ENGAGEMENT PROCESS

Vinh Hoan engaged a diverse group of stakeholders through various formal and informal communication channels to understand the environmental and social issues we face the table below outlines our engagement channels with different stakeholder groups:

STAKEHOLDER GROUPS	ENGAGEMENT CHANNELS
Employees	<ul style="list-style-type: none"> <li>• Performance appraisals</li> <li>• Volunteering activities</li> <li>• Training sessions, seminars and workshops</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Site visits and safety tests</li> <li>• Qualification processes</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Site visits and safety tests</li> <li>• Certifications conducted by third parties</li> <li>• Supplier assessments</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>• Annual general meeting</li> <li>• Meetings with investors</li> <li>• Annual and quarterly reports</li> </ul>
Communities and Charities	<ul style="list-style-type: none"> <li>• Charity donations</li> <li>• Participation in charitable programs</li> <li>• Volunteering activities</li> </ul>

## MATERIAL ENVIRONMENTAL AND SOCIAL ISSUES TO THE COMPANY

The Company considered the materiality and identified material issues in our commitment to environmental and social responsibilities:

AREAS	MATERIAL ISSUES
Environment	<ul style="list-style-type: none"> <li>• Waste</li> <li>• Water and Wastewater</li> <li>• Environment and Natural Resources</li> </ul>
Social	<ul style="list-style-type: none"> <li>• Product Safety and quality</li> <li>• Employment</li> <li>• Health and Safety</li> <li>• Development and Training</li> <li>• Community Investment</li> </ul>



Our waste management strategy focuses on the reduction and reuse of wastes. Wastes generated from our operations include organic waste, paper, plastic and metal.

To minimize waste generation, the Company engages qualified recyclers to collect and convert non-hazardous waste into useful materials. In addition, we have initiated a program to reduce the use of disposable plastic items such as no use of plastic bottles and plastic straws in all meetings.

We use of chemicals that results in a certain amount of hazardous waste being produced. These waste products include paints, solvents, absorbents, and materials containing heavy metals, such as thermometers for temperature control in storage and interior fluorescent lighting.

As a responsible corporation, Vinh Hoan engages licensed service providers to dispose of the hazardous waste to ensure compliance with applicable laws and regulations.



**WATER & WASTEWATER**

Water consumption and wastewater generation are carefully managed in our businesses. A wide range of initiatives relating to water and wastewater management have been implemented. Examples of our initiatives related to water and wastewater management include:

- Farms treat wastewater and ensure any discharge adheres to national standards.
- We have installed sewage treatment facilities in our processing facilities to ensure that the quality of wastewater discharged into the sewage system complies with the relevant environmental laws and regulations.
- Employees are encouraged to conserve water in daily operations.

**ENVIRONMENT AND NATURAL RESOURCES**

We are International Organization of Standardization (“ISO”) 14001 Environmental Management System certified. According to ISO 14001’s requirements, the Company’s operating facilities which have obtained ISO 14001 certification are evaluated regularly by a third party to ensure adherence to proper environmental protection guidelines and procedures for improving environmental performance. Sustainable aquaculture certifications including Aquaculture Stewardship Council (“ASC”), Best Aquaculture Practices (“BAP”) and Global Good Agricultural Practices (“Global GAP”) require strict management of environmental issues. Our farms are in areas and designed with consideration of being environmentally friendly. All farms have ponds for treatment of wastewater and sludge to ensure no harmful discharge to

the environment. The Company engages independent third parties to fully assess the environmental impacts with measures to prevent or minimize the environmental impact of farming and processing activities. In 2019, we recorded no penalty for environmental violations in factories and farming areas.

To be responsible for the natural resources, operation of our farms and processing plants has ensured the protection of biodiversity of surrounding ecosystems. For examples, fish escape is not allowed as it threatens the survival of other aquatic species; wildlife of the conservation list has to be protected; not allowed to destroy important flora of the region.



**PRODUCT SAFETY AND QUALITY**

We have made considerable efforts to ensure our products are of the highest quality and safety standards. Our holistic approach with products starts from sourcing raw materials from our supply chain, production and finally to value-added services. The Company requires suppliers to share our values and commitments, especially on product quality and safety.

In pursuance of food safety and quality, most of our facilities are certified with ISO 9001 Quality Management System, ISO 22000 Food Safety Management System, ISO 17025 General Requirements for the Competence of Testing and Calibration Laboratories, Good Manufacturing Practice (“GMP”), and Hazard Analysis and Critical Control Points (“HACCP”), Aquaculture Stewardship Council (“ASC”), Best Aquaculture Practices (“BAP”) – four star, Global Good Agricultural Practices (“Global GAP”), and International Featured Standards (“IFS”) certifications. Going forward, we will continue to improve our operations with a view to adhere to these international standards.

In our farms, animal health and hygiene are taken into consideration from the design stage of our farm facilities to daily operation. Farms and hatcheries are strategically situated in rural areas with accessible water transportation to reduce contamination risks.

The Company has introduced biosecurity protocols, including facility access control, pest control and waste management in our farms. At the farms, information of broodstock, fingerlings, fish health management and feed are always well recorded to ensure safety and sustainability

We have invested a variety of machines to comply with safety standards in all of our processing facilities. Our customer complaint management policy outlines procedures for handling customer complaints.

Upon receipt of a complaint, our customer service team will conduct a thorough investigation to identify the cause of the problem, following which we will propose a resolution to the customer and communicate with the relevant departments for future improvement. The Company has established a procedure for product recall due to safety and health reasons. While investigating the causes of the recall, our recall committee will ensure that the recall process is carried out in an effective and transparent manner.

 **EMPLOYMENT**

In Vinh Hoan, we provide resources to our employees to facilitate their personal development. Comprehensive employment policies have been developed to cover various aspects of employment including company values, compensation and benefits, business ethics and conduct, and equal employment opportunities. Our human resources principles and practices strive to prevent race, age and gender discrimination.

Moreover, the Company's products are exported to major markets such as the U.S. and Europe where retailers and food providers considerate employment policies as one of the important qualifications of their suppliers. The Company has applied and achieved international standards such as BSCI, BAP, GRASP (Globalgap), ASC which require adherence to very high standards of policies for employees. As of 31 December 2019, the Company has more than 6,000 employees.

We promote open and honest two-way communication. The Company uses various channels to collect employees' opinions and suggestions. For example, employee representative groups have been established to facilitate meetings with senior management.

At these meetings, employees can voice their opinions and concerns on issues such as employee benefits and working conditions. Their opinions are taken seriously and are discussed at senior management meetings.

We understand that employees are more productive and motivated when they have a healthy work-life balance. As such, the Company regularly organizes leisure activities and sporting competitions to promote and encourage a balanced lifestyle. We also have scholarship programs for children of employees. We encourage family bindings through activities such celebration of the Mother Day and sending gifts to employees' parents on some special occasions.



 **HEALTH AND SAFETY**

We take pride in providing a safe working environment for our employees. The Company establishes and reviews safety targets annually so as to continually improve our safety performance. The Company conducts annual safety risk analysis to identify any occupational hazards and implement corresponding preventive measures, and also conducts regular inspections of heavy machineries to ensure they function properly.

The Company provides training to all production staff who operates heavy machineries to ensure that they understand how to carry out their work tasks safely. Production staff must obtain the requisite government occupational qualification certificate before they commence their duties. We also provide them with personal protective equipment such as safety helmets, face masks, and gloves. Our safety policies require our production staff to wear personal protective equipment while operating heavy machineries.

For third-party logistic providers and equipment maintenance contractors who perform their work at our production sites, the Company provides briefing sessions and guides them to meet our safety requirements and measures.

**DEVELOPMENT AND TRAINING**

Talent development is the foundation of our business success. We encourage career development among our employees, provides equal opportunities for promotion based on merits and offers paths for career progression.

The Company has established a variety of trainings for career development, including team building, on-the-job training, safety training, orientation training and sales skill training. These trainings aim to enhance the skill sets of our employees, which will allow us to deliver better products and services to our customers.

**COMMUNITY INVESTMENT**

One of the five core values of Vinh Hoan is sharing and caring. The Company takes an active role in giving back to the community and instils this value among employees. The Group cares about the communities where we have operations. We proactively communicate with stakeholders to understand their needs and provide support through various charitable activities. Vinh Hoan also encourages our employees to take part in such activities. During the year ended 31 December 2019, we held various charitable and community activities.

☉ Blood donation program



☉ The Dream of Light

Sponsor for eye surgery for thousands of patients in Dong Thap.



☉ Sponsor heart surgeries, give health insurances, donate wheelchairs

Every year, we buy and give many health insurances, donate hundreds of wheelchairs and sponsor dozens of heart surgeries for poor people in the province.



Build houses for the poor



Donate to study promotion fund

For many years, we have donated to the Nguyen Sinh Sac study promotion fund to support thousands of disadvantaged students so they could continue their schoolings.



Sponsor ambulances for hospitals in rural areas



Vinh Hoan donated 10 ventilators to hospitals in Vietnam - Together, let's stop coronavirus



# 6

## **CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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

- **Corporate information**
- **Statement by the Board of Management**
- **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

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

## CHAIRWOMAN

Mrs. Truong Thi Le Khanh

## BOARD OF DIRECTORS

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

## BOARD OF SUPERVISION

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

## BOARD OF MANAGEMENT

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

## LEGAL REPRESENTATIVE

Mrs. Truong Thi Le Khanh Chairwoman

## REGISTERED OFFICE

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

## AUDITOR

PwC (Vietnam) Limited

## STATEMENT OF RESPONSIBILITY OF THE BOARD OF MANAGEMENT OF THE COMPANY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

## APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements as set out on pages 5 to 45 which give a true and fair view of the financial position of the Group as at 31 December 2019, and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements.

On behalf of the Board of Management



Truong Thi Le Khanh  
Legal Representative

Dong Thap Province, SR Vietnam  
20 March 2020



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

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

### THE BOARD OF MANAGEMENT'S RESPONSIBILITY

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

### AUDITOR'S RESPONSIBILITY

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

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

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



## AUDITOR'S OPINION

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

### OTHER MATTERS

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

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



**Quach Thanh Chau**

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

**Tran Do Vy Ha**

Audit Practising Licence No.  
3780-2017-006-1

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

FORM B 01 - DN/HN

## CONSOLIDATED BALANCE SHEET

As at 31 December

Code	ASSETS	Note	2019 (VND)	2018 (VND)
<b>100</b>	<b>CURRENT ASSETS</b>		<b>4.611.361.279.524</b>	<b>4.140.347.276.090</b>
<b>110</b>	<b>Cash</b>	<b>4</b>	<b>86.421.954.986</b>	<b>43.241.847.762</b>
111	Cash		86.421.954.986	43.241.847.762
<b>120</b>	<b>Short-term investment</b>		<b>1.491.779.322.456</b>	<b>607.749.887.456</b>
123	Investments held to maturity	5(A)	1.491.779.322.456	607.749.887.456
<b>130</b>	<b>Short-term receivables</b>		<b>1.516.143.620.145</b>	<b>2.001.762.641.975</b>
131	Short-term trade accounts receivable	6	1.421.607.853.952	1.923.825.653.716
132	Short-term prepayments to suppliers	7	66.241.022.579	57.710.280.128
136	Other short-term receivables	8	31.363.947.940	24.064.216.893
137	Provision for doubtful debts - short term		(3.069.204.326)	(3.837.508.762)
<b>140</b>	<b>Inventories</b>	<b>9</b>	<b>1.413.752.203.473</b>	<b>1.385.654.133.209</b>
141	Inventories		1.492.289.086.177	1.501.722.872.955
149	Provision for decline in value of inventories		(78.536.882.704)	(116.068.739.746)
<b>150</b>	<b>Other current assets</b>		<b>103.264.178.464</b>	<b>101.938.765.688</b>
151	Short-term prepaid expenses		6.536.514.481	12.309.483.720
152	Value Added Tax to be reclaimed		96.727.663.983	89.629.281.968
<b>200</b>	<b>LONG-TERM ASSETS</b>		<b>2.001.053.018.640</b>	<b>2.158.165.179.189</b>
<b>210</b>	<b>Long-term receivable</b>		<b>5.884.206.875</b>	<b>1.563.796.625</b>
216	Other long-term receivables		5.884.206.875	1.563.796.625
<b>220</b>	<b>Fixed assets</b>		<b>1.504.402.862.517</b>	<b>1.397.238.799.687</b>
221	Tangible fixed assets	11(A)	1.215.525.158.155	1.110.184.998.800
222	Historical cost		2.180.298.582.377	1.958.910.920.456
223	Accumulated depreciation		(964.773.424.222)	(848.725.921.656)
227	Intangible fixed assets	11(B)	288.877.704.362	287.053.800.887
228	Historical cost		304.346.297.214	294.120.452.518
229	Accumulated amortisation		(15.468.592.852)	(7.066.651.631)
<b>240</b>	<b>Long-term asset in progress</b>		<b>335.185.361.275</b>	<b>258.754.816.482</b>
242	Construction in progress	12	335.185.361.275	258.754.816.482
<b>250</b>	<b>Long-term investment</b>		<b>1.414.429.978</b>	<b>389.355.091.933</b>
252	Investments in associates	5(B)	-	387.940.661.955
253	Investments in other entities		1.414.429.978	1.414.429.978
<b>260</b>	<b>Other long-term assets</b>		<b>154.166.157.995</b>	<b>111.252.674.462</b>
261	Long-term prepaid expenses	10	111.684.450.815	60.973.104.588
262	Deferred income tax assets	19(A)	2.589.989.790	4.689.035.714
269	Goodwill	13	39.891.717.390	45.590.534.160
<b>270</b>	<b>TOTAL ASSETS</b>		<b>6.612.414.298.164</b>	<b>6.298.512.455.279</b>

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

MẪU SỐ B 01 - DN/HN

## CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December

Code	RESOURCES	Note	2019 (VND)	2018 (VND)
<b>300</b>	<b>LIABILITIES</b>		<b>1.735.133.858.202</b>	<b>2.283.330.774.315</b>
<b>310</b>	<b>Short-term liabilities</b>		<b>1.715.663.613.251</b>	<b>2.250.750.376.315</b>
311	Short-term trade accounts payable	14	282.494.891.430	274.386.646.870
312	Short-term advances from customers		20.030.330.991	11.434.807.754
313	Tax and other payables to the State	15	146.942.597.476	257.436.065.576
314	Payable to employees		138.818.558.545	137.477.117.757
315	Short-term accrued expenses		10.436.534.524	5.834.139.125
319	Other short-term payables	16	217.941.357.768	258.562.649.346
320	Short-term borrowings	17	866.025.048.602	1.269.447.095.123
322	Bonus and welfare funds	20	32.974.293.915	36.171.854.764
<b>330</b>	<b>Long-term liabilities</b>		<b>19.470.244.951</b>	<b>32.580.398.000</b>
341	Deferred income tax liabilities	19(B)	3.066.844.176	14.895.000.000
342	Provision for long-term liabilities	18	7.208.887.000	7.951.048.000
343	Fund for science and technology development		9.194.513.775	9.734.350.000
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>4.877.280.439.962</b>	<b>4.015.181.680.964</b>
<b>410</b>	<b>Capital and reserves</b>		<b>4.877.280.439.962</b>	<b>4.015.181.680.964</b>
411	Owners' capital	21,22	1.833.769.560.000	924.039.430.000
411a	- Ordinary shares with voting rights	22	1.833.769.560.000	924.039.430.000
412	Share premium	22	223.774.789.900	223.774.789.900
415	Treasury shares	22	(114.215.880.222)	-
421	Undistributed earnings		2.931.951.970.284	2.867.367.461.064
421a	- Undistributed post-tax profits of previous years		1.752.829.445.064	1.609.911.936.752
421b	- Post-tax profit of current year		1.179.122.525.220	1.257.455.524.312
429	Non-controlling interests	23	2.000.000.000	-
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>6.612.414.298.164</b>	<b>6.298.512.455.279</b>

  
Ha Thi Phuong Thuy Hong Nhung  
Preparer/Chief Accountant

  
Trương Thị Lê Khanh  
Legal representative  
20 March 2020

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

FORM B 02 - DN/HN

## CONSOLIDATED INCOME STATEMENT

Year ended 31 December

Code	Note	2019 (VND)	2018 (VND)
<b>01 Revenue from sales of goods and rendering of services</b>		<b>7.894.986.105.874</b>	<b>9.406.877.067.192</b>
02 Less deductions		(27.841.769.961)	(135.547.982.698)
<b>10 Net revenue from sales of goods and rendering of services</b>	<b>27</b>	<b>7.867.144.335.913</b>	<b>9.271.329.084.494</b>
<b>11 Cost of goods sold and services rendered</b>	<b>28</b>	<b>(6.334.061.978.625)</b>	<b>(7.231.966.110.890)</b>
<b>20 Gross profit from sales of goods and rendering of services</b>		<b>1.533.082.357.288</b>	<b>2.039.362.973.604</b>
21 Financial income	29	251.192.603.804	137.003.001.788
22 Financial expenses	30	(89.669.571.442)	(167.116.436.972)
23 - Including: Interest expense	30	(59.533.476.528)	(55.985.954.528)
24 Profit sharing from investment in associates		14.106.613.236	78.751.826.955
25 Selling expenses	31	(251.818.635.593)	(210.445.968.727)
26 General and administration expenses	32	(148.800.093.568)	(143.565.499.402)
<b>30 Net operating profit</b>		<b>1.308.093.273.725</b>	<b>1.733.989.897.246</b>
31 Other income		11.848.078.947	3.162.655.021
32 Other expenses		(10.570.032.647)	(49.590.427.383)
<b>40 Net other income/(expenses)</b>		<b>1.278.046.300</b>	<b>(46.427.772.362)</b>
<b>50 Net accounting profit before tax</b>		<b>1.309.371.320.025</b>	<b>1.687.562.124.884</b>
51 Business income tax ("BIT") - current	33	(139.977.904.705)	(252.063.378.043)
52 BIT - deferred	19,33	9.729.109.900	6.599.729.522
<b>60 Net profit after tax</b>		<b>1.179.122.525.220</b>	<b>1.442.098.476.363</b>
<b>Attributable to:</b>			
<b>61 Shareholders of the Parent Company</b>		<b>1.179.122.525.220</b>	<b>1.442.181.690.312</b>
<b>62 Non-controlling interest</b>	<b>23</b>	<b>-</b>	<b>(83.213.949)</b>
<b>70 Earnings per share</b>	<b>25</b>	<b>12.559</b>	<b>15.489</b>
<b>71 Diluted earnings per share</b>	<b>25</b>	<b>12.559</b>	<b>15.489</b>



Ha Thi Phuong Thuy Hong Nhung  
Preparer/Chief Accountant



Truong Thi Le Khanh  
Legal representative  
20 March 2020

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

MẪU SỐ B 03 - DN/HN

## CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

Year ended 31 December

Code	Note	2019 (VND)	2018 (VND)
<b>LUU CHUYỂN TIỀN TỪ HOẠT ĐỘNG KINH DOANH</b>			
<b>01 Net accounting profit before tax</b>		<b>1.309.371.320.025</b>	<b>1.687.562.124.884</b>
Adjustments for:			
02 Depreciation, amortisation and allocation of goodwill	11,13	165.204.005.292	156.301.707.548
03 (Reversal of provision)/provision		(39.042.322.478)	96.329.303.997
04 Unrealised foreign exchange (gains)/losses		(555.705.304)	7.887.799.27
05 Profits from investing activities		(220.657.895.270)	(42.374.234.602)
06 Interest expense		59.533.476.528	55.985.954.528
<b>08 Operating profit before changes in working capital</b>		<b>1.273.852.878.793</b>	<b>1.961.692.655.633</b>
09 Decrease/(increase) in receivables		648.229.469.821	(1.293.522.710.875)
10 Decrease/(increase) in inventories		9.433.786.778	(652.644.352.130)
11 (Decrease)/increase in payables		(66.864.541.568)	843.749.914.400
12 Increase in prepaid expenses		(44.938.376.988)	(12.220.952.695)
14 Interest paid		(58.961.146.349)	(54.708.108.455)
15 BIT paid	15	(247.486.607.966)	(97.800.115.214)
17 Other payments on operating activities		(24.027.037.274)	(14.319.100.327)
<b>20 Net cash inflows from operating activities</b>		<b>1.489.238.425.247</b>	<b>680.227.230.337</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21 Purchases of fixed assets and other long-term assets		(377.607.282.176)	(714.768.152.175)
22 Proceeds from disposals of fixed assets and long-term assets		16.989.455.686	169.488.131.314
23 Loans granted and term deposits placed with banks		(1.971.459.435.000)	(1.777.720.000.000)
24 Collection of loans granted and term deposits at banks		1.087.430.000.000	1.542.792.362.468
25 Investments in other entities		-	(116.700.000)
26 Proceeds from divestment in other entities		430.453.567.064	6.085.194.315
27 Interest received		70.776.015.095	72.159.720.416
<b>30 Net cash outflows from investing activities</b>		<b>(743.417.679.331)</b>	<b>(702.079.443.662)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31 Re-issue treasury shares		-	10.380.718.000
32 Payments for purchase of treasury shares		(114.215.880.222)	-
33 Proceeds from borrowings	17	4.677.272.193.820	4.932.839.245.502
34 Repayments of borrowings	17	(5.080.694.240.341)	(4.559.898.419.884)
36 Dividends paid	24	(184.987.352.875)	(363.381.375.400)
<b>40 Net cash (outflows)/inflows from financing activities</b>		<b>(702.625.279.618)</b>	<b>19.940.168.218</b>
<b>50 Net increase/(decrease) in cash</b>		<b>43.195.466.298</b>	<b>(1.912.045.107)</b>
<b>60 Cash at beginning of year</b>	<b>4</b>	<b>43.241.847.762</b>	<b>45.344.991.423</b>
61 Effect of foreign exchange differences		(15.359.074)	(191.098.554)
<b>70 Cash at end of year</b>	<b>4</b>	<b>86.421.954.986</b>	<b>43.241.847.762</b>

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



Ha Thi Phuong Thuy Hong Nhung  
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Truong Thi Le Khanh  
Legal representative  
20 March 2020

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 1. GENERAL INFORMATION

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

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

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

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

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

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

Company name	Principal activities	Address of registered office	Percentage of ownership and voting rights	
			31.12.2019	31.12.2018
<b>SUBSIDIARIES</b>				
Vinh Phuoc Food Co., Ltd	Manufacturing and preserving aquatic products	An Phu Hamlet, An Nhon Commune, Chau Thanh District, Dong Thap Province	100%	100%
Vinh Hoan Collagen Co., Ltd.	Extracting and manufacturing of collagen and gelatin	National Highway 30, Ward 11, Cao Lanh City, Dong Thap Province	100%	100%
Thanh Binh Dong Thap One Member Co., Ltd	Manufacturing and preserving aquatic products	Industrial Cluster Thanh Binh, Binh Thanh Commune, Thanh Binh District, Dong Thap Province	96%	-
Vinh Hoan Fish Hatchery Co., Ltd.,	Manufacturing and trading fish hatchery	Vinh Buong Hamlet, Vinh Hoa Commune, Tan Chau Town, An Giang Province	-	99.3%
Vinh Hoan 2 Food Co., Ltd.	Trading food	Tan An Hamlet, Binh Thanh Trung Commune, Lap Vo District, Dong Thap Province	-	35%
<b>ASSOCIATES</b>				
Van Duc Tien Giang Food Export Company (“Van Duc Tien Giang”)	Manufacturing and trading aquatic products	Dong Hoa Hamlet, Song Thuan Commune, Chau Thanh District, Tien Giang Province	-	25%
Octogone Holdings PTE. Ltd (“Octogone”).	Trading aquatic products and functional foods	No.3 Raffles Place#06-01 Bharat Building, Singapore	-	25%

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam’s. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam’s. The consolidated financial statements in Vietnamese language are the official statutory financial statements of the Group. The consolidated financial statements in English language have been translated from the Vietnamese version.

#### 2.2 FISCAL YEAR

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

#### 2.3 CURRENCY

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

#### 2.4 EXCHANGE RATES

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 BASIS OF CONSOLIDATION

#### SUBSIDIARIES

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

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

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

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

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

#### NON-CONTROLLING TRANSACTIONS AND INTERESTS

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

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

Changes in the Group's interest in a subsidiary that does not result in a loss of control is accounted for as a transaction with owners. The difference between the

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 BASIS OF OF CONSOLIDATION (CONTINUED)

change in the Group's share of net assets of the subsidiary and any consideration paid or received is recorded directly in the undistributed earnings under equity.

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

#### ASSOCIATES

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

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

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

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

### 2.6 GOODWILL

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 GOODWILL (CONTINUED)

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.

### 2.7 CASH

Cash comprises cash on hand and cash at banks.

### 2.8 RECEIVABLES

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

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

### 2.9 INVENTORIES

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

The Group applies the perpetual system for inventories.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 INVESTMENTS

#### (A) INVESTMENTS HELD TO MATURITY

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

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

Provision for diminution in value of investments held-to-maturity is made when there is evidence that the investment is uncollectible in whole or in part. Changes in the provision balance during the accounting fiscal year are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

#### (B) INVESTMENTS IN ASSOCIATES

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

#### (C) INVESTMENTS IN OTHER ENTITIES

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 FIXED ASSETS

#### TANGIBLE AND INTANGIBLE FIXED ASSETS

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

#### DEPRECIATION AND AMORTISATION

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

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

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

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

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

#### DISPOSALS

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

#### CONSTRUCTION IN PROGRESS

Construction in progress represents the cost of assets in the course of construction for production, rental or administrative purposes, or for purposes

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 FIXED ASSETS (CONTINUED)

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

### 2.12 LEASED ASSETS

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

### 2.13 PREPAID EXPENSES

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

### 2.14 PAYABLES

Classifications of payables are based on their nature as follows:

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

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

### 2.15 BORROWINGS

Borrowings include borrowings from banks.

Borrowings is classified into long-term and short-term borrowings on the consolidated balance sheet based on remaining period from the consolidated balance sheet date to the maturity date.

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. In respect of general-purpose borrowings, a portion of which used for the purpose of

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 BORROWINGS (CONTINUED)

construction or production of any qualifying assets, the Group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the weighted average expenditure on that assets. The capitalisation rate is the weighted average of the interest rates applicable to the Group's borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are recognised in the consolidated income statement when incurred.

### 2.16 ACCRUED EXPENSES

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

### 2.17 PROVISIONS

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

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

### 2.18 FUND FOR SCIENCE AND TECHNOLOGY DEVELOPMENT

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

### 2.19 PROVISION FOR SEVERANCE ALLOWANCES

In accordance with Vietnamese labour laws, employees of the Group who have worked regularly for full 12 months or longer are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Group less the

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 PROVISION FOR SEVERANCE ALLOWANCES (CONTINUED)

period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Group.

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

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

### 2.20 CAPITAL AND RESERVES

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

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

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

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

### 2.21 APPROPRIATION OF PROFIT

#### DIVIDEND

Dividend of the Company is recognised as a liability in the consolidated financial statements of the period in which the dividends are approved by the shareholders at the General Meeting. Profit after BIT could be distributed to shareholders after approval at the Company's General Meeting, and after appropriation to other funds in accordance with the Company's charter and Vietnamese regulations.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 APPROPRIATION OF PROFIT (CONTINUED)

#### BONUS AND WELFARE FUND

Bonus and welfare fund is appropriated from the Group's net profit and subject to shareholders' approval at the Group's General Meeting. This fund is presented as a liability on the consolidated balance sheet. This fund is set aside for the purpose of rewarding, encouragement, increasing common benefits and improvement of the employees' welfare and is recognised as a liability item in the consolidated balance sheet.

### 2.22 REVENUE RECOGNITION

#### (A) REVENUE FROM SALES OF GOODS

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

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

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

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

#### (B) REVENUE FROM RENDERING OF SERVICES

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

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.22 REVENUE RECOGNITION (CONTINUED)

- The percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

#### (C) INTEREST INCOME

Interest income is recognised on an earned basis.

#### (D) DIVIDEND INCOME

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

### 2.23 SALES DEDUCTIONS

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

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

### 2.24 COST OF GOODS SOLD AND SERVICES RENDERED

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

### 2.25 FINANCIAL EXPENSES

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

### 2.26 SELLING EXPENSES

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.28 CURRENT AND DEFERRED INCOME TAX

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

### 2.28 CURRENT AND DEFERRED INCOME TAX

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

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

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

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

### 2.29 RELATED PARTIES

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.29 RELATED PARTIES (CONTINUED)

associated with these individuals also constitute related parties. In considering the related party relationship, the Group considers the substance of the relationship not merely the legal form.

### 2.30 SEGMENT REPORTING

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

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

### 2.31 ACCOUNTING ESTIMATES

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

The areas involving significant estimates and assumptions are as follows:

- Estimated useful life of fixed assets (Note 2.11); and
- Estimation of provision for decline in value of inventories (Note 9).

### 3. BUSINESS COMBINATION

#### (A) DIVESTMENT IN VAN DUC TIEN GIANG FOOD EXPORT COMPANY AND OCTOGONE HOLDING PTE., LTD

In accordance with the Resolution of the Board of Directors on 7 June 2019, the Board of Directors approved the transfer of 35% of the share capital of Van Duc Tien Giang and 25% of the share capital of Octogone to other investors. Accordingly, the Group has signed agreements with investors and complete the transfer of the aforementioned shares in 2019. As a result, these company were no longer the associates of the Group as at the date of these financial statements.

#### (B) DISSOLUTION OF VINH HOAN FOOD 2 COMPANY LIMITED

In accordance with the Resolution of the Board of Directors on 25 February 2019, the Board of Directors approved the decision to dissolve Vinh Hoan 2 Food Co., Ltd. The dissolution has been complete following the Announcement of Dong Thap Department of Planning and Investment on 7 March 2019. Accordingly, the Group no longer consolidate this entity from the dissolution date.

#### (C) CAPITAL CONTRIBUTION OF VINH HOAN FISH HATCHERY CO., LTD

In accordance with the Resolution of the Board of Directors on 2 January 2019, the Board of Directors approved the capital contribution of 45% of the registered charter capital, equivalent to VND22,500,000,000 to establish Vinh Hoan Fish Hatchery Co., Ltd., at Vinh Buong Hamlet, Vinh Hoa Commune, Tan Chau Town, An Giang Province, whose principal activity is freshwater aquaculture. Subsequently, the capital commitment was increased to VND48,000,000,000 following the decision of the Board of Directors on 30 July 2019, which accounted for 96% of the subsidiary's registered charter capital. As 31 December 2019, the actual capital contribution was VND28,900,000,000.

### 4. CASH

	2019 VND	2018 VND
Cash on hand	519.020.773	327.879.395
Cash at banks	85.902.934.213	42.913.968.367
	<u>86.421.954.986</u>	<u>43.241.847.762</u>

### 5. INVESTMENTS

#### (A) INVESTMENTS HELD TO MATURITY

	2019		2018	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits at banks	1.491.779.322.456	1.491.779.322.456	607.749.887.456	607.749.887.456

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

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

- The term deposits of VND63,140,000,000 at Bank for Investment and Development of Vietnam (BIDV) - Dong Thap Branch were pledged to BIDV - Tien Giang Branch as a security (Note 17).
- The term deposits of VND23,275,000,000 at BIDV - Dong Thap Branch were pledged to BIDV - Tien Giang Branch as a security of Thanh Binh Dong Thap One Member Co., Limited.
- The term deposits of VND110,000,000,000 at BIDV - Dong Thap Branch were pledged to BIDV - Tien Giang Branch as a security for a credit facility of Vinh Phuoc Food Co., Limited.
- As at 31 December 2019, term deposits of VND67,500,000,000 at Vietnam Joint Stock Commercial Bank for Industry and Trade ("VietinBank") - Dong Thap Branch were pledged to VietinBank - Dong Thap Branch as a security for a credit facility (Note 17).

#### (B) EQUITY INVESTMENTS IN OTHER ENTITIES

	2019		2018	
	Cost VND	Provision VND	Cost VND	Provision VND
Van Duc Tien Giang (*)	-	-	386.880.055.875	-
Octogone (*)	-	-	1.060.606.080	-
	<u>-</u>	<u>-</u>	<u>387.940.661.955</u>	<u>-</u>

## 5. INVESTMENTS (CONTINUED)

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

## 6. SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2019 VND	2018 VND
Third parties	1.420.416.577.523	1.903.425.578.215
Related parties (Note 37(b)(i))	1.191.276.429	20.400.075.501
	<u>1.421.607.853.952</u>	<u>1.923.825.653.716</u>

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

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

As at 31 December 2019, accounts receivable of USD10,000,000 (equivalent to VND231,200,000,000 as translated using the exchange rate as at 31 December 2019).

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

## 7. SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2019 VND	2018 VND
Third parties (*)	66.241.022.579	57.710.280.128

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

	2019 VND	2018 VND
Thang Long Power Company Ltd.,	16.815.000.000	-
TST Refrigeration Equipment and Thermal Insulation Company Ltd	14.945.150.450	-
Boi Anh One Member Company Ltd	7.498.160.821	31.559.401.547

## 8. OTHER SHORT-TERM RECEIVABLES

	2019 VND	2018 VND
Term deposits interest receivables	20.766.485.776	8.235.345.808
Related parties (Note 37(b)(ii))	24.166.003	6.319.401.318
Advances	1.877.002.644	671.767.890
Others	8.696.293.517	8.837.701.877
	<u>31.363.947.940</u>	<u>24.064.216.893</u>

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

## 9. INVENTORIES

	2019		2018	
	Giá gốc VND	Dự phòng VND	Giá gốc VND	Dự phòng VND
Raw materials	124.305.675.786	-	58.590.782.388	-
Tools and supplies	3.574.943.479	-	2.591.935.850	-
Work in progress	610.712.554.848	-	516.216.251.080	-
Finished goods	692.424.994.629	(78.536.882.704)	918.022.718.264	(116.068.739.746)
Properties for sales	24.700.569.047	-	-	-
Merchandise	5.784.706.931	-	6.301.185.373	-
Goods on consignment	30.785.641.457	-	-	-
	<b>1.492.289.086.177</b>	<b>(78.536.882.704)</b>	<b>1.501.722.872.955</b>	<b>(116.068.739.746)</b>

As at 31 December 2019 and 31 December 2018, inventories amounting to USD8,750,000 (equivalent to VND202,300,000,000 as translated using the exchange rate as at 31 December 2019) were pledged to HSBC Bank as a security (Note 17).

As at 31 December 2019, inventories amounting to USD4,000,000 (equivalent to VND92,480,000,000 as translated using the exchange rate as at 31 December 2019) were pledged to ANZ Bank - Ho Chi Minh Branch (Note 17).

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

	2019 VND	2018 VND
Beginning of year	116.068.739.746	47.979.364.105
(Reverl of provision)/increase	(37.531.857.042)	95.089.375.641
Decrease due to disposal of subsidiaries	-	(27.000.000.000)
<b>End of year</b>	<b>78.536.882.704</b>	<b>116.068.739.746</b>

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

## 10. LONG-TERM PREPAID EXPENSES

	2019 VND	2018 VND
Reinforcing fisheries	32.613.217.991	7.635.739.393
Land rental	23.818.206.801	8.505.961.397
Compensation costs for land lease	17.653.956.225	18.044.818.725
Professional fee	12.846.344.149	7.407.596.557
Others	24.752.725.649	19.378.988.516
	<b>111.684.450.815</b>	<b>60.973.104.588</b>

## 11. FIXED ASSETS

### (A) TANGIBLE FIXED ASSETS

	Plants and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
<b>Historical cost</b>					
As at 1 January 2019	774.658.381.414	1.122.666.809.589	52.428.418.695	9.157.310.758	<b>1.958.910.920.456</b>
New purchases	3.012.517.400	52.748.274.608	6.210.000.000	4.067.273.436	<b>66.038.065.444</b>
Transfers from construction in progress (Note 12)	57.952.979.431	133.183.509.933	1.231.381.819	326.540.910	<b>192.694.412.093</b>
Disposals	(6.418.980.025)	(29.401.961.952)	(1.411.636.364)	(112.237.275)	<b>(37.344.815.616)</b>
<b>As at 31 December 2019</b>	<b>829.204.898.220</b>	<b>1.279.196.632.178</b>	<b>58.458.164.150</b>	<b>13.438.887.829</b>	<b>2.180.298.582.377</b>
<b>Accumulated depreciation</b>					
As at 1 January 2019	266.833.886.073	552.890.111.325	24.233.836.195	4.768.088.063	<b>848.725.921.656</b>
Charge for the year	52.864.039.972	89.241.231.680	7.268.831.108	1.729.144.541	<b>151.103.247.301</b>
Disposals	(5.583.669.656)	(27.948.201.440)	(1.411.636.364)	(112.237.275)	<b>(35.055.744.735)</b>
<b>As at 31 December 2019</b>	<b>314.114.256.389</b>	<b>614.183.141.565</b>	<b>30.091.030.939</b>	<b>6.384.995.329</b>	<b>964.773.424.222</b>
<b>Net book value</b>					
As at 1 January 2019	507.824.495.341	569.776.698.264	28.194.582.500	4.389.222.695	<b>1.110.184.998.800</b>
<b>As at 31 December 2019</b>	<b>515.090.641.831</b>	<b>665.013.490.613</b>	<b>28.367.133.211</b>	<b>7.053.892.500</b>	<b>1.215.525.158.155</b>

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

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

## 11. FIXED ASSETS (CONTINUED)

(B) INTANGIBLE FIXED ASSETS	Land use rights VND	Computer software VND	Total VND
<b>Historical cost</b>			
As at 1 January 2019	292.122.432.460	1.998.020.058	<b>294.120.452.518</b>
New purchases	58.802.150	956.216.500	<b>1.015.018.650</b>
Transfers from construction in progress (Note 12)	8.722.131.693	488.694.353	<b>9.210.826.046</b>
<b>As at 31 December 2019</b>	<b>300.903.366.303</b>	<b>3.442.930.911</b>	<b>304.346.297.214</b>
<b>Accumulated amortisation</b>			
As at 1 January 2019	6.000.632.101	1.066.019.530	<b>7.066.651.631</b>
Charge for the year	7.945.000.268	456.940.953	<b>8.401.941.221</b>
<b>As at 31 December 2019</b>	<b>13.945.632.369</b>	<b>1.522.960.483</b>	<b>15.468.592.852</b>
<b>Net book value</b>			
As at 1 January 2019	286.121.800.359	932.000.528	<b>287.053.800.887</b>
<b>As at 31 December 2019</b>	<b>286.957.733.934</b>	<b>1.919.970.428</b>	<b>288.877.704.362</b>

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

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

## 12. CONSTRUCTION IN PROGRESS

	2019 VND	2018 VND
Expenses related to fishponds	140.673.185.682	114.810.090.342
Cold storage	75.756.399.580	-
Fish powder factory workshop	44.134.088.628	-
Acquisition of fixed assets	14.937.832.613	83.005.376.229
Other construction in progress at Head office	5.280.375.655	13.040.429.061
House for employees	-	29.729.447.831
Others	54.403.479.117	18.169.473.019
	<b>335.185.361.275</b>	<b>258.754.816.482</b>

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

	2019 VND	2018 VND
Beginning of year	258.754.816.482	224.285.956.057
Increases	361.388.450.287	289.779.086.191
Transfers to tangible fixed assets (Note 11(a))	(192.694.412.093)	(132.036.152.388)
Transfers to inventories	(29.975.834.031)	-
Transfers to intangible fixed assets (Note 11(b))	(9.210.826.046)	-
Transfers to long-term prepaid expenses	(40.875.420.564)	-
Decrease due to disposal of subsidiaries	-	(63.946.921.227)
Disposal	(10.926.117.000)	(48.083.164.200)
Other decreases	(1.275.295.760)	(11.243.987.951)
<b>End of year</b>	<b>335.185.361.275</b>	<b>258.754.816.482</b>

## 13. GOODWILL

	2019 VND	2018 VND
Beginning of year	45.590.534.160	113.486.889.793
Allocation	(5.698.816.770)	(7.273.438.007)
Decrease due to disposal of subsidiaries	-	(60.622.917.626)
<b>End of year</b>	<b>39.891.717.390</b>	<b>45.590.534.160</b>

**14. SHORT-TERM TRADE ACCOUNTS PAYABLE**

	2019		2018	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Third parties	282.494.891.430	282.494.891.430	273.601.770.451	273.601.770.451
Related parties (Note 37(b)(iii))	-	-	784.876.419	784.876.419
	<b>282.494.891.430</b>	<b>282.494.891.430</b>	<b>274.386.646.870</b>	<b>274.386.646.870</b>

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

**15. TAX AND OTHER PAYABLES TO THE STATE**

	2019 VND	2016 VND
BIT	139.649.542.917	247.158.246.178
VAT – domestic sales	4.875.428.171	2.071.219.509
Personal income tax	2.389.823.824	8.188.528.651
Others	27.802.564	18.071.238
	<b>146.942.597.476</b>	<b>257.436.065.576</b>

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

	As at 1.1.2019 VND	Payable during the year VND	Paid during the year VND	As at 31.12.2019 VND
BIT	139.649.542.917	139.977.904.705	(247.486.607.966)	139.649.542.917
VAT – Domestic sales	4.875.428.171	53.724.806.784	(50.920.598.122)	4.875.428.171
Personal income tax	2.389.823.824	16.047.937.629	(21.846.642.456)	2.389.823.824
Others	27.802.564	4.602.496.737	(4.592.765.411)	27.802.564
	<b>146.942.597.476</b>	<b>214.353.145.855</b>	<b>(324.846.613.955)</b>	<b>146.942.597.476</b>

**16. OTHER SHORT-TERM PAYABLES**

	2019 VND	2016 VND
Export consignment fee (*)	149.055.673.473	-
The Trade Union (**)	28.873.337.116	28.753.988.040
Union fee	22.625.201.864	20.665.585.171
Dividend payable (Note 24)	150.138.775	329.605.650
Other payables	3.143.060.972	15.567.889.522
Related parties (Note 37(b)(iv))	14.093.945.568	193.245.580.963
	<b>217.941.357.768</b>	<b>258.562.649.346</b>

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

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

**17. SHORT-TERM BORROWINGS**

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

	As at 1.1.2019 VND	Increase VND	Decrease VND	As at 31.12.2019 VND
Short-term loans	1.269.447.095.123	4.677.272.193.820	(5.080.694.240.341)	866.025.048.602

Details of short-term loans were as follows:

	2019 VND	2016 VND
HSBC Bank (Vietnam) Limited (i)	202.575.269.313	300.380.000.000
Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV") – Tien Giang Province Branch (ii)	206.072.327.082	260.571.494.116
Ngân hàng TNHH Một thành viên ANZ Bank (Vietnam) Limited – Ho Chi Minh City Branch (iii)	102.386.146.557	320.728.673.762
Vietnam Joint Stock Commercial Bank for Industry and Trade – Dong Thap Branch (iv)	238.561.326.398	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh City Branch (v)	116.429.979.252	387.766.927.245
	<b>866.025.048.602</b>	<b>1.269.447.095.123</b>

(i) The balance represents borrowings in VND with applicable interest rates being specified for each drawdown to finance the Group's working capital. The borrowings are secured by trade accounts receivable (Note 6) and inventories (Note 9).

(ii) The balance represents borrowings in VND with applicable interest rates being specified for each drawdown to finance the Group's working capital. The

## 17. SHORT-TERM BORROWINGS (CONTINUED)

borrowings are secured by short-term deposits and the associated interest at BIDV Bank - Dong Thap Branch, amounting to VND196,415,000,000 (Note 5).

(iii) The balance represents borrowings in VND of ANZ Bank - Ho Chi Minh Branch. The applicable interest rates will be determined and announced by the bank for each drawdown. The borrowings are secured by accounts receivable (Note 6) and inventories (Note 9).

(iv) The balance represents borrowings in VND with applicable interest rates being specified for each drawdown to finance the Group's working capital. The borrowings are secured by short-term deposits and the associated interest at VietinBank - Dong Thap Branch, amounting to VND67,500,000,000 (Note 5).

(v) The balance represents borrowings in VND with applicable interest rates being specified for each drawdown to finance the Group's working capital. The borrowings are secured by the land use rights and the assets attached to the land including the Company's factory workshops 1, 2 and 3 (Note 11).

## 18. PROVISIONS FOR LONG-TERM LIABILITIES

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

## 19. DEFERRED INCOME TAX

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

(A) DEFERRED TAX ASSETS	2019 VND	2018 VND
Beginning of year	4.689.035.714	3.140.451.514
Consolidated income statement (charge)/credit (Note 33)	(2.099.045.924)	1.548.584.200
<b>End of year</b>	<b>2.589.989.790</b>	<b>4.689.035.714</b>

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

(B) DEFERRED TAX LIABILITIES	2019 VND	2018 VND
Beginning of year	14.895.000.000	19.946.145.322
Consolidated income statement credit (Note 33)	(11.828.155.824)	(5.051.145.322)
<b>End of year</b>	<b>3.066.844.176</b>	<b>14.895.000.000</b>

## 19. DEFERRED INCOME TAX (CONTINUED)

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

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

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

## 20. BONUS AND WELFARE FUND

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

	2019 VND	2018 VND
Beginning of year	36.171.854.764	48.172.124.848
Appropriated (Note 22)	20.000.000.000	10.941.230.243
Utilised	(23.197.560.849)	(14.053.450.327)
Decrease due to disposal of subsidiaries	-	(8.888.050.000)
<b>End of year</b>	<b>32.974.293.915</b>	<b>36.171.854.764</b>

## 21. OWNERS' CAPITAL

(A) NUMBER OF SHARES	2019		2018	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	183.376.956	-	92.403.943	-
Number of shares issued	183.376.956	-	92.403.943	-
Number of shares repurchased	1.430.930	-	-	-
Number of existing shares in circulation	181.946.026	-	92.403.943	-

### (B) MOVEMENT OF SHARE CAPITAL

	Number of shares	Ordinary shares VND	Treasury share VND	Total VND
As at 1 January 2018	92.403.943	924.039.430.000	-	924.039.430.000
As at 31 December 2018	92.403.943	924.039.430.000	-	924.039.430.000
Treasury shares	(1.430.930)	-	(114.215.880.222)	(114.215.880.222)
New shares issued	90.973.013	909.730.130.000	-	909.730.130.000
As at 31 December 2019	<b>181.946.026</b>	<b>1.833.769.560.000</b>	<b>(114.215.880.222)</b>	<b>1.719.553.679.778</b>

Par value per share: VND10,000.

## 22. MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Foreign exchange differences VND	Undistributed earnings VND	Non-controlling interests VND	Total VND
As at 1 January 2018	924.039.430.000	216.409.744.645	(3.015.672.745)	(357.597.012)	1.805.456.932.995	83.213.949	<b>2.942.616.051.832</b>
Net profit for the year	-	-	-	-	1.442.181.690.312	(83.213.949)	<b>1.442.098.476.363</b>
Re-issue treasury shares	-	7.365.045.255	3.015.672.745	-	-	-	<b>10.380.718.000</b>
2017 dividend declared	-	-	-	-	(184.603.766.000)	-	<b>(184.603.766.000)</b>
2018 interim dividend declared (*)	-	-	-	-	(184.726.166.000)	-	<b>(184.726.166.000)</b>
Profit appropriation to bonus and welfare fund	-	-	-	-	(10.941.230.243)	-	<b>(10.941.230.243)</b>
Others	-	-	-	357.597.012	-	-	<b>357.597.012</b>
<b>As at 31 December 2018</b>	<b>924.039.430.000</b>	<b>223.774.789.900</b>	<b>-</b>	<b>-</b>	<b>2.867.367.461.064</b>	<b>-</b>	<b>4.015.181.680.964</b>
Net profit for the year	-	-	-	-	1.179.122.525.220	-	<b>1.179.122.525.220</b>
2018 final dividend declared (*)	-	-	-	-	(184.807.886.000)	-	<b>(184.807.886.000)</b>
Purchase of treasury shares (**)	-	-	(114.215.880.222)	-	-	-	<b>(114.215.880.222)</b>
2019 dividend declared (***)	909.730.130.000	-	-	-	(909.730.130.000)	-	<b>-</b>
Profit appropriation to bonus and welfare fund (****)	-	-	-	-	(20.000.000.000)	-	<b>(20.000.000.000)</b>
Capital increased during the year	-	-	-	-	-	2.000.000.000	<b>2.000.000.000</b>
<b>As at 31 December 2019</b>	<b>1.833.769.560.000</b>	<b>223.774.789.900</b>	<b>(114.215.880.222)</b>	<b>-</b>	<b>2.931.951.970.284</b>	<b>2.000.000.000</b>	<b>4.877.280.439.962</b>

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

(\*\*) In accordance with the Resolution of the Board of Directors on 30 August 2019, the Board of Directors approved the purchase of 2,000,000 treasury shares, equivalent to VND 114,215,880,222.

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

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

## 23. NON-CONTROLLING INTEREST (“NCI”)

Details of NCI were as follows:

	2019 VND	2018 VND
Share capital	2.000.000.000	700.000.000
Allocated losses	-	(700.000.000)
	<u>2.000.000.000</u>	<u>-</u>

Movements of the NCI were as follows:

	2019 VND	2018 VND
Beginning of year	-	83.213.949
Increase share capital	2.000.000.000	-
Allocated losses for the year	-	(83.213.949)
<b>End of year</b>	<u>2.000.000.000</u>	<u>-</u>

## 24. DIVIDENDS

Movements of dividends payable during the year were as follows:

	2019 VND	2018 VND
Beginning of year	329.605.650	179.712.750
Dividends payable (Note 22)	184.807.886.000	369.329.932.000
Dividends paid in cash	(184.987.352.875)	(369.220.123.400)
Others	-	40.084.300
<b>End of year (Note 16)</b>	<u>150.138.775</u>	<u>329.605.650</u>

## 25. EARNINGS PER SHARE

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

## 25. EARNINGS PER SHARE (CONTINUED)

	For the year ended	
	2019 VND	2018 VND
Net profit attributable to shareholders (VND)	1.179.122.525.220	1.442.181.690.312
Less amount allocated to bonus and welfare funds (VND) (*)	(20.000.000.000)	(10.941.230.243)
	<u>1.159.122.525.220</u>	<u>1.431.240.460.069</u>
Weighted average number of ordinary shares in issue (shares)	92.292.511	92.403.943
<b>Basic earnings per share (VND)</b>	<u>12.559</u>	<u>15.489</u>

(\*) Based on the actual amount allocated to bonus and welfare funds in 2019 in accordance with 2018's profit distribution plan which was approved in the Annual General Meeting on 26 April 2019.

The Group did not have any ordinary shares potentially diluted during the year and up to the date of this consolidated financial statements.

## 26. OFF BALANCE SHEET ITEMS

### (A) OPERATING LEASES ASSETS

The future minimum lease receipts under non-cancellable operating leases were presented in Note 38.

### (B) FOREIGN CURRENCIES

	2017	2016
United States Dollar (“USD”)	202.137	1.255.473
Euro (“EUR”)	1	306
Chinese Yuan Renminbi (“CNY”)	3.114	3.308
	<u>205.252</u>	<u>1.259.087</u>

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## 27. REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2019 VND	2018 VND
<b>Revenue</b>		
Revenue from sales of finished goods	5.698.120.250.921	7.365.724.314.301
Revenue from sales of merchandises	1.162.709.947.805	864.339.064.166
Revenue from sales of by-products	969.965.375.570	1.102.358.015.774
Revenue from rendering of services	54.109.638.089	53.036.040.517
Revenue from sales of raw materials	10.080.893.489	21.419.632.434
	<b>7.894.986.105.874</b>	<b>9.406.877.067.192</b>
<b>Sales deductions</b>		
Sales allowances	(20.712.479.716)	(130.445.563.339)
Sales returns	(7.129.290.245)	(5.102.419.359)
	<b>(27.841.769.961)</b>	<b>(135.547.982.698)</b>
<b>Net revenue from sales of goods and rendering of services</b>	<b>7.867.144.335.913</b>	<b>9.271.329.084.494</b>

## 28. COST OF GOODS SOLD AND SERVICES RENDERED

	2019 VND	2018 VND
Cost of finished goods sold	4.396.776.565.588	5.313.506.084.951
Cost of merchandises sold	1.110.617.092.330	819.793.209.563
Cost of by-products sold	844.303.293.714	975.196.132.196
Cost of services provided	4.827.719.355	6.893.857.579
Cost of raw materials sold	15.069.164.680	20.703.415.741
(Reversal)/Provision for decline in value of inventories	(37.531.857.042)	95.089.375.641
Others	-	784.035.219
	<b>6.334.061.978.625</b>	<b>7.231.966.110.890</b>

## 29. FINANCIAL INCOME

	2019 VND	2018 VND
Income from disposal of investments	120.745.154.926	-
Interest income from deposits	75.733.338.719	64.905.144.122
Realised foreign exchange gains	47.140.293.815	64.633.682.907
Interest income on the advances for purchases of raw materials	7.544.260.344	4.124.353.199
Others	29.556.000	3.339.821.560
	<b>251.192.603.804</b>	<b>137.003.001.788</b>

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## 30. FINANCIAL EXPENSES

	2019 VND	2018 VND
Interest expense	59.533.476.528	55.985.954.528
Realised foreign exchange losses	29.558.675.340	34.114.798.298
Net loss from foreign currency translation at year-end	577.419.574	7.530.202.267
Loss from disposal of subsidiaries	-	69.284.816.179
Others	-	200.665.700
	<b>89.669.571.442</b>	<b>167.116.436.972</b>

## 31. SELLING EXPENSES

	2019 VND	2018 VND
Transportation, storage and other outsourced service expenses	186.960.524.258	138.313.163.818
Exhibition and advertising expenses	17.102.210.254	18.675.463.164
Staff costs	8.938.319.798	10.150.139.934
Others	38.817.581.283	43.307.201.811
	<b>251.818.635.593</b>	<b>210.445.968.727</b>

## 32. GENERAL AND ADMINISTRATION EXPENSES

	2019 VND	2018 VND
Staff costs and welfare	55.595.124.759	50.251.394.825
Tools and supplies	13.010.518.374	7.179.709.197
Depreciation and amortization of fixed assets	10.485.254.857	11.711.278.304
Allocation of goodwill	5.698.816.770	7.273.438.007
Others	64.010.378.808	67.149.679.069
	<b>148.800.093.568</b>	<b>143.565.499.402</b>

### 33. BIT

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

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

Vinh Hoan Collagen Co., Ltd (“Vinh Hoan Collagen”)

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

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

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

Vinh Hoan Fish Hatchery Co., Ltd (“Vinh Hoan Fish Hatchery”)

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

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

### 33. BIT (CONTINUED)

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

	2019 VND	2018 VND
<b>Net accounting profit before tax</b>	<b>1.309.371.320.025</b>	<b>1.687.562.124.884</b>
Tax calculated at a rate of 20%	261.874.264.005	337.512.424.977
Effect of:		
Income not subject to tax	(18.476.173.000)	(15.750.365.391)
Non-deductible expenses	2.635.593.364	4.091.583.704
Tax incentive	(114.286.676.724)	(81.881.067.519)
Utilisation of previously unrecognised tax losses	-	(4.418.903.610)
Tax losses for which no deferred income tax asset was recognised	(1.498.212.840)	879.328.573
Over-provision in previous years	-	(20.497.535)
Others	-	5.051.145.322
<b>BIT charge</b>	<b>130.248.794.805</b>	<b>245.463.648.521</b>
Charged to the consolidated income statement:		
BIT - current	139.977.904.705	252.063.378.043
BIT - deferred (*)	(9.729.109.900)	(6.599.729.522)
	<b>130.248.794.805</b>	<b>245.463.648.521</b>

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

	2019 VND	2018 VND
Taxable temporary differences	3.066.844.176	14.895.000.000
Reversal of deferred income tax assets	4.689.035.714	3.140.451.514
Deductible temporary differences	(2.589.989.790)	(4.689.035.714)
Reversal of deferred income tax liabilities	(14.895.000.000)	(19.946.145.322)
<b>Total deferred income tax</b>	<b>(9.729.109.900)</b>	<b>(6.599.729.522)</b>

### 34. COST OF OPERATION BY FACTOR

	2019 VND	2018 VND
Raw materials	6.783.669.147.125	7.267.652.647.878
Outsourced service expenses	1.066.297.296.110	838.417.277.239
Labour	784.019.039.009	760.221.527.228
Depreciation, amortisation and allocation of goodwill	165.204.005.292	156.301.707.548
Other cash expenses	191.307.395.213	188.574.830.491
	<u>8.990.496.882.749</u>	<u>9.211.167.990.384</u>

### 35. SEGMENT REPORTING

#### GEOGRAPHICAL SEGMENT:

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

	2019 VND	2018 VND
Export sale	6,574,167,873,197	7,828,733,084,649
Domestic sale	1,292,976,462,716	1,442,595,999,845
Net sales	<u>7.867.144.335.913</u>	<u>9.271.329.084.494</u>

#### BUSINESS ACTIVITY SEGMENT:

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

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

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

	2019 VND	2018 VND
Transfers from construction in progress to tangible fixed assets	192.694.412.093	132.036.152.388
Purchase tangible fixed assets and construction in progress were not yet paid	<u>9.958.831.641</u>	<u>13.447.049.575</u>

### 36. ADDITIONAL INFORMATION FOR THE ITEMS OF THE STATEMENT OF CASH FLOWS (CONTINUED)

#### (B) AMOUNT OF LOAN ACTUALLY WITHDRAWN DURING THE YEAR

	2019 VND	2018 VND
Proceeds from borrowings following normal borrowing contracts	<u>4.677.272.193.820</u>	<u>4.932.839.245.502</u>

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

	2019 VND	2018 VND
Repayments for borrowings following normal borrowing contracts	<u>5.080.694.240.341</u>	<u>4.559.898.419.884</u>

### 37. TRELATED PARTY DISCLOSURES

#### (A) RELATED PARTY TRANSACTIONS

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

	2019 VND	2018 VND
<b>I. Sales of goods and rendering of services</b>		
Octogone (Guangzhou) Trading Co., Ltd (*)	319.573.411.453	303.549.904.485
Van Duc Tien Giang (*)	22.336.214.683	49.664.919.821
Van Duc Food Co., Ltd.	7.929.237.114	7.684.258.097
	<u>349.838.863.250</u>	<u>360.899.082.403</u>
<b>II. Purchases of goods and services</b>		
Van Duc Tien Giang (*)	8.440.846.799	21.378.254.097
Van Duc Food Co., Ltd.	116.200	-
Individuals	26.622.495.360	51.443.889.800
	<u>35.063.458.359</u>	<u>72.822.143.897</u>
<b>III. Disposals of fixed assets</b>		
Van Duc Food Co., Ltd.	15.191.995.392	51.152.531.314
<b>IV. Purchases of fixed assets</b>		
Van Duc Tien Giang (*)	2.481.818.182	-
<b>V. Compensation of key management</b>		
Gross salaries and other benefits	25.599.136.382	29.522.163.775
<b>VI. Short-term lending</b>		
Van Duc Tien Giang (*)	6.000.000.000	-
<b>VII. Interest income from lending</b>		
Van Duc Tien Giang (*)	29.556.000	325.249.000

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

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

## 37. RELATED PARTY DISCLOSURES (CONTINUED)

(B) YEAR END BALANCES WITH RELATED PARTIES

	2019 VND	2018 VND
<b>I. Short-term trade accounts receivable (Note 6)</b>		
Van Duc Tien Giang	-	17.284.229.152
Van Duc Food Co., Ltd	1.191.276.429	3.115.846.349
	<u>1.191.276.429</u>	<u>20.400.075.501</u>
<b>II. Other short-term receivables (Note 8)</b>		
Octogone	-	6.000.000.000
Van Duc Tien Giang	-	94.039.000
Board of Directors and Management	24.166.003	225.362.318
	<u>24.166.003</u>	<u>6.319.401.318</u>
<b>III. Short-term payables (Note 14)</b>		
Van Duc Tien Giang	-	784.876.419
<b>IV. Other short-term payables (Note 16)</b>		
Van Duc Food Co., Ltd.	14.093.945.568	28.042.019.445
Van Duc Tien Giang	-	165.203.561.518
	<u>14.093.945.568</u>	<u>193.245.580.963</u>

## 38. OPERATING LEASES COMMITMENTS

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

	2019 VND	2018 VND
Within one year	8.475.952.356	4.723.752.054
Between one and five years	31.738.275.305	18.895.008.214
Over five years	33.065.424.857	25.922.371.221
<b>Total minimum payments</b>	<u><b>73.279.652.518</b></u>	<u><b>49.541.131.489</b></u>

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



Ha Thi Phuong Thuy Hong Nhung  
Preparer/Chief Accountant



Trương Thị Lê Khanh  
Legal representative

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this report that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms, such as “anticipate”, “believe”, “can”, “could”, “estimate”, “anticipate”, “project”, “expect”, “intend”, “may”, “plan”, “aim”, “will” and “would” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), planned projects and other matters discussed in this document regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this report involve known and unknown risks, uncertainties and other factors that may cause our actual financial results, performance or achievements to be materially different from any future financial results, performance or achievements expressed or implied by such forward-looking statements or other projections.

Forward-looking statements are based on our beliefs and assumptions, which in turn are based on currently available information. Our outlook is predominantly based on our interpretation of what we consider to be the key economic factors affecting our business, the global economy and the sectors we operate in. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, many of which are beyond our control. Accordingly, investors are cautioned not to place undue reliance on the forward-looking statements in this report. These statements speak only as of the date of this report or the respective dates indicated in this report, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

# 7

## COMPANY INFORMATION

7.1 COMPANY STRUCTURE

7.2 SHAREHOLDER STRUCTURE AND  
CHANGES IN OWNERS' EQUITY





## COMPANY STRUCTURE

• **VINH HOAN CORPORATION** was established in accordance with Business Registration Certificate No. 1400112623 dated 17 April 2007, and the latest amended dated 14 January 202018 by the Department of Planning and Investment of Dong Thap province.

- Charter capital: VND1,833,769,560,000;

- Principal business:

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



**CÔNG TY CỔ PHẦN VINH HOÀN**  
**VINH HOAN CORPORATION**

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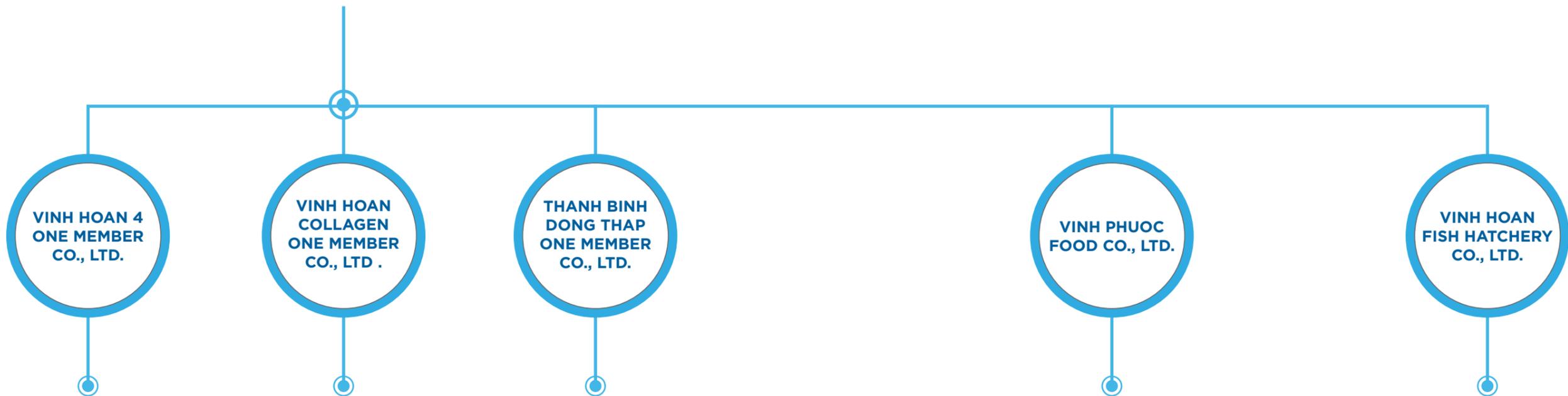
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Was established in accordance with Business Registration Certificate No. 140171196 dated 5 April 2012, and the latest amended dated 16 October 2013 by the Department of Planning and Investment of Dong Thap province.

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

Was established in accordance with Business Registration Certificate No. 1401587429 dated 2 December 2011, and the latest amended dated 2 March 2018 by the Department of Planning and Investment of Dong Thap province.

- Charter capital as of 31 December 2019: VND100,000,000,000; fully contributed by Vinh Hoan Corporation;
- Principal business: Extracting and manufacturing of hydrolyzed collagen and gelatin.

Was acquired by Vinh Hoan Corporation in early 2017.

- Business Registration Certificate No. 1402054046 dated 11 November 2016, and the latest amended dated 25 January 2019 by the Department of Planning and Investment of Dong Thap province.
- Charter capital as of 31 December 2019: VND233,143,345,033; fully held by Vinh Hoan Corporation.
- Principal business: Aquaculture, processing, preserving and trading of fish and other fishery products.

Was established by Vinh Hoan Corporation in September 2018.

- Business Registration Certificate No. 1402103399 dated 4 September 2018, and the latest amended dated 16 July 2019 by the Department of Planning and Investment of Dong Thap province.
- Charter capital as of 31 December 2019: VND400,000,000,000; fully held by Vinh Hoan Corporation.
- Principal business: Aquaculture, processing, preserving and trading of fish and other fishery products.

Was established by Vinh Hoan Corporation in January 2019.

- Business Registration Certificate No. 1602091937 dated 12 January 2019, and the latest amended dated 31 July 2019 by the Department of Planning and Investment of An Giang province.
- Charter capital as of 31 December 2019: VND50,000,000,000; 96% held by Vinh Hoan Corporation.
- Principal business: Freshwater aquaculture with operation of domestic freshwater fish hatcheries.



## 7.3 SHAREHOLDER STRUCTURE AND CHANGES IN OWNERS' EQUITY

### SHARE INFORMATION (AS OF 31 DECEMBER 2019)

TOTAL NUMBER OF SHARES	183.376.956	SHARES
Par value (VND/Share)	10.000	Vietnamese dong
Number of Treasury shares	1.430.930	shares
Number of non-transferable shares restricted under the Employee Stock Ownership Program (ESOP)	37,652	Shares
Number of freely transferable shares	181,872,586	shares

### 4.6.2 SHAREHOLDER STRUCTURE (ACCORDING TO THE LIST OF SHAREHOLDERS AS OF 06 APRIL 2020)

NO SHAREHOLDER TYPE	NUMBER OF SHARES	SHARE-HOLDER RATIO (%)	NUMBER OF SHARE-HOLDERS	INSTITUTIONAL/INDIVIDUAL INVESTOR	
				INSTITUTIONAL	INDIVIDUAL INVESTOR
1 State Shareholders	00	00	00	00	00
2 Major share holders	103.796.484	56,60%	09	08	01
• Vietnamese	79.150.284	43,16%	01	00	01
• Foreign	24.646.200	13,44%	08	08	00
3 Labor of Union of the Company	29.622	0,02%	01	01	00
• Vietnamese	29.622	0,02%	01	01	00
• Foreign	00	00	00	00	00
4 Treasury shares	1.430.930	0,78%	01	01	00
5 Preferred shareholders (if any)	00	00	00	00	00
6 Other shareholders	78.119.920	42,60%	2.287	95	2.192
• Vietnamese	39.781.324	21,69%	2.114	30	2.084
• Foreign	38.338.596	20,91%	173	65	108
<b>TOTAL</b>	<b>183.376.956</b>	<b>100%</b>	<b>2.298</b>	<b>105</b>	<b>2.193</b>
<b>IN WHICH: -</b>					
• Vietnamese	120.392.160	64,84%	2.117	32	2.085
• Foreign	62.984.796	35,13%	181	73	108

## CHANGE IN OWNERS' EQUITY

In 2019, there was a change in owners' equity

STT	CONTENT	BEFORE CHANGE	CHANGE	AFTER CHANGE	REASON OF CHANGE	DATE OF CHANGE
1	Owners' capital (VND)	924.039.430	909.730.130	1.833.769.560	Issuing shares for dividend	31 Dec 2019
2	Number of shares	92.403.943	90.973.013	183.376.956	Issuing shares for dividend	31 Dec 2019
3	Treasury shares	1.430.930	0	1.430.930		
4	Total number of outstanding shares	90.973.013	90.973.013	181.946.026	Issuing shares for dividend	31 Dec 2019



## 7.4

# REPORT ON INTERNAL PERSONS' SHARE TRANSACTIONS

In 2019, the following transactions of internal personal occurred

TRANSACTION TYPE	INDIVIDUAL NAME	RELATED PERSON		NUMBER OF SHARES			TRANSACTION DISCLOSURE DATE	POSTTRANSACTION SHARE-HOLDING PERCENTAGE (%)	REASON FOR DECREASE	
		NAME	TITLE	BEFORE TRADING	BUY	SELL				AFTER TRANSACTION
Sell	Phan Ngoc Minh	Phan Thi Kim Hoa	Member of SB	135.000		135.000	0	27-28 May 2019	0,00%	Personal financial needs
Sell	Facility Trade Union of Vinh Hoan Jsc.	Trade Union		46.911		32.100	29.622	24-25 Dec 2019	0,02%	Sales transaction and dividend by share





VINH HOAN

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