



VINH HOAN

**PRESS FORWARD AND
BE STEADFAST**

ANNUAL REPORTS
2020

GENERAL INFORMATION

Trading Name **VINH HOAN CORPORATION**

English name **VINH HOAN CORPORATION**

Business Registration No: **1400112623**

Charter Capital **VND: 1.833.769.560.000**

Address **National Road 30, Ward 11,
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Stock Symbol: **VHC**



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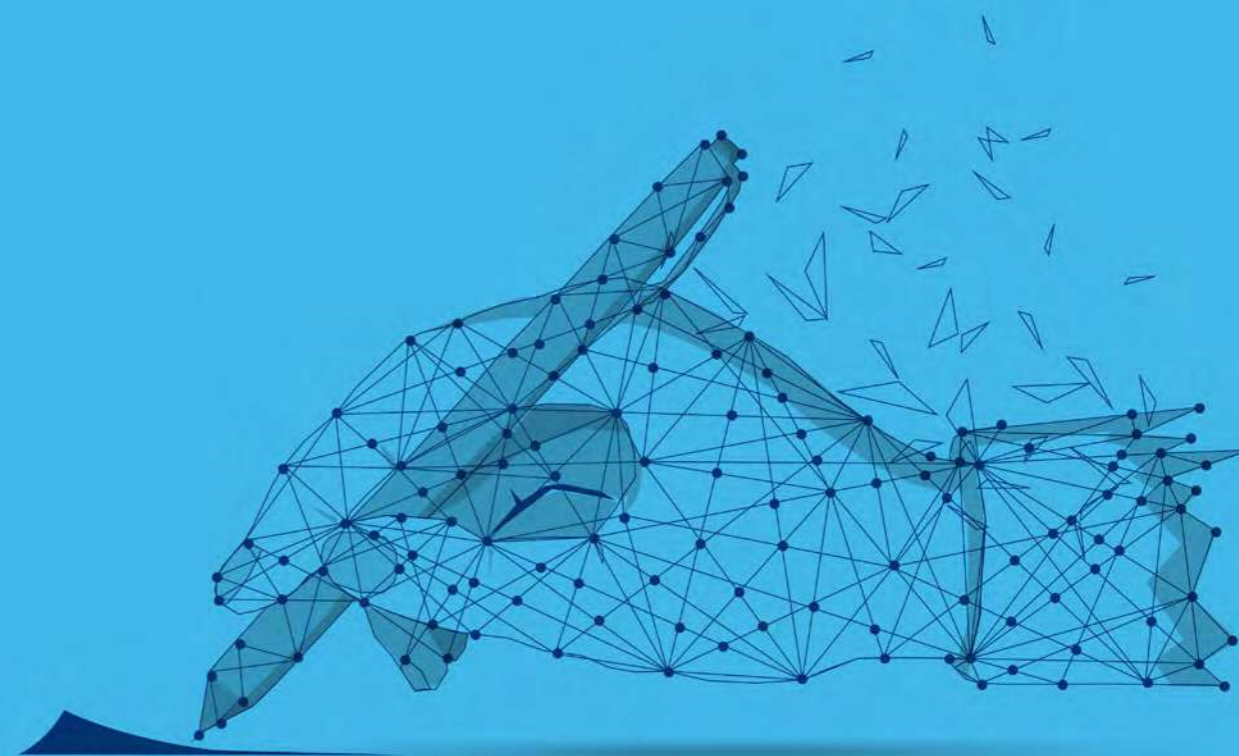
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MESSAGE FROM CHAIRWOMAN

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MESSAGE FROM CHAIRWOMAN

2020: The Year in Review

Dear Valued Shareholders and Stakeholders,

The year 2020 is a very special year that happened to the world economy and our way of life. The COVID-19 pandemic negatively affects the global economy, has claimed millions of lives worldwide, and there is no sign of stopping. Luckily, Vietnam is one of the few countries that have fared well so far due to the vast array of action policies with the highest stringency level, and well control of the spread of disease, while still sustaining economic activity.

”





In this tireless fury, Vinh Hoan has responded timely and still pressed forward with a steadfastness while maintaining continuous production as well as making investments. During this year, Vinh Hoan launched the construction of a hatchery in Vinh Hoa, An Giang Province, expanded the production line in Vinh Hoan Collagen's factory, built two cold storages (c.a 20,000 pallets in storage capacity) and food-grade fish oil factory, bought a 51 pct stake in Sa Giang Import-Export Corporation. Additionally, we have also returned to invest in the aquafeed industry by establishing FEED ONE Company, and intend to complete a feed mill in late 2021. Many investment strategies for improving the value chain are continually set up and implemented. Low interest rates in 2020 added the support levels for our expansion investment projects in pursuit of long-term goals. On the bright side, some agreements entering into force concluded by Vietnam, such as EVFTA, EAEU FTAs, RCEP, UKVFTA, play an important role in the economic outlook of 2020 and create the momentum for pangasius exports which will open the door for Vietnamese goods to enter the consumer market in these countries.

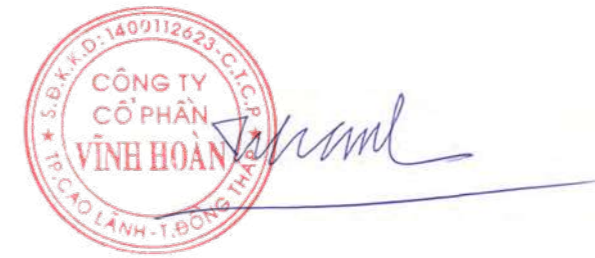
Opportunities for 2021: Digitalization and Circular economy models

Dear Valued Shareholders and Stakeholders,

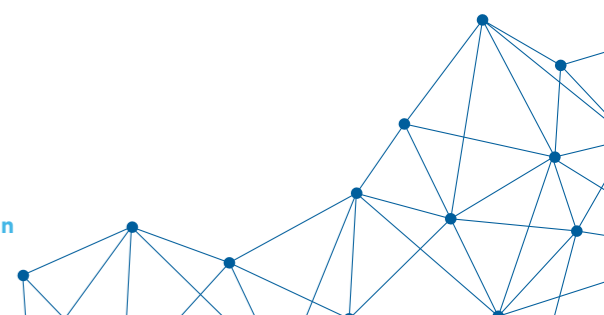
In 2021, Vinh Hoan will continue to develop the digitalization of our production management system, as digital transformation and digitalization shall be our key strategies to catch up with the trends. In parallel, we will promote suitable products for the home delivery strategy to push the market expansion.

In terms of aquaculture, we plan to develop the circular economy model headed for environmental-friendliness and sustainable development, as well as create the value chain for further agricultural products.

Digital, biotechnology, corporate governance improvement, the circular economy model shall be the core programs for our moving forward. On that path, we engrave in our hearts the support of valued shareholders, investors, partners, customers, and entire Vinh Hoan's employees who have trusted and accompanied us to make breakthroughs together.



**Yours sincerely,
 Founder & Chairwoman of the Board
 Mdm. Truong Thi Le Khanh**



2020 HIGHLIGHTS



VND 7,037 BILLION

NET REVENUE

VND 719 BILLION

PROFIT AFTER TAX



VND 7,532 BILLION

MARKET CAPITALIZATION



EXPORT MARKET

46 COUNTRIES OR TERRITORIES

FARMING AREA

610 HA



FILLET PRODUCTION CAPACITY

1000 TONS OF RAW MATERIALS PER DAY

GWELLNESS PRODUCTION CAPACITY

3,500 TONS PER YEAR

VND 7,201 BILLION

TOTAL ASSETS



MORE THAN 8,000



“PRESS FORWARD AND BE STEADFAST”

The year 2020 was a year of severe volatility and challenges for the global economy due to the impacts of the Covid-19 pandemic. Despite facing the difficulties common to the seafood industry, Vinh Hoan has proven its potential as well as strong resilience not only in the production and business but also in the community activities to prevent the crisis. The outstanding events listed below shall be considered as records of Vinh Hoan’s “Press Forward and Be Steadfast” journey in 2020.

EFFORTS IN PREVENTING PANDEMIC COVID19 NATIONWIDE HAVE HELPED VINH HOAN STABILIZE PRODUCTION AND BUSINESS THROUGHOUT THE YEAR.



The company not only reduced no staffing but also attracted and recruited more than 1,000 employees in the year. Therefore, efforts to prevent and control pandemic deserve to be mentioned as the most important highlights of the year

All employees of Vinh Hoan Corp. are always proactively and seriously implement epidemic prevention measures at the production facilities. The company distributed to all employees 10 face masks and 2 bottles of antibacterial hand wash during the year. Vinh Hoan sponsored 10 ventilators for 8 separate hospitals, worth more than 5 billion VND; donated 20 ventilators for Da Nang Department of Health, worth 0.5 billion VND; donated 900 protective suits and 2,000 medical masks to National Hospital of Tropical Diseases 2 in Dong Anh, Hanoi.



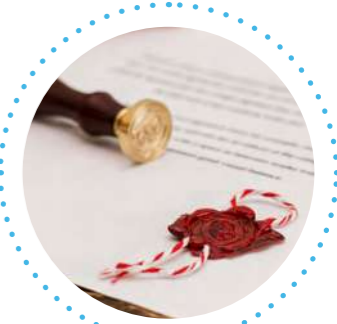
In addition, Vinh Hoan also donated nearly 2 billion VND of medical equipment to sponsor Dong Thap General Hospital. This included 1 ambulance worth 680 million VND, a ventilator and infusion pump worth 250 million VND, 1 billion VND for the Health Care Program for the Poor of Dong Thap General Hospital.



AWARDS AND HONOURS



14/09/2020
Madam TRUONG THI LE KHANH - the Founder and Chairwoman of Vinh Hoan Corp - was honored in “Top 25 Power of Businesswomen” in 2020 by Forbes Asia



10/07/2020
Vinh Hoan was named Top 50 Best Performing Companies in Vietnam by Investment Review Magazine for seven consecutive years



15/10/2020
Vinh Hoan was named Top 50 Best Listed Companies in Vietnam by Forbes Vietnam for seven consecutive years

NEW CAPITAL AND EXPANSION INVESTMENT PROJECTS WERE IN ACCORDANCE WITH THE 2020 PLAN, DESPITE THE DIFFICULTIES CAUSED BY THE EPIDEMIC. MANY PROJECTS HAD BEEN COMPLETED AND PUT INTO OPERATION BY THE END OF THE YEAR.

QIII/2020

In Quarter 3rd, 2020, Vinh Hoan completed the expansion of processing plant 2 with a value-added product production line, increasing its capacity from 500 kg of finished products/hour to 1,500 kg of finished products/hour.

Along with that, 2020 is an outstanding year for improving productivity, expanding production in most factories and production facilities, increase by 20% the capacity of the group's fillet fish by the end of 2020.



10/2020

In October 2020, Vinh Hoan Collagen completed the expansion of a new gelatin line, to increase the total capacity of the collagen and gelatin up to 3,500 tons of finished products/year.

Also in October 2020, Vinh Hoan Collagen Research and Development Center was completed and put into operation to focus on developing new products for Vinh Wellness.



MERGERS, ACQUISITIONS, AND RESTRUCTURING ACTIVITIES ARE CONSIDERED STRATEGIC DEVELOPMENTS, MAKING AN IMPORTANT CONTRIBUTION TO ASSERTING VINH HOAN'S POSITION IN THE DOMESTIC AND INTERNATIONAL MARKETS. BESIDES, DETERMINATION AND EFFORTS TO INCREASE MARKET SHARE AND DIVERSIFYING PRODUCTS LAY A SOLID FOUNDATION FOR THE FUTURE.

08/12/2020

"Press Forward and Be Steadfast", implementing its business development strategies, in the last month of the year, Vinh Hoan made two important decisions regarding its subsidiary and associate:

On Dec 8, 2020, The BOD approved the acquisition of State Capital and Investment Corporation's shares in Sa Giang Joint Stock Company, accounting for 49.89% of the charter capital.



16/12/2020

On Dec 16, 2020, The BOD approved the establishment of Vinh Technology Company in Singapore to focus on investment activities in food science and technology and functional foods.



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COMPANY INTRODUCTION

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2.1

OUR VISION – OUR MISSION – OUR CORE VALUES



OUR VISION

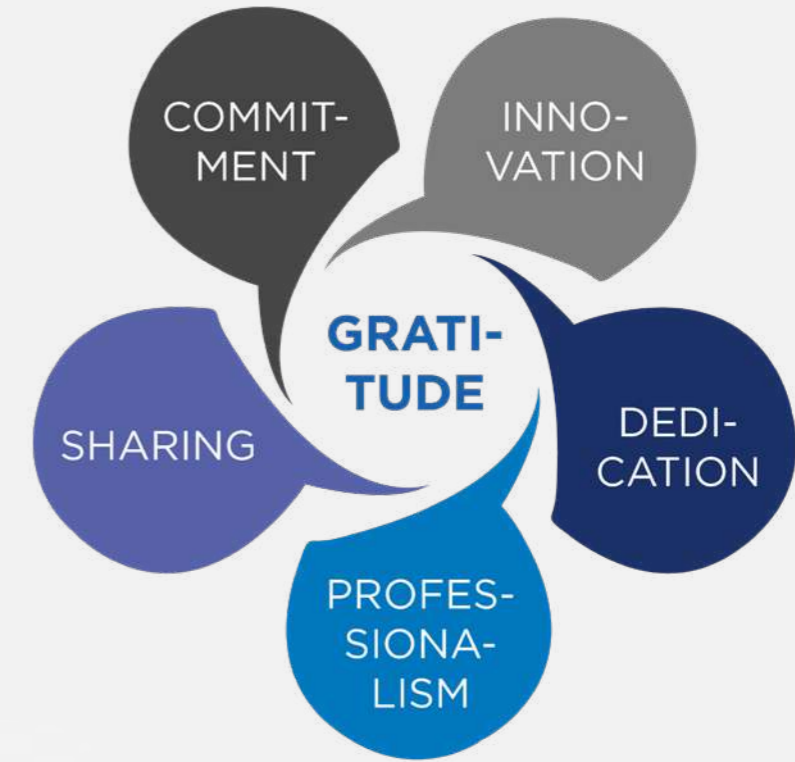
To affirm our market-leading position and contribute to sustainable aquaculture globally by continuous innovation, environmental protection, and efficiency improvement in all business aspects.

OUR MISSION

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

OUR CORE VALUES

Exceed customer expectations, honesty, and compliance.



CORE VALUE



2.2

COMPANY HISTORY

Vinh Hoan was established in 1997 in Dong Thap province, specializing in the farming and processing of frozen pangasius products. Vinh

Hoan is the leader in farming, production, and export of the pangasius industry. The Company has achieved the following milestones over its history of more than 20 years:

- Transformed the business model to Vinh Hoan Limited Company

1998



1997

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



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



• Vinh Wellness commenced operation

2015



2016

• Increased Foreign Ownership Limit to 100% to attract foreign investors

• Vinh Hoan acquired Thanh Binh, Dong Thap to expand production capacity

2017



2018

• Establish Vinh Phuoc Food to expand production capacity

• Established Vinh Hoan Hatchery

2019



• R&D Center of Vinh Hoan Collagen has been put into operation

2020



2020

• The BOD of Vinh Hoan approved the acquisition of State Capital and Investment Corporation's shares in Sa Giang Joint Stock Company, accounting for 49.89% of the charter capital
The BOD of Vinh Hoan approved the establishment of Vinh Technology Company in Singapore

2.3 PRODUCT PORTFOLIO

"PRESS FORWARD AND BE STEADFAST" IS A KEY DRIVER WHICH HELPS BRING VINH HOAN'S DETERMINATION AND EFFORTS IN PRODUCTION AND BUSINESS TO GET CLOSER WITH THE CURRENT CUSTOMER DEMAND.

In the troubling times of the Covid-19 pandemic, Vietnam's seafood sector has been facing major challenges and common difficulties of the global economic slowdown. One of them is the change in culinary trends and consumption behavior. In a short time of the pandemic, consumption behavior was remarkably changed and fluctuated, shifting from street-food to fast-food, homemade-food.

"PRESS FORWARD AND BE STEADFAST" is a key driver which helps bring our determination and efforts in production and business to get closer with the current customer demand. Understanding and grasping the tendencies, taking challenges as boundless motivation and inspiration, Vinh Hoan quickly enriches the product portfolio, enhances the attractiveness to satisfy the customer demand.

We also understand that community safety and well-being, disease control and prevention are always our key priorities, besides, 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 as well as identifiable, low environmental impact ingredients that are common in developed and developing countries.

Therefore, Vinh Hoan creates delicious, nutritious, and convenient products, helping consumers to create memorable, safe culinary experiences while still having time for family and friends. During the year 2020, Vinh Hoan has continuously researched and successfully developed nine (09) new fish sticks and marinated products line, with orders to export to the EU and the Middle East.

In order to implement the market and product diversification strategies, especially in the context of global volatility in 2020, on October 05, Vinh Hoan launched the BASA master brand to introduce a variety of pangasius-related products to domestic consumers, "Full of nutrition, delicious and natural".



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.

The close relationship between the product research and development process and the understanding of consumer needs has helped Vinh Hoan's product lines to be easily welcomed and appreciated by consumers. In October, right after the launch, BASA master's product line won the first prize in the contest "Tra fish / Basa fish cuisine 2020" at the trade fair "OCOP Products - Connecting to reach out" in Dong Thap.



Vinh Hoan's product list for 2020 includes 4 main product groups: premium fillet products, value-added products, by-products, and wellness products:

PANGASIUS PRODUCTS

The main and traditional product of Vinh Hoan is frozen fillet, which generates 69% of the Group's consolidated revenue. Raw materials are sustainably and environmental-friendly raised, responsibly processed as per global standards for food safety. Pangasius becomes the popular and worldwide consumed whitefish thanks to its high commercialization levels:

- Naturally-white, natural elastic texture, neutralizer flavor, therefore suitable for consumers of all age;
- Easy for processing, suitable for all cuisines;
- Competitively priced compared to other fish species.

VALUE-ADDED PRODUCTS

Value-added products are the strategic product lines of Vinh Hoan, providing a variety of premium products to customers as convenient, safe, delicious, and nutritious options.

- Formed-breaded pangasius;
- Hand-breaded pangasius;
- Marinated pangasius;
- Fish balls.



BY-PRODUCTS

Vinh Hoan continues to optimize the recovery value through the processing of fish meal, fish oil, and fresh by-products. Especially, protein from fresh fish is considered to be easier to digest and absorb compared to meat, minerals, energy, vitamins. Fish meal and fish oil are ingredients for livestock nutrition, with the former primarily exported and the latter primarily sold domestically. Especially, the protein in fresh fish is easy to digest, easier to absorb than meat, more energy, minerals, and vitamins.

Especially in early 2021, after the completion of the fish oil refining plant in Vinh Phuoc, Vinh Hoan introduced high-quality cooking oil products from Mekio fish. Fish oil products initially received good reviews from consumers and distributors thanks to their strength: superior quality of taste and color, high heat resistance to ensure nutrition, good for children, and dieters.



WELLNESS PRODUCTS

Vinh Wellness - 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.

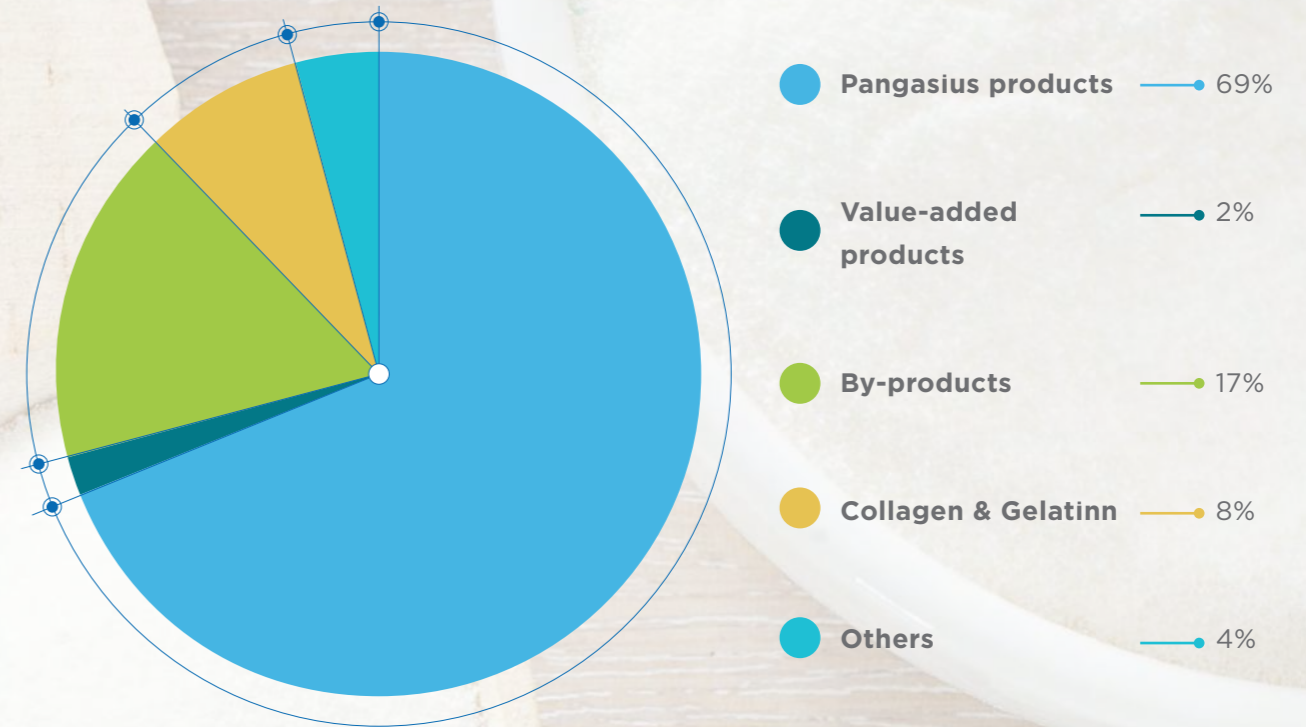
Vinh Wellness Collagen is highly soluble and 100% natural. It contains no artificial colors, flavors, additives, or preservatives, and is also free of fat, carbohydrate, sugar, and cholesterol. Unlike collagen from ocean fish, it is low in sodium. It is Halal certified and free of pork or beef products,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

Collagen and gelatin products from Vinh Hoan are of high purity, good solubility and permeability, high compatibility with the human body's natural collagen, easily absorbed and homogeneous in sources. It has obtained specific certifications such as ASC, GMP, HACCP, HALAL, ISO 9001, ISO 14000, has become the source of raw materials chosen by many major manufacturers in the world.

Vinh Wellness - The next generation of marine collagen peptide and gelatin

Challenging to innovation, the new products in portfolio of Vinh Wellness collagen peptide: Vinh Wellness PEP-V and PEP-X (Nano Collagen) are introduced with lower molecular weight collagen peptide that is absorbed easily via the intestinal track with even taken orally. Ideally to reduce dosage while maintaining effectiveness; application on cosmeceutical and skincare.

Vinh Wellness TRIOGEN (Collagen Tripeptide) is one of the smallest collagen tripeptides ever made with high percentages of functional collagen tripeptide (CTP) and Gly-Pro-Hyp (GPH). It is superior oral absorption, bioavailability, and bioactivity with strong anti-aging properties for oral and topical applications, delivering high impact for such a little thing.



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2020 ANALYSIS REPORT & 2021 OUTLOOK

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3.1

2020 ANALYSIS REPORT

1. SWOT ANALYSIS FOR 2020

S

STRENGTH

- A leading company in product quality and quality management system, pioneering in sustainable farming. Vinh Hoan brand is reputable, well support for The Company's operations;
- A closed system of farming and processing finished products and by-products and value-added products;
- The network of loyal customers and partners, spanning global sales channels on both traditional and modern sales channels;
- A team of dedicated and professional employees and good, committed and experienced managers;
- Having a understanding and wide connection to different foreign markets to support the strategy of promoting and developing the brand;
- Good Financial Health with high accumulation.

W

WEAKNESS

- High labor demand for new factories and new projects;
- Product brands have not yet developed to final consumers;
- Smart science and technology have not yet been applied to keep up with the rapid progress of the information age;
- The domestic market has not yet developed a suitable trademark to gained wide domestic recognition ;
- There is still a lot of potential that has not been fully exploited from the application of the circular economy in the chain of farming, processing and exporting.

O

OPPORTUNITY

- Vietnam is one of the few countries in the world that well control the spread of the Covid 19 epidemic and maintain economic growth;
- The development potential of new products, especially processed products for the online sales channel;
- Increasing consumer awareness of food safety, product origins and sustainability factors;
- Pangasius still maintains its competitive advantage in price compared to other whitefish products, there is no direct and significant substitute.
- Some FTAs that Vietnam is a signatory to take effect: EVFTA, EAEU FTAs, RCEP, UK VFTA.

T

THREAT

- Covid 19 epidemic affects import demand of key markets
- Shipping costs will increase from 4th quarter 2020 and there is no sign of cooling down;
- Trade and technical barriers in importing countries: China increased Covid's control measures on frozen packaging and prolonged the time for customs clearance, pangasius dumping lawsuit in the US.

2. 2. VINH HOAN - 2020 IN REVIEW

2020 - Special Year

In 2020, the world was turned upside down with increasing numbers of Covid-19 cases and deaths. Everyone lived in insecurity and anxiety. The year 2020 ends with the hope that

vaccines will dispel any anxiety, and we will go back to normal life.

During Covid-19 pandemic, the company understands that our priority shall be to deliver safety to our workforce and safe products to our consumers. Many emergency measures during the Covid-19 pandemic are thoughtfully applied, including: implementing "Working-from-home" policy for office labor during social distancing; increasing immediate steps to prevent the disease such as gathering

VINH HOAN - HIGHLIGHTS OF THE YEAR

2020

Jan.2020

The Company received a certificate of merit from the Prime Minister for our contributions to social and charity activities in Dong Thap Province;

Apr.2020

Commencing the construction of fish oil refining plant with a capacity of 100 tons per day at Vinh Phuoc Foods Company Limited, Cai Tau Ha Industrial Park, An Nhon, Chau Thanh, Dong Thap;



Sep.2020

Madame. Truong Thi Le Khanh, Chairman of the Board of Directors of the Company, was honored in the list of Top 25 powerful Asian businesswomen in 2020 held by Forbes Asia;

Jul.2020

Vinh Hoan is on the list of Top 50 Vietnam's 50 Best-performing Companies held by Nhip Cau Dau Tu magazine;

Apr.2020

The Company received certificates of merit from the Chairman of Dong Thap Provincial People's Committee for contributions and funding to the prevention of Covid-19 pandemic and drought in Dong Thap Province;

ban, distancing, hand washing, antiseptic, wearing masks, improving hygiene and periodic disinfection on the production sites; making declaration forms for travel schedules for all employees, etc. Vinh Hoan

did not record any cases of infection or F1 for Covid-19. Limiting the internal movement and restricting outsiders from entering our internal areas to actively minimize the risks were urgently deployed. Outsider cases (if any) such as auditors from clients or independent auditors were under surveillance in compliance with safety measures to prevent epidemics.

Sep.2020

Madame. Nguyen Ngo Vi Tam, CEO of Vinh Hoan was honored by Intrafish Magazine in the list of Seafood Power 100: "The Industry's Most Influential Executives";

Vinh Hoan completed the renovation and expansion of Plant 2 (EU Code: DL61) to increase the capacity of the fillet line to 80 tons of raw materials per day and the value-added line to 1,500kg per hour;

Sep.2020

The expansion of Gelatine line of Vinh Hoan Collagen Plant has completed the installation thanks to the online instructions from foreign experts despite the Covid-19 pandemic, proving once again the high technical ability of Vinh Hoan Collagen team.



Oct.2020

Vinh Hoan continued to be honored in the Top 50 Best Listed Companies in Vietnam for the 7th consecutive year by Forbes Vietnam;

Oct.2020

Vietnam Report Joint Stock Company (Vietnam Report) announced the Top 10 prestigious companies in the food and beverage industry in the category of fresh and frozen food on three criteria: financial capacity, reputation on media, and surveys from customers and experts;

Building Experimental Station to research and develop new products;



Dec.2020

The Company commenced construction of housing structures for labor at Ward 11, Cao Lanh City, Dong Thap Province. The build area is over 10,000 square meters with nearly 200 apartments for the Company's employees.

PROMOTIONAL ACTIVITIES IN THE DOMESTIC MARKET



Vinh Hoan introduced Pangasius products under the name of "BasaMaster" brand at Dong Thap Specialized Basa Week in Ha Noi - Big C Thang Long, Hanoi;

9-11 Oct 2020



17-20 Oct 2020

Vinh Hoan introduced Pangasius products under the name of "BasaMaster" brand at Dong Thap Socio-Economic Achievement Exhibition Week for the period 2016-2020;



Vinh Hoan participated in Mekong Connect 2020 and introduced the circular economy model as well as many potential products from the pangasius processing chain.

21 Dec 2020



10-15 Dec 2020

Vinh Hoan participated in "OCOP Products - Connect to Reach out" program at Dong Thap Trade Fair. The trade fair promoted the reputation of Pangasius/Basa. Vinh Hoan was honored to win the 1st prize in the contest "Pangasius/Basa Cuisine" organized by Dong Thap Trade, Tourism and Investment Promotion Center;



VINH HOAN CULTURE



INNOVATION

With the mission of affirming the position and developing sustainable aquaculture's potentials, Vinh Hoan maintains and promotes the cultural values that already linked thousands of people together to create remarkable achievements. Constantly improvement, environmental protection and efficiency improvement in all production and business activities are the guides on our journey. Therefore, in 2019, Vinh Hoan established a Board of Innovation and launched an innovation movement in the Company. Innovation subcommittees are established in each department and subsidiary. The questions such as "Is there any other way more efficient?", "How to work better, faster, and more efficiently?" help each employee think to improve work efficiency every day.

By the end of 2020, a total of 14 innovations have been implemented successfully with positive results, e.g., energy-saving solutions in plants, cold storage, lighting systems; improvements in machinery and line assemble to enhance quality and input efficiency, changes to improve the operations for avoiding mistakes and efficient soaring; farming progress and renovations of training activities. These programs have saved Vinh Hoan more and fired each employee with enthusiasm to step out of the comfort zone and change mindsets for future development.

COMMITMENT

Vinh Hoan culture is "Speak Right, Act Right", which is to meet the commitment and have the highest responsibility for that commitment". Although the freight sharply increased in the fourth quarter of 2020, Vinh Hoan endeavored to deliver all goods as engaged to customers. Every commitment to our labor, partners, suppliers, and customers has been carried out by Vinh Hoan with the spirit of "Speak Right, Act Right".

DEDICATION

Working with our true heart, not for any personal advantage, Vinh Hoan People use our hearts and minds to work for the Company's mission jointly. We also work together with passion, with whole dedication, and accept all challenges.

SHARING

Willing to give more than you receive, during the Covid-19 and many natural disasters occurred in 2020, Vinh Hoan has made many sharing activities with the following:

- Sponsor medical equipment for the prevention of Covid 19: VND 5.6 billion;
- Sponsor the Light of Dreams program: VND 800 million;
- Support the people in the Central region to overcome the consequences caused by floods: VND 1 billion;
- Medical support for poor patients: nearly VND 2 billion;
- Support for poor workers, olders, orphans: VND 1.5 billion;
- Support for victims of Agent Orange: VND 1 billion;
- Other activities: VND 500 million.

PROFESSIONALISM

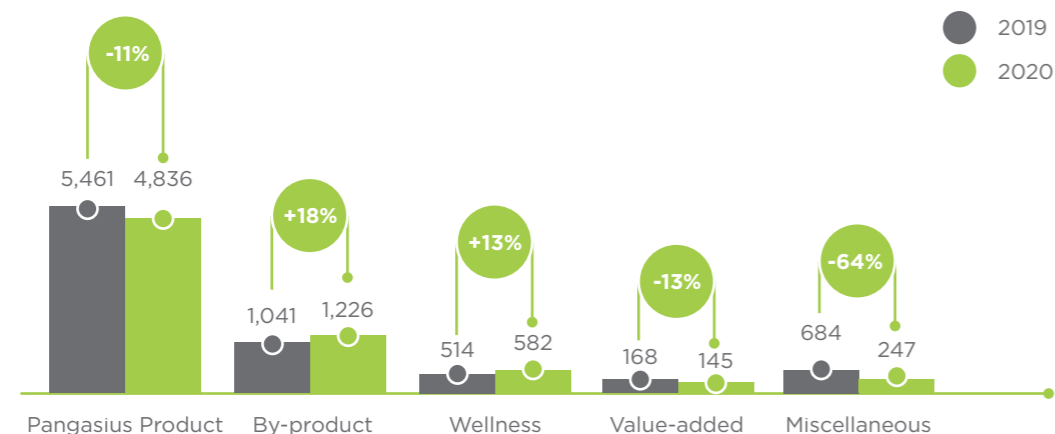
Professionalism is one of Vinh Hoan's requirements for all Vinh Hoan People from the figure, manner, utterance, behavior, problem-solving, etc., to represent Vinh Hoan's image. That is the Vinh Hoan People mindset and the role model that Vinh Hoan People pursue. In 2020, Vinh Hoan will coordinate with Dac Nhan Tam Entrepreneur School - Dale Carnegie Vietnam to organize two training courses for senior and middle managers of Vinh Hoan:

- (1) Training Course: Communicative Leadership Platforms
- (2) Training Course: Breakthrough Leadership Course

We constantly accept to change ourselves and overcome challenges to become ever-improving and professional.

3. MARKET DEVELOPMENT IN 2020

REVENUE



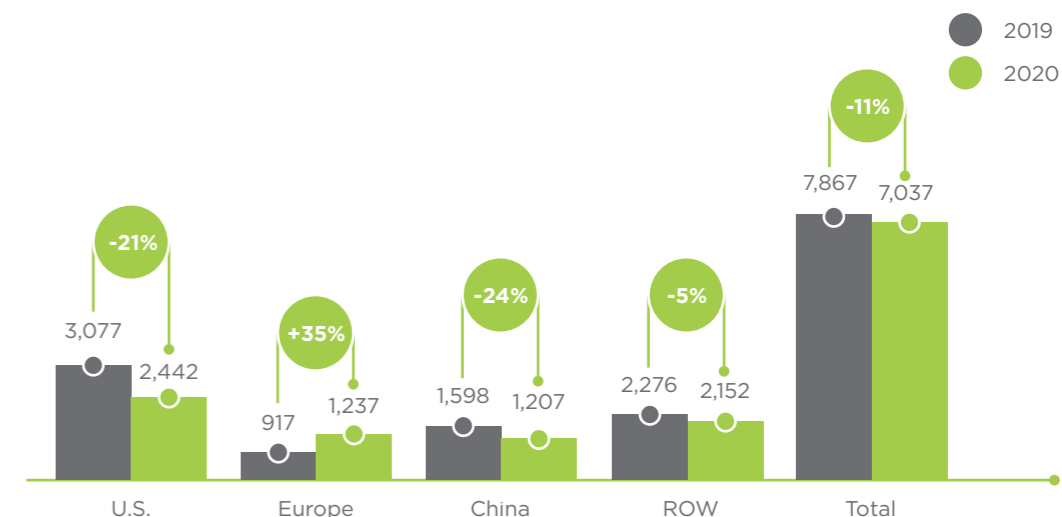
Vinh Hoan's revenue in 2020 will reach VND 7,037 billion, a decrease of 11% year on year and reach 109% of the low scenario of the revenue plan in 2020 (plan of VND 6,450 billion). The weight of frozen pangasius and value-added products was 69% and 2% of revenue respectively, unchanged in the two years 2019-2020. Meanwhile, revenue from by-products and Collagen & Gelatine increased compared to 2019, showed that Vinh Hoan's product chain exploitation has brought into full play.

In 2020, due to the impact of pandemic, the price of raw pangasius in the Mekong River Delta was at a low level during the first 6 months of 2020 and recovered slightly from October 2020. Vietnam pangasius exports only reached 1.49 billion USD, by 25.5% compared to 2019. Regarding pangasius products, Vinh Hoan's revenue decreased by 11%, mainly due to lower selling prices, although the rate of reduction was lower than the industry average. As a result, from the 14.29% market share of the industry in 2019, in 2020, Vinh Hoan still maintains its leading position with market share increased to 15.76% (Source: VASEP).

RATE	YEAR 2019	EXPORT VALUE 2019 (MILLION USD)	BY WEIGHT 2019 (%)	YEAR 2020	EXPORT VALUE 2020 (MILLION USD)	BY WEIGHT 2020 (%)
1	Vĩnh Hoàn	285.8	14.29%	Vĩnh Hoàn	235.3	15.76%
2	Nam Việt	136.1	6.80%	Biển Đông	100.4	6.73%
3	Biển Đông	130.3	6.52%	IDI	78.1	5.23%
4	IDI	118.2	5.91%	Nam Việt	76.3	5.11%
5	Gò Đàng	94.7	4.74%	Vạn Đức TG	66.5	4.46%

(Source: VASEP).

REVENUE BY MARKET

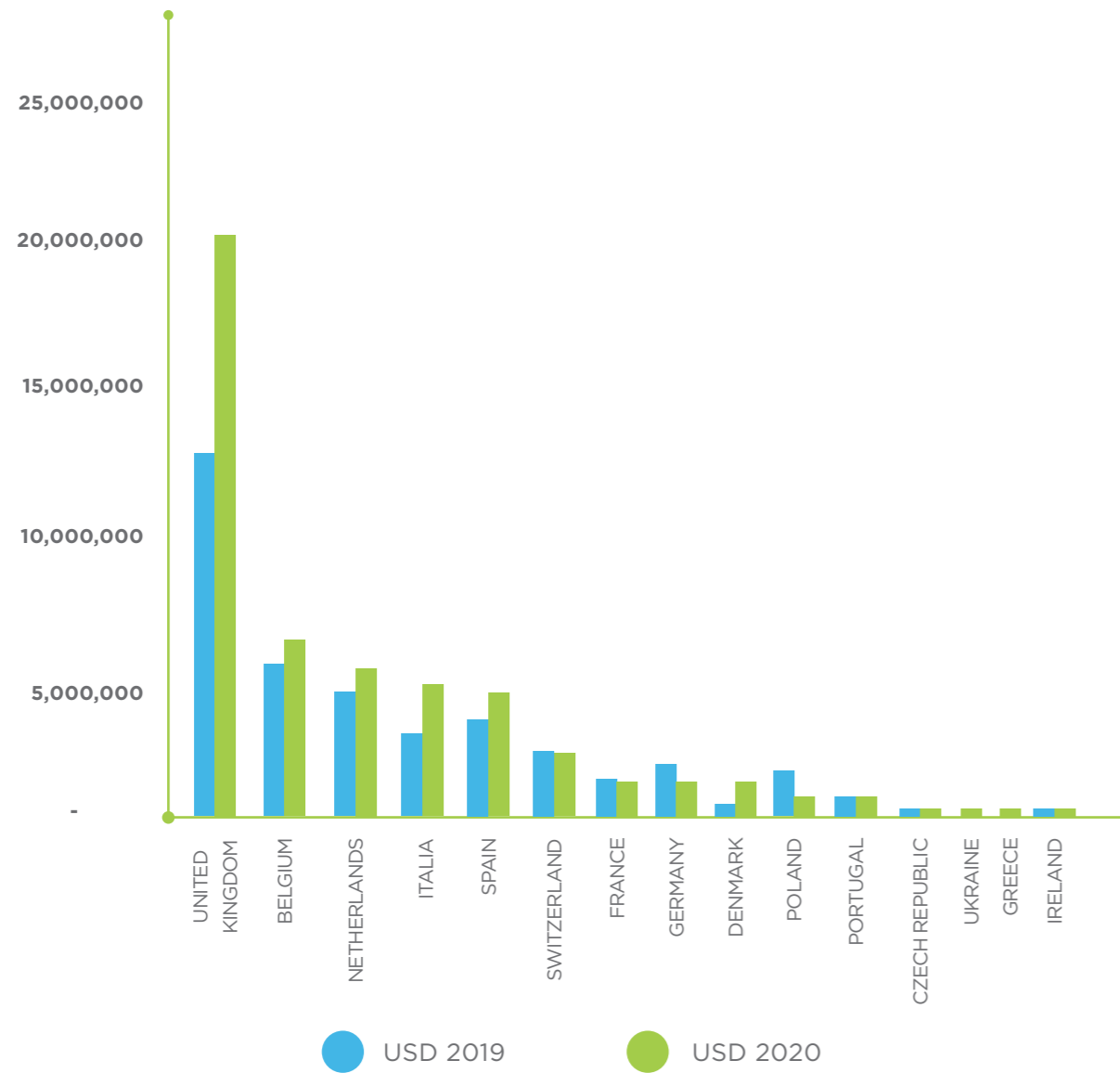


Refers to total revenue by market, the export of most markets decreased compared to 2019 due to the impacts of epidemic, food service supply chains, one of two main consumption channels of pangasius, were closed because of social distancing. Retails channel has a good growth due to changing consumption trends of the market, but not offset by the decrease in consumption at restaurants and restaurants.

By 2020, Vinh Hoan has approached 47 markets, increased 9 markets compared to 2019. In which, top 3 largest markets are the US (35%), Europe, including the UK (18%) and China (17%), accounted for 69% of total revenue.

EUROPE

Highlight of the market in 2020 was the growth of the Europe market. The EVFTA trade agreement reduced pangasius tax rates in Europe, increased pangasius competitive advantage. Vinh Hoan has taken good advantage of this opportunity to grow sales in Europe. The UK market recorded impressive growth with 63%, thanked to the main consumption channel of pangasius in the UK is the retails channel. In other Europe countries such as Belgium, the Netherlands, Italy, and Spain; Vinh Hoan all increased sales compared to 2019. As a result, the overall growth rate of the Europe market in 2020 in Vinh Hoan is 35%. Europe (including the UK) thus surpassed China to become the second largest market block after the US of Vinh Hoan, accounting for 18% of total revenue.



VINH HOAN - INCLUDING UK THÀNH REVENUE

In the UK, the industry's pangasius export growth reached 30%, equivalent to 65 million USD; of which, Vinh Hoan is the largest pangasius exporter with the growth rate of 63%.

U.S

The US is the second largest export market of the pangasius industry in Vietnam, accounting for 16% of the total export of the pangasius industry. In 2020, Vietnam's pangasius exports to the US will decrease by 14% compared to 2019 in value. In which, the strongest decline (-36%) in quarter 2/2020 due to the outbreak of Covid 19 in April 2020. The market gradually recovered in the quarter 3 and 4/ 2020. As a result, the weight of the US market in the total export of Vietnam's pangasius industry will increase 2% from 14% in 2019 to 16% in 2020.

On April 29, 2020, the US Department of Commerce announced the final anti-dumping tax rate in period of review POR15 (from August 1, 2017 to July 31, 2018); in which, Vinh Hoan and Bien Dong keep the old tax rate (Vinh Hoan: 0 and Bien Dong: 0.19 USD / kg), NTSeafoods and Caseamex have the tax rate of 0.15 USD / kg; Other Vietnamese companies have the national tax rate (Vietnam Wide) of 2.39 USD / kg.

For Vinh Hoan, despite a 21% decline in 2020, the US remains the largest export market of Vinh Hoan (accounting for 35% of total revenue and accounting for 51% of pangasius sales). Vinh Hoan affirmed its leading position in the US market with reputation for quality and brand name.

CHINA

The whole pangasius industry, despite a 22% decrease compared to 2019, China is still the largest export market, accounting for 34% of the total export of Vietnamese pangasius. Vinh Hoan ranked second exporting to China market in 2020 (after IDI). Particularly for Vinh Hoan, China from second in 2019 to the third export market of Vinh Hoan, after Europe, recorded a decrease of 24%.

4. ANALYSIS OF FINANCIAL RATIOS 2020

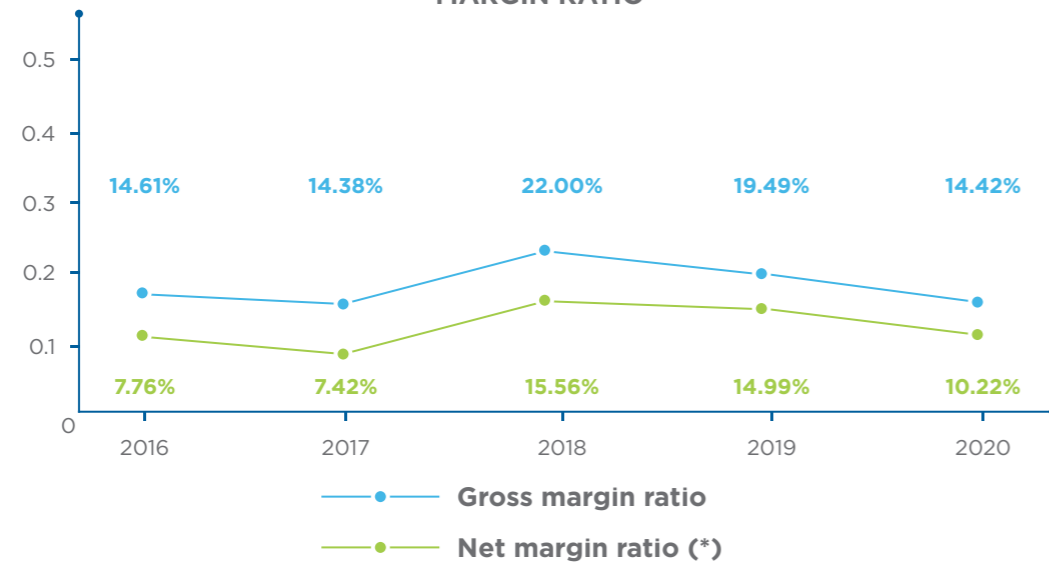
Unit: million VND

COMPANY	LISTED NAME	REVENUE 2020	NET PROFIT 2020	PROFIT BEFORE TAX, INTEREST AND DEPRECIATION & AMORTIZATION (EBITDA) IN 2020
VINH HOAN	VHC	7,037,180	719,308	1,044,357

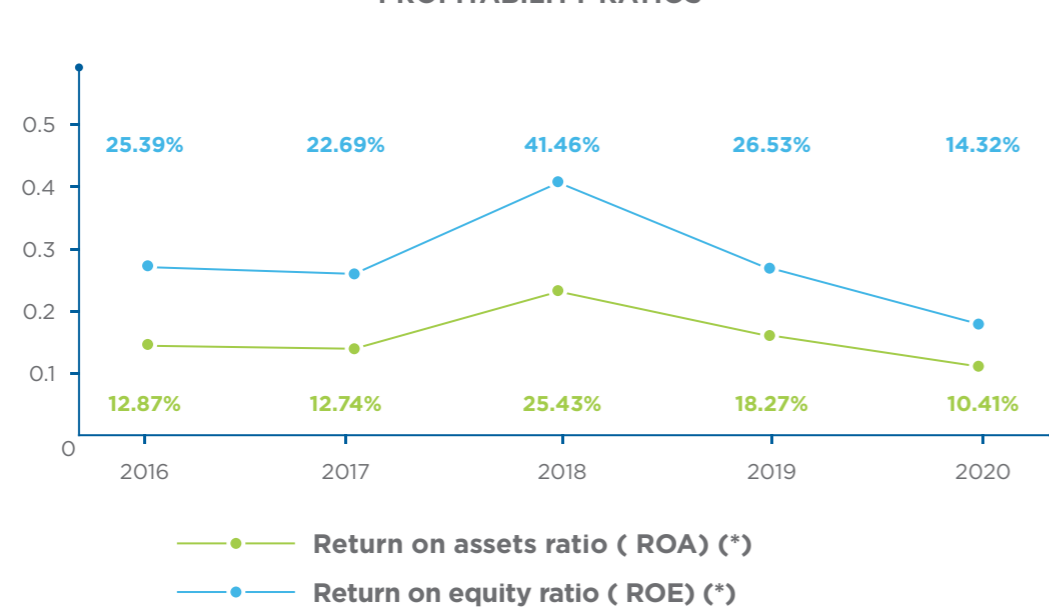
Due to the impact of COVID 19, profitability ratios and efficiency ratios in 2020 are also affected, revenue and profit will decrease compared to the period 2018-2019 but net profit is still higher than 2016-2017 period

PROFITABILITY RATIOS

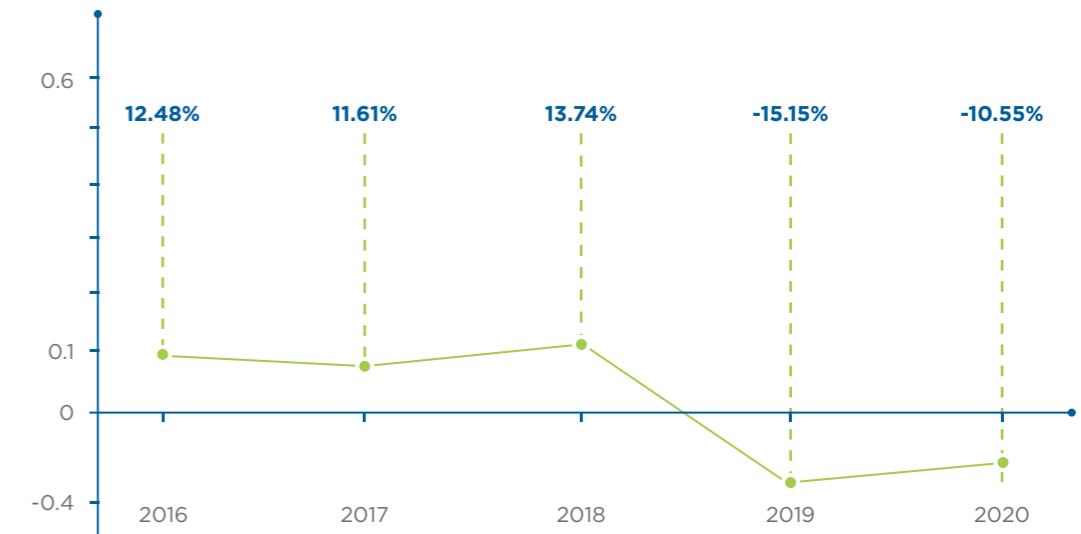
MARGIN RATIO



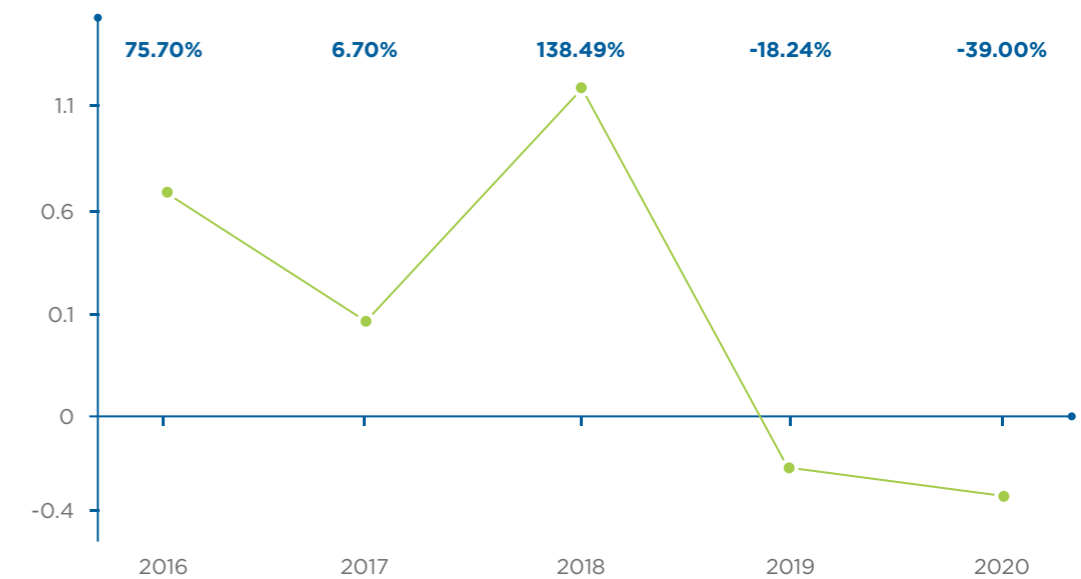
PROFITABILITY RATIOS



REVENUE GROWTH RATE



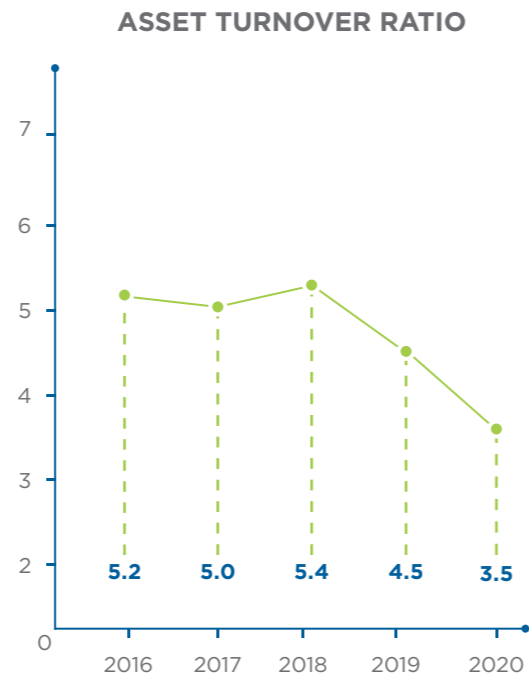
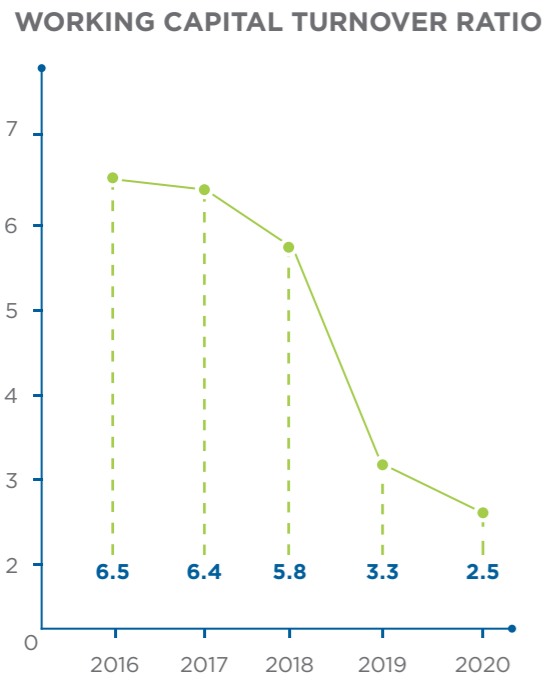
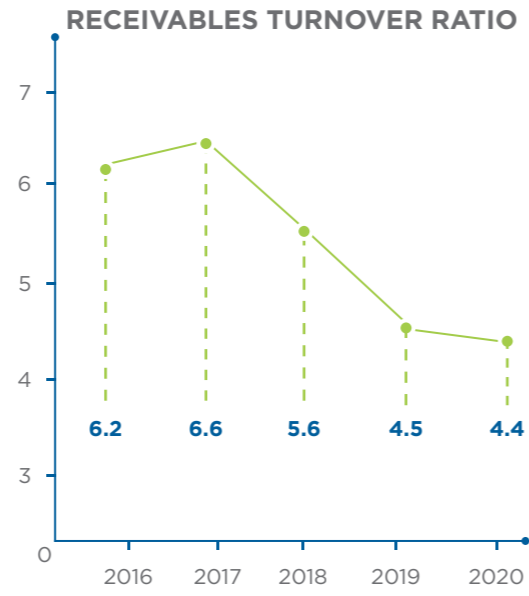
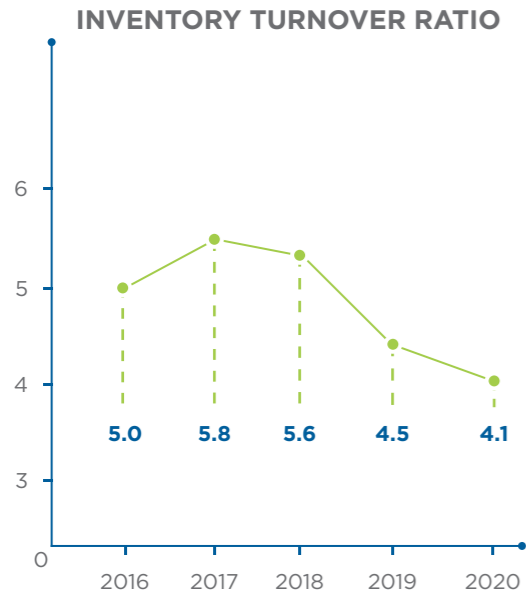
NET PROFIT GROWTH RATE (*)



The highlight 2020 is that the Company has well controlled inventories and receivables, so the efficiency ratios of capital use have been improved. This keeps Vinh Hoan stable business in the context of the world economy with many uncertainties due to the pandemic in 2020

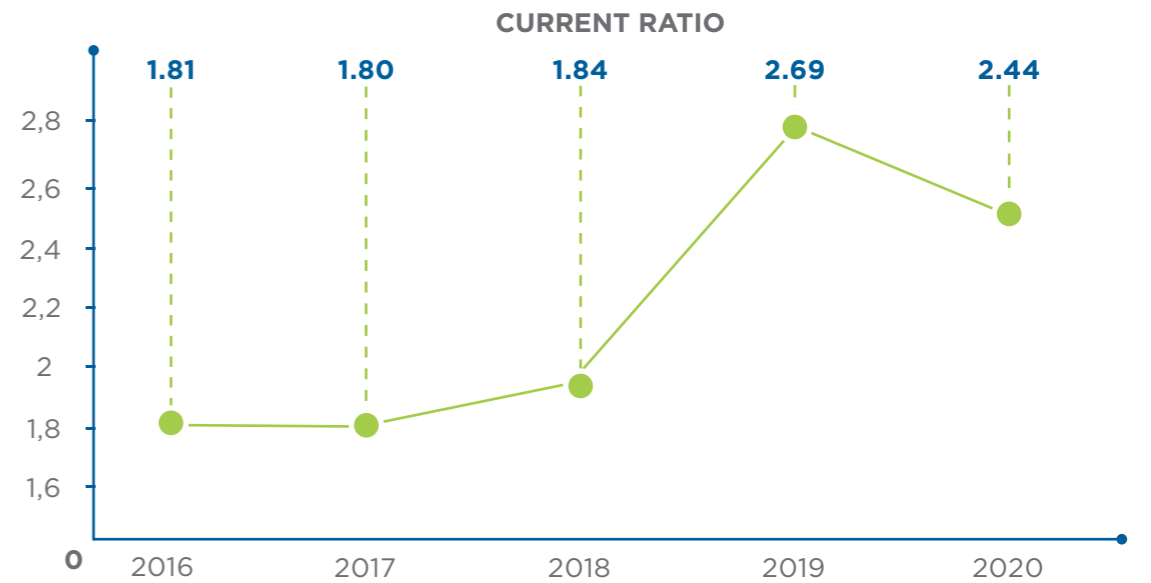
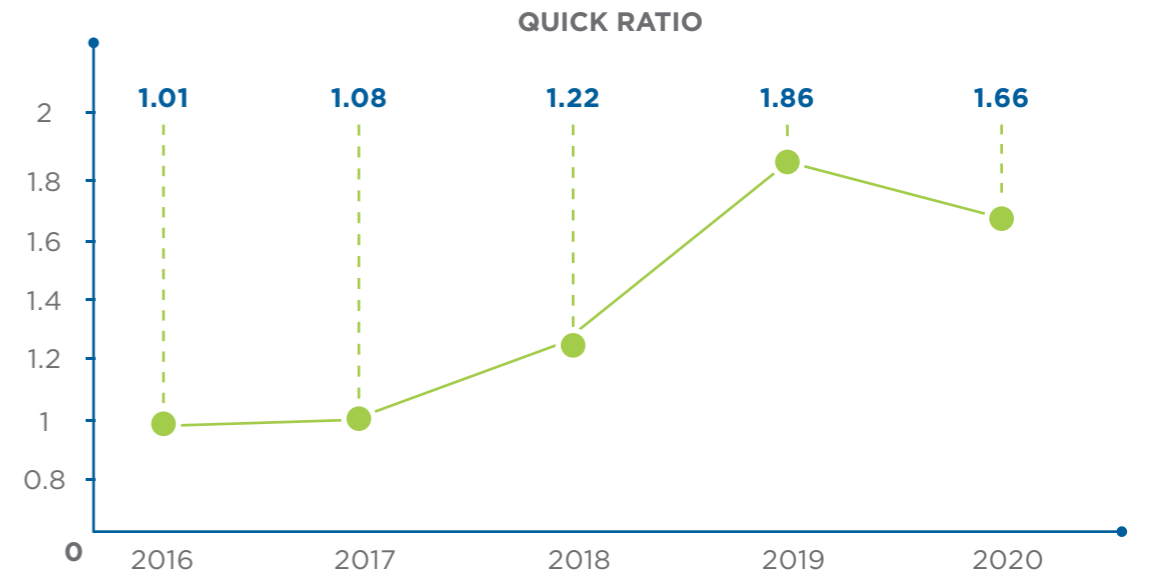
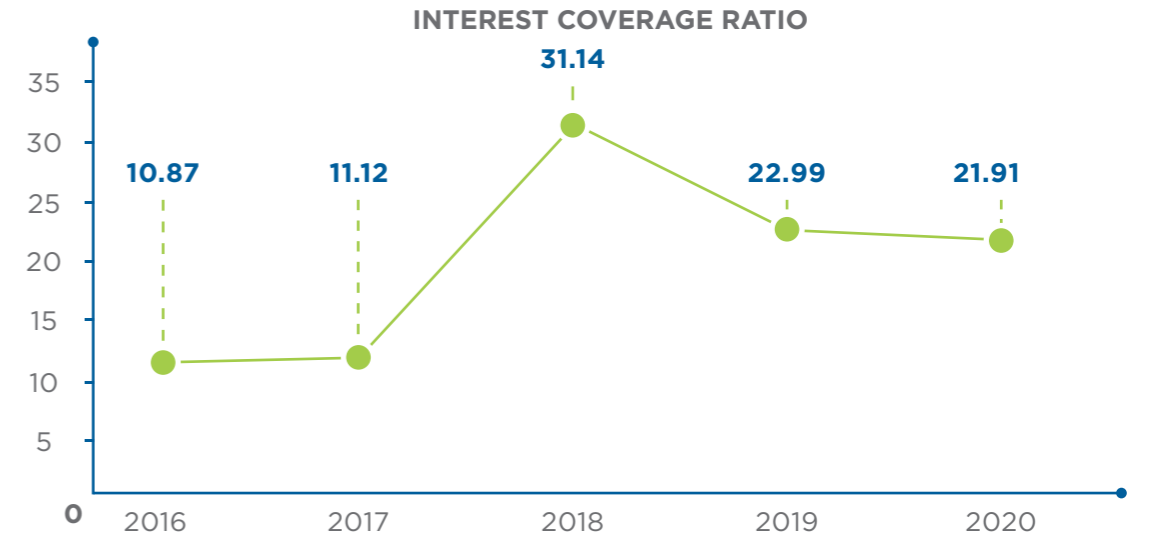
(*) : Profit after tax of parent company shareholders

EFFICIENCY RATIOS



- Thanks to the well control of inventories and liabilities; The Company's strong financial position is reflected through the following basic indicators:

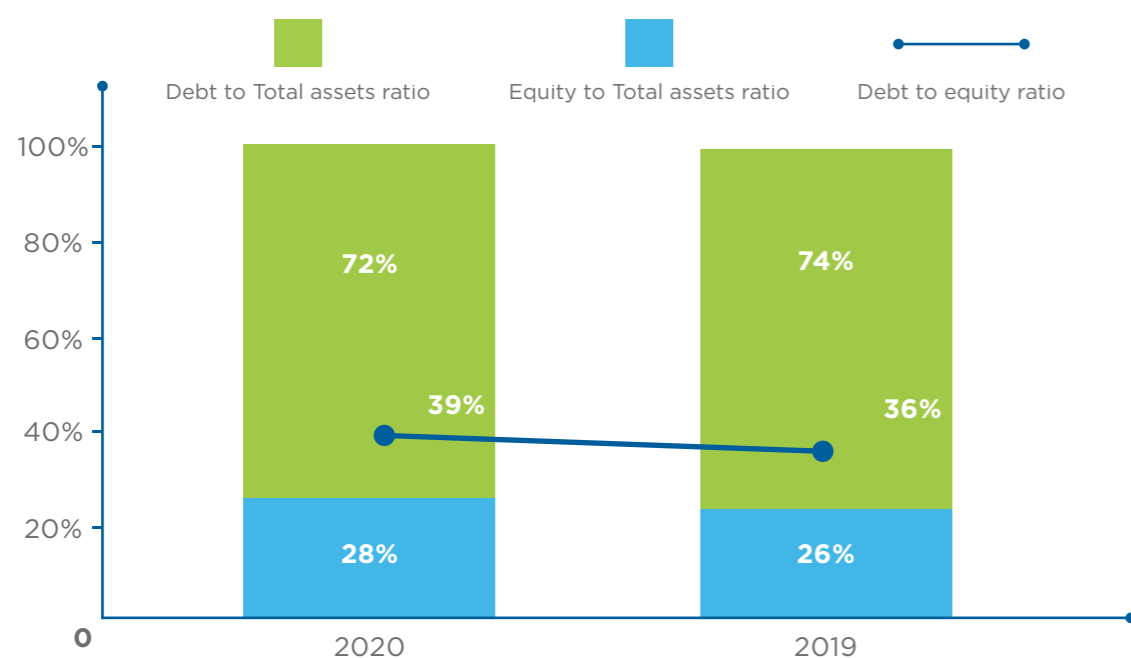
LIQUIDITY RATIOS



Capital structure: Vinh Hoan retained safe financial leverage ratio thanks to a sound financial base.

FINANCIAL LEVERAGE RATIOS	YEAR 2020	YEAR 2019
Total debt to Total assets ratio	0.28	0.26
Debt to equity ratio	0.39	0.36

FINANCIAL LEVERAGE RATIOS



FINANCIAL HEALTH

Consolidated financial statement
Unit: VND million

ITEM	2016	2017	2018	2019	2020	2020 COMPARED WITH LOW PLAN
Net revenue	7,303,546	8,151,497	9,271,329	7,867,144	7,037,180	109%
Net profit before interests and taxes (EBIT)	740,579	794,222	1,743,548	1,368,905	841,678	
Net profit before interests, taxes and depreciations (EBITDA)	887,417	993,068	1,899,850	1,534,109	1,044,357	
Net profit before tax	566,737	604,706	1,442,182	1,179,123	719,308	90%

Structure of revenue in type of products and type of business:

SALES REVENUE	REVENUE OF 2020 (VND BILLION)	PERCENTAGE IN REVENUE OF 2020 (%)	REVENUE OF 2019 (VND BILLION)	PERCENTAGE IN REVENUE OF 2019 (%)
Finish goods	4,935	70.1%	5,673	72.1%
Property for sales	798	11.3%	1,163	14.8%
By-product	1,253	17.8%	967	12.3%
Services	33	0.5%	54	0.7%
Raw materials	18	0.3%	10	0.1%

PROFIT

Profit in type of products

GROSS PROFIT MARGIN (GPM)	YEAR 2020	YEAR 2019	DIFFERENCE (%)
GPM of finished goods	15.2%	22.5%	-32.4%
GPM of property for sales	8.5%	4.5%	+ 88.9%
GPM of by-products	12.8%	12.7%	+0.8%

INVENTORIES

INVENTORIES	AS AT 31 DECEMBER 2020 (VND BILLION)	AS AT 31 DECEMBER 2019 (VND BILLION)
Raw material	128.5	124.3
Tools and supplies	5.6	3.6
Work in progress	707.8	610.7
Property for sale	40.2	5.8
Finished goods	470.3	613.9
Goods on consignment	131.2	30.8
Other	24.9	24.7
TOTAL	1,508.5	1,413.8

The Company always maintained the stable and appropriate average inventory level to sales capacity. Properties for sale as at 31 December 2020 was increased due to the delayed sailing schedule until after 31 December 2020 despite completion of cargo for the finished goods.

DISTRIBUTED PROFIT

In accordance with the Resolution of the Annual General Meeting dated 15 May 2020, Vinh Hoan designed to make 2020 dividend payment by cash with a ratio from 10 % to 20% of par value (VND1,000 - VND1,000 per share). The Board of Directors was authorized to choose the record date of shareholders and decide the specific payment ratio.

During the year, the Company has allocated the profit of 2020 in cash with a ratio of 20%, as follows:

October 2020: VND2,000 per share

3.2 2021 OUTLOOK

GUIDING PRINCIPLES

We aim to double the Group valuation within the next five (5) years, using 2021 as a foundation year for all the substantial and strategic business investments. Our guiding principles are:



CUSTOMERS

We continue to service our customers with first-class products and deliver to customers greater values through incremental improvement in all aspects and robust research and development. Our strategy is to sustain the existing and increase sales by (i) grasping the opportunities to strengthen our dominant position in main markets, (ii) offering wider varieties of products and synergizing inter-category sales networks, and (iii) effective routes to market through strategic partnership.

COMPANY EMPLOYEES

To meet the increasing requirement of human resources for new businesses, we focus on training and coaching middle management and qualified staff for a formal succession plan. Our people are motivated and committed to rotation paths both inter-companies and inter-categories so they are always ready for new challenges and opportunities. We have also welcomed external sources of novel expertise especially in food, biological, and information technologies. Finally, we develop Vinh Hoan culture and cultivate its reflection in our decreasing turnover and customers' satisfaction.



COMMUNITY

As an international leader in sustainable aquaculture and house of over 8,000 employees, our care about the community is not optional. Our innovation initiatives have been pioneering new approaches to sustainable aquaculture, environmental protection, and workforce development. Our contribution to the local and national societies is considered as the center of our cultural core values, which is gratitude.

CAPITAL

Supported by strong financials thanks to a successful fish business, Vinh Hoan has been orienting its business development to food technology and wellness products. We continue to increase the return of investment to shareholders by greater revenue, profit, and profit margin.



2021 Outlook

As the Covid-19 spread has been significantly slowed down globally and expected to be contained as soon as vaccines start to show results, we forecast full recovery for most of the export markets for pangasius. With the processing capacity having been increased by 20% at the end of 2020, we are ready to fulfill increased orders. Farm-gate price recovery will alleviate pressure on export price. Therefore, pangasius sales will grow by both volume and price, by totally over 15% year on year.

With the major farms, especially Tan Hung farm in Long An, to be operated at higher utilization of the capacity, self-supply of raw material can be increased to 70%. Lower fingerlings and management costs of 2021 crops could be partially offset by a sharp increase in feed cost. However, as the global market for feed ingredients seems to be still in the bullish cycle, we have to prepare for increased farming costs in 2021. Therefore, we focus to control and improve farming performance for competitiveness in both cost and raw material quality.

The Group's hatchery project is under construction. In 2020, we had successfully experimented and completed the effective nursing technique and process, which can be applied as soon as the new hatchery complex is ready for stocking by the third quarter of 2021.

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. Thanh Binh, our second important processing hub after headquarter, will fully operate its newly expanded factory 2 to increasingly contribute to the Group's processing volume. A value-added processing line will also be installed in Thanh Binh site.

At the headquarter, the newly renovated value-added processing factory and new product development kitchen are expected to meet the increasing demand of ready and exciting to prepare products as the global consumers started to cook more seafood at home during the lockdown periods.

We continue to make incremental improvements by automation and by re-engineering manual processes. The fish meal and oil facility at Vinh Phuoc Food which commenced operation in late 2019 will maximize its capacity as the fresh by-product is generated more through increased fillet processing. Therefore, we expect strong growth in fish meal and oil sales. Also, Vinh Phuoc Food refined fish oil line will bring incremental profit contribution to Group when fish oil now can be sold at food grade with a higher price.

In marketing and sales, global distribution is facing an interrupted supply pipeline due to 2020 volatile demand from coronavirus pandemic and disrupted logistics in the last few months. In February and March 2021, we have been observing strong demand from the two main markets for pangasius, China and the United States, to both cover shortage of stock and serve the recovery of food services. Demand from American and European strategic customers in modern retail remained relatively stable over this period.

Sales of value-added products are expected to continue their growth thanks to nearly 10 new products successfully developed and accepted in 2020. Thanks to the EU-Vietnam Free Trade Agreement which has come into effect and will remove tariffs over time, we have successfully resumed industrial blocks, the product specification which was developed in the past and used for further processing in Europe.



Although the volume initially is not large, this specification with even a moderate portion of pangasius sales has a meaningful efficiency for processing, which then will help save costs. In Vietnam, the BASAmaster brand launched in late 2020 will be on the shelf beginning of the second quarter of 2021. This year, we also plan to support sales growth in a newly acquired subsidiary, Sa Giang, synergizing the existing sales networks of the Group and that company. There will be sales of shrimp crackers and rice noodles both for export and domestic markets.

Wellness products will continue to play an important role in profit expansion. The delayed expansion line is expected to be fully operated in 2021. We budgeted a 40 % growth of collagen and gelatin sales, reaching \$US 35 million. Wellness net profit will increase circa 20%, respectively. In addition, the new research and development center built in Vinh Hoan Collagen site will serve as a technical sales support and incubation hub for new wellness and food businesses in the future.



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

(VND BILLION)	ACTUAL 2020	PLAN 2021
Net revenue	7,037	8,600
Net profit after tax	719	700

Our guidance for net revenue and net profit after tax could be impacted by, inter alia, prolonged global economic weakness, significant volatility in foreign exchange rates, supply chain disruption, and a spike in feed price.

INNOVATION

Innovation has become a centralized initiative and motivated throughout all departments of all companies in the Group. Formalized processes have been established where ideas were collected, financed, and implemented. In 2020, tens of continuous improvements and innovation projects were reported and rewarded. Some of these promise results in operations in 2021 and the long future. Farming innovation focuses on (i) tackling climate change, (ii) environment protection, (iii) improving performance and raw material quality for the processing stage. Innovation in other areas will be continued for the Group's competitiveness and incubation of new businesses.



INFORMATION TECHNOLOGY

With the IT unit found in 2020 and senior IT experts from global groups having joined Vinh Hoan, we will accelerate the computerization process, enhance cyber security and apply automation to manufacturing activities.



BUSINESS DEVELOPMENT BASED ON CIRCULAR ECONOMY MODEL

In recent years, Vinh Hoan has pioneered the new sustainable aquaculture approaches, including maximizing the value of by-products, farming fish according to international certification standards with integrated chain and traceability from farm to export, and waste reduction initiatives. Based on these developments, in 2021 we have introduced an extended approach to cover new businesses, which is the circular economy model. This model will be completely demonstrated when the following new projects are fully operated.

• FEED MILL

The Group is integrating further, again, to feed milling. A feed mill with a capacity of 350,000 tons per annual is under construction on a land area of over 6ha and will be operated by the end of the year. Modern machines and automation manufacturing will be applied. This feed mill will not only contribute to the Group's revenue and profit but also facilitate further research and development in feed formulas.

• AN AGRI- AQUA-CULTURE COMPLEX

Vinh Hoan is planning a raw material complex for both fish and agriculture segments of the Group. Fish will be farmed with new practices and technology and plants will be grown for fruit and other produce. Those products will be used for fruit processing and feed milling as well as products from rice. Waste from these cultivation activities will be re-used and recycled from one zone to the other. The complex will solve the challenge of agriculture where the scale is not large enough for mechanization and application of sustainable and organic standards. Waste will be also used for fertilizer manufactured at Mai Thien Thanh, an affiliated company where the Group has a 27.5 % stake.

• FRUIT AND VEGETABLES

Early 2021 Vinh Hoan announced the establishment of TNG Food, a 100% subsidiary for fruit production. Main products will be freeze-dried and frozen fruit. Construction will be started in the second half of the year on the green field land of 5 ha available next to Vinh Phuoc Food.



2021 CAPEX

The three main projects that we shall invest in 2021 are the construction of Feed Mill, Vinh Hoan hatchery, and obtaining the land for the above-mentioned complex, a total of which will be approximately VND 1,900 billion, expected spending in 2021 is about VND 700 billion. Another VND 200 billion is budgeted for the renovation of Vinh Phuoc and Thanh Binh factories. Miscellaneous investments shall cost VND 400 billion. The total capex budget for 2021 is about VND 1,300 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, customs 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 the additional administrative burden on the Group and its customers. The 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 the volume and unit price of our export products. The Group proactively monitors and engages 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

The price of aquafeed, 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 the price volatility of main ingredients used in aquafeed, 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

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 are almost exclusively conducted in USD. In addition, the purchase of certain machinery and equipment is 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 of transaction. Furthermore, depreciation of USD against VND would also adversely affect the results of the Group. The Group will continue to monitor foreign exchange movements and consider hedging when necessary.



INTEREST RATE FLUCTUATION

The Group had net bank borrowings of minus VND 240 billion ___ as of 31 December 2020. 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 the 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.



04

CORPORATE GOVERNANCE

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04 • Corporate Governance

04 • Corporate Governance

04 • Corporate Governance



4.1

BOARD OF DIRECTORS



THE BOARD OF DIRECTORS FOR OFFICE TERM 2017 - 2021

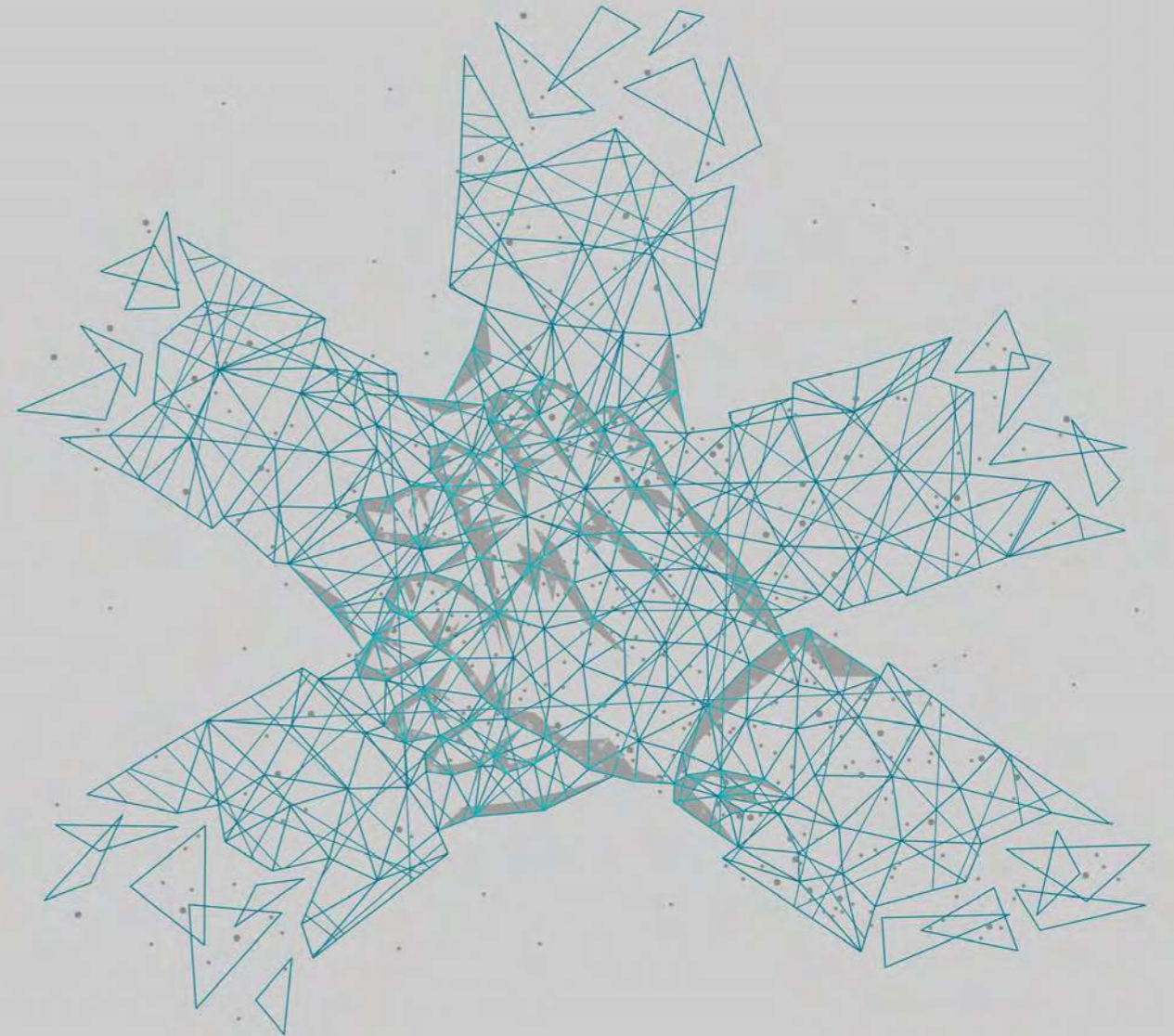
The 2017 Annual General Meeting of Shareholders elected and approved the Board of Directors (“BoD”) for office term 2017 - 2021 as follows:

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

Changes in the BoD personnel in 2020:

The 2020 Annual General Meeting elected an Independent Board Member for the term 2017-2021 as follows:

- **Mr. Nguyen Van Khanh - Independent Board Member**



1. BIOGRAPHICAL OF BOARD OF DIRECTORS



MDM. TRUONG THI LE KHANH

- **Chairwoman**
- **Year of Birth:** 1961
- **Qualification:** Bachelor of Economics
- She has served as the Chairwoman of the BOD since 2007
- VHC shareholding ratio (as of April 2, 2021): **43.16%**

Since 1997, she has been the one who founded and led VHC from a small processing facility to the global leading pangasius company. She has over 20 years of experience in the pangasius industry and is widely known as one of the leading businesswomen in Vietnam pangasius industry.

She takes a great part in pioneering the sustainability of this industry.

She has been the Chairwoman of the Board of Directors since 2007 and is responsible for focusing on strategic planning activities and improving the management of the company. She is also the Chairwoman of the Freshwater Fish Committee of the Vietnam Association of Seafood Exporters and Producers. She was also awarded many honorable and prestigious as below:

<p>2011</p> <ul style="list-style-type: none"> • Third Class Labor Medal, for having excellent business result in 2005-2009, contributing to the building of socialism and national protection by the President of the Socialist Republic of Vietnam. 	<p>2013</p> <ul style="list-style-type: none"> • Successful intellectual businesswoman of Saigon 2013 Vietnam Union of Science and Technology Associations; • Top 10 Most Successful Vietnamese Businesswomen by Forbes Vietnam; 	<p>2014</p> <ul style="list-style-type: none"> • Representative Vietnamese Businesswoman with "Shining The Golden Rose" Cup by Vietnam Chamber of Commerce and Industry; 		<p>2014</p> <ul style="list-style-type: none"> • Mark of Respect - Top 50 Best Business Leaders 2014 by The Business Review. 	<p>2015</p> <ul style="list-style-type: none"> • Mark of Respect - Top 50 Best Business Leaders by The Business Review 	<p>2016</p> <ul style="list-style-type: none"> • Top 50 Most Influential Vietnamese Women 2016 by Forbes Vietnam
<p>2020</p> <ul style="list-style-type: none"> • Top 25 Most Power Businesswomen in Asia 2020 by Forbes Asia; 	<p>2019</p> <ul style="list-style-type: none"> • Top 50 Most Influential Vietnamese Women by Forbes Vietnam; • Gold Star Award by Dat Viet Entrepreneur; 	<p>2018</p> <ul style="list-style-type: none"> • Excellent Entrepreneur Award in Mekong Delta 2018 by Vietnam Chamber of Commerce and Industry; • Top 50 Most Influential Vietnamese Women 2018 by Forbes Vietnam; 		<p>2018</p> <ul style="list-style-type: none"> • Entrepreneur for Mekong Delta Community; 	<p>2017</p> <ul style="list-style-type: none"> • Top 50 Most Influential Vietnamese Women 2017 by Forbes Vietnam. 	<p>2017</p> <ul style="list-style-type: none"> • Second Class Labor Medal, for having excellent business result in 2011-2015, contributing to the building of socialism and national protection by the President of the Socialist Republic of Vietnam;



MS. NGUYEN NGO VI TAM

- **Board Member**
- **Year of birth:** 1979
- **Qualifications:** Bachelor of Laws, MBA
- **Years with Vinh Hoan:** **18 years**
- She has been a BOD member since 2007
- VHC shareholding ratio (as of April 2, 2021): **0.12%**

Ms. Nguyen Ngo Vi Tam joined Vinh Hoan as a sales staff in 2003. She was promoted to Sales Manager in 2006 and Vice Sales Director in 2008. This title was renamed Sales and Marketing Director in 2014.

Since May 23, 2016, Ms. Nguyen Ngo Vi Tam has been appointed as the General Director of the Company.

Ms. Nguyen Ngo Vi Tam has led Vinh Hoan's sales and marketing team for over 10 years and under her leadership, the export sales

have recorded a fivefold increase. In the process of development and expansion of production capacity, she played an important role in market development and branding activities to ensure corresponding sales growth.

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

She was awarded many merits and prizes as below:

2007

- Merit for outstanding completion of seafood aquaculture and sales by Minister of Agriculture and Rural Development.

2011

- Merit for outstanding achievements in the national economy development by the Prime Minister of the Socialist Republic of Vietnam;

2012

- Excellence in mission accomplishment in 2012 by Chairman of People's Committee of Dong Thap province;

2018

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

2017

- Third Class Labor Medal, for having excellent business result in 2011-2015, contributing to the building of socialism and national protection by the President of the Socialist Republic of Vietnam;

2016

- Selected into top 40 under 40-year-old fisheries leaders by Intrafish;

2020

- Top 100 Seafood Power: The Industry's Most Influential Executives by IntraFish;



MS. TRUONG TUYET HOA

- **Board Member**
- **Year of birth:** 1976
- **Qualifications:** Bachelor of Economics, MBA
- **Years with Vinh Hoan:** **24 years**
- She has been a BOD member since 2015
- VHC shareholding ratio (as of April 2, 2021): **0.003%**

Ms. Truong Tuyet Hoa was one of the first employees of Vinh Hoan since its inception. She was among the first key salesperson and has led the sales team to thrive in the development history of the Company. Ms. Hoa was appointed as Sales Manager in 2009 before being promoted

to Sales Director in 2017. She plays an important role in planning and implementation of business plans and sales strategies of the Company as well as effective management of exports, logistics, and after-sale services.

She was awarded 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 the People's Committee of Dong Thap Province



MS. NGUYEN THI KIM DAO

- **Board Member**
- **Year of birth:** 1979
- **Qualifications:** Bachelor of Accounting, MBA
- **Working time at Vinh Hoan:** **18 years**
- She has been a BOD member since 2016
- VHC's shareholding ratio (as of April 2, 2021): **0.02%**

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

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

She was awarded Merit of Outstanding Achievements in the National Economy Development by the Prime Minister of the Socialist Republic of Vietnam, many merits of Outstanding Achievements in Aquaculture and Seafood Business by the Minister of Agriculture and Rural Development, and by the Chairman of People's Committee of Dong Thap Province.

MR. VO PHU DUC



- **Board Member**
- **Year of birth:** 1976
- **Qualifications:** Construction Engineer
- **Years with Vinh Hoan:** **18 years**
- He has been a BOD member since 2012
- VHC's shareholding ratio (as of April 2, 2021): **1.50%**

Mr. Vo Phu Duc started working at Vinh Hoan in 2003 and has been constantly managing many projects to expand the production capacity of the company: from fillet processing to food manufacturing, rice, collagen, and gelatine. From 2007 to 2013, he held the position of Director in Vinh Hoan 1 Aquacultural Feed Company. The company has a great revenue increase and contributes greatly to the parent company business.

After the selling of Vinh Hoan 1, Mr. Duc was appointed as the Director of Vinh Hoan Collagen on August 01, 2013. Under his management, the operation at Vinh Hoan Collagen had started on schedule; meanwhile, the technical standards of the final products and production efficiency are also met. He also advises the Board of Directors in strategies related to technology development and innovations.

He was awarded 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.

MR. NGUYEN VAN KHANH



- **Independent Board Member**
- **Year of birth:** 1982
- **Qualifications:** Master of Economics, Bachelor of English
- **Years with Vinh Hoan:** **0**
- Mr. Nguyen Van Khanh has served as Independent Board Member of Directors since May 2020
- VHC's shareholding ratio (as of April 2, 2021): **0.00%**

With his experience of 15 years working in the stock market, Mr. Khanh is considered a highly experienced expert in financial consultancy for domestic enterprises, joint ventures, and FDI enterprises. He has carried out and operated many projects such

as equitization and divestment projects for various SOEs, financial consulting projects, corporate restructuring projects, merger and acquisition (M&A) projects, securities issuance, and share listing projects. As Deputy Director of Ho Chi Minh branch at Bao Viet Securities Joint Stock Company (BVSC), he has made significant contributions to the business operation as well as the development of investment banking field of BVSC.

2. ACTIVITIES OF THE BOARD OF DIRECTORS

Corporate governance relies on the principle of transparent and open-minded management to employees and the public. In the following information, Vinh Hoan shall provide more detailed information about the Company's structure.

Vinh Hoan has committed to promoting transparency and openness in management activities for the benefits of our members, our customers, and our related parties. Our governance is mostly in compliance with the guidance of Ho Chi Minh City Stock Exchange related to corporate governance.

The Board of Directors takes all responsibilities for providing the strategic directions to the Group's business, including the parent company and its members.

THE MEMBERS OF THE BOARD OF DIRECTORS

As of December 31, 2020, the members of the Board of Directors are as follows:

BOD'S MEMBERS	YEAR OF BIRTH	POSITION	DAY BECOMING MEMBER OF THE BOD	FOR OFFICE TERM TO
Mdm. Truong Thi Le Khanh	1961	Chairwoman	Apr 17, 2007	2021
Ms. Nguyen Ngo Vi Tam	1979	Member	Apr 17, 2007	2021
Ms. Nguyen Thi Kim Dao	1979	Member	Oct 03, 2016	2021
Ms. Truong Tuyet Hoa	1976	Member	May 08, 2015	2021
Mr. Vo Phu Duc	1976	Member	May 09, 2012	2021
Mr. Nguyen Van Khanh	1982	Independent Member	May 15, 2020	2021

ALLOCATION OF TASKS WITHIN THE BOARD OF DIRECTORS

The BOD was elected by the General Meeting of Shareholders, thus assigned the Chairman of the BOD among its members. Each member shall take the same responsibility for performing the BOD's functions.



RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The BOD is responsible for defining the strategic orientation for Vinh Hoan's operation. The regulations for the BOD help define the division of responsibilities between the BOD and the Board of Management in the aspects of finance, Company strategies, human resources, and organization.



WORKING PRINCIPLES OF THE BOARD OF DIRECTORS

The BOD shall convene at a frequent interval according to requirements from production and business activities, at least four (04) times a year. In 2020, the BOD has convened ten (10) meetings. As per regulations, the Chairwoman of the BOD and the General Director will participate in these meetings, besides, the participation of the BOM's members may be required where necessary. A decision is considered valid when it receives the majority of the votes. In the case of the same votes, the Chairwoman of the BOD will make a decision.

The BOD had official meetings in 2020 as follows:

BOD'S MEMBERS	POSITION	NUMBER OF ATTENDANCE	PERCENTAGE
Mdm. Truong Thi Le Khanh	Chairwoman	10	100%
Ms. Nguyen Ngo Vi Tam	Member	10	100%
Ms. Nguyen Thi Kim Dao	Member	10	100%
Ms. Truong Tuyet Hoa	Member	10	100%
Mr. Vo Phu Duc	Member	10	100%
Mr. Nguyen Van Khanh	Independent Member	06	60%

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

- Quarterly and annual business planning;
- Follow and supervise the Board's strategies implementation;
- Review and evaluate the audited business result of 2020;
- Review and evaluate activities related to crediting, guarantee, and financing for business;
- Review of business reports, production reports, farming reports of Vinh Hoan, its subsidiaries and affiliates;
- Recruit senior managers and appoint managerial positions within the authority of the BOD
- Review and evaluate the activities of the Sub-Committees of the BOD:
 - Proposed raw material pricing policy and fish pricing policy;
 - Innovation Program 2019-2020 was implemented and supervised.
- Review and approve investment plans, capital mobilization, purchasing, and liquidation great value assets and expansion plans;
- Review and resolve issues raised in reports of the Supervisory Board.

Resolutions of the BOD for the year 2020:

NO.	DATE	RESOLUTIONS
01	03/23/2020	Appointing the person in charge of corporate governance of Vinh Hoan Corporation.
02	03/25/2020	Finalize the list of shareholders in order to attend the Annual General Meeting of Shareholders 2020.
03	05/21/2020	Increasing contributed capital in Vinh Phuoc Food Co., Ltd.
04	07/22/2020	Approving Vinh Hoan Collagen Co., Ltd. to contribute capital to Mai Thien Thanh Co., Ltd.
05	09/01/2020	Increasing contributed capital in Vinh Phuoc Food Co., Ltd.
06	09/24/2020	Paying dividends in 2020
07	12/08/2020	Buying shares from SCIC at Sa Giang Import-Export Corporation
08	12/16/2020	Investing through the establish in Vinh Technology Pte LTD Ltd. in Singapore

TOOLS OF INFORMATION AND SUPERVISION OF THE BOARD OF MANAGEMENT

TOOLS OF INFORMATION MANAGEMENT

Monthly, the BOM shall send reports to the BOD regarding the key figures on the current business status and other important information related to the production and business activities of the Company. In addition, the quarterly reports shall be prepared and sent to the BOD and the discussions about issues in these reports shall be made during the meetings. The Chairwoman of the Board regularly attends these meetings and gives directions for important issues.



THE PLANNING AND GOAL SETTING PROCESS

Vinh Hoan has comprehensive and continuous planning and goal setting process, including regular reports to the BOD, balanced scorecard reports. Vinh Hoan is looking forward to linking the various factors to strategic planning and management, help build an existing relationship between humans with projects and programs, in which performance is measured. This will help fulfill Vinh Hoan's vision, mission as well as strategic goals.



RISK MANAGEMENT

Vinh Hoan has implemented risk management to prevent material risks and minimize the losses arising from the aforementioned risks. Therefore, the Company operates a risk management system, in which, the BOD, the BOM, and the Internal Audit Department annually could identify and analyze the major risks, determine measures for risk assessment and conduct suitable scenarios for risk prevention. Furthermore, once material risks are identified and potentially make negative effects on the Company, we will accordingly set standard rules to eliminate or, at least, reduce the impact of these risks.

4.2 THE BOARD OF MANAGEMENT

The Board of Management (“BOM”) includes General Director who has overall responsibility for managing the business and Directors who are charged with different functions and subsidiaries.

There is no change in the BOM’s personnel in 2020



MS. NGUYEN NGO VI TAM

GENERAL DIRECTOR

Please refer to Section 4.1
THE BOARD OF DIRECTORS



MS. TRUONG TUYET HOA

SALES DIRECTOR

Please refer to Section 4.1
THE BOARD OF DIRECTORS



MS. NGUYEN THI KIM DAO

FINANCE DIRECTOR

Please refer to Section 4.1
THE BOARD OF DIRECTORS



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

Please refer to Section 4.1
THE BOARD OF DIRECTORS



MS. HO THANH HUE

PRODUCTION DIRECTOR

- **Year of birth:** 1982
- **Qualifications:** Environmental Engineer
- Years with Vinh Hoan: **17 years**
- Shareholding ratio (as of April 02, 2021): **0.043%**

Ms. Ho Thanh Hue joined Vinh Hoan as a Quality Control Department's staff, then was gradually appointed in positions of production management including Vice Quality Manager in 2006 and Factory Vice Manager in 2007. From 2007 to 2009, she was appointed as Production Director Assistant before being promoted to Production Director in 2010.

She is responsible for managing all production activities of the Company including the construction projects, repairs, planning, purchasing materials and organizes daily activities of the fish processing workshops. She plays an important role in the implementation process of the capacity expansion strategy in recent years to keep up with the sales growth and meeting the ever increasing demand for product quality and productivity improvement.

She was awarded Merit of Excellent Achievements by the Chairman of the People's Committee of Dong Thap Province.



MS. LE THI DIEU THI

QUALITY DIRECTOR

- **Year of birth:** 1975
- **Qualifications:** Engineer of Food Technology, MBA
- Years with Vinh Hoan: **21 years**
- Shareholding ratio (as of April 02, 2021): **0.010%**

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

on December 25, 2017. Under her management, since 2008, the Company's control quality system has played a crucial role in the improvement process of Vinh Hoan's brands and competitiveness.

The Company continuously achieves high results in the examination and audits carried out by customers, third parties, and authorities. This has helped the Company to gain trust and reputation.

She is responsible for customer, certification, and regulatory audits of the Company. She was awarded Merit of Excellent Achievements by the Chairman of the People's Committee of Dong Thap Province.



MS. DANG THI THUONG

DIRECTOR OF SUSTAINABILITY

- **Year of birth:** 1987
- **Qualifications:** Master of Biology
- **Years with Vinh Hoan:** **11 years**
- **Shareholding ratio (as of April 04, 2021):** **0.008%**

Bà Đặng Thị Thương bắt đầu làm việc tại Vinh Hoan năm 2010, phụ trách các hoạt động chứng nhận cho vùng nuôi, trước khi được bổ nhiệm làm Giám Đốc Nuôi Trồng Thủy Sản vào năm 2014 (thay đổi tên chức danh thành Giám đốc Phát triển bền vững vào ngày 01/01/2017). Bà đã lãnh đạo đội ngũ thực hiện thành công các chương trình chứng nhận nuôi trồng thủy sản quốc tế

điển hình là ASC và BAP cho Công ty, góp phần quan trọng vào quá trình phát triển doanh thu và quảng bá thương hiệu Vinh Hoan trong những năm qua. Với định vị là một Công ty hàng đầu về nuôi thủy sản bền vững trên toàn cầu, bà Đặng Thị Thương tiếp tục giữ vai trò quan trọng trong chiến lược hướng đến đạt được mục tiêu 100% các vùng nuôi có chứng nhận vào năm 2020 cho Công ty. Bà còn đại diện cho Công ty trong các dự án nghiên cứu và phát triển trong lĩnh vực nuôi thủy sản trong nước và quốc tế.

Bà đã nhận được Bằng khen về thành tích xuất sắc trong quá trình xây dựng và phát triển Công ty Cổ phần Vinh Hoan nhân dịp kỷ niệm 20 năm thành lập Công ty do Chủ tịch UBND tỉnh Đồng Tháp trao tặng.



MR. HUYNH DUC TRUNG

DIRECTOR OF BUSINESS RELATIONS

- **Year of birth:** 1963
- **Qualifications:** Engineer of Food Processing
- **Years with Vinh Hoan:** **21 years**
- **Shareholding ratio (as of April 04, 2021):** **0.016%**

Mr. Huynh Duc Trung is one of the first employees of Vinh Hoan since its establishment. He played a key role in the construction and production management of the very first factories. He was appointed as Deputy Managing Director charged with production and aquaculture for 13 years before being appointed as

Project Director and later as Director of Business Relations who is responsible for land documentation for new farming projects, establishment, and management of processes and activities related to the environment, labor union, security, safety of the workshops and labor safety in the Company.

He was awarded Labor Medal Class III by the President of the Socialist Republic of Vietnam and many other merits of outstanding achievements in the national economy development and medal for agriculture and rural development.

MS. PHAN THI BICH LIEN



DIRECTOR OF THANH BINH DONG THAP ONE MEMBER LTD., CO.

- **Year of birth:** 1976
- **Qualifications:** Engineer of Seafood Farming
- **Years with Vinh Hoan:** **21 years**
- **Shareholding ratio (as of April 04, 2021):** **0.008%**

Ms. Lien is one of the key production management personnel of Vinh Hoan. She had been in charge of multiple positions, including the Director of Freezing Workshop, Production Director, and Purchasing Manager.

With her working experience and in depth understanding of production processes, she was appointed as Director of Thanh Binh Dong Thap One Member

Ltd., Co. when Vinh Hoan acquired this company in early 2017. Overcoming the initial difficulties in taking over the new company, Ms. Lien led Thanh Binh Dong Thap to increase productivity and efficiency, greatly contributing to the completion of Vinh Hoan's production plan.

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 the People's Committee of Dong Thap province.

MS. LE THI SAU



VINH PHUOC FOOD CO., LTD.

- **Year of birth:** 1966
- **Qualifications:** Engineer of Food Chemistry, Bachelor of Economics
- **Years with Vinh Hoan:** **21 years**
- **Shareholding ratio (as of April 04, 2021):** **0.015%**

Ms. Sau has many experiences in production management in Vinh Hoan and its subsidiaries.

Since quarter 4, 2018, with the trust of the BOD, she was appointed Director of Vinh Phuoc Food Company Limited - newly established,

responsible for strategic planning and management of investment and production activities, contributing to lead Vinh Phuoc Food into stable operation.

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 the People's Committee of Dong Thap Province.

4.3 THE SUPERVISORY BOARD

1. INTRODUCTION TO THE SUPERVISORY BOARD

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

- Ms. Nguyen Thi Cam Van – Head of the Supervisory Board
 - Mr. Nguyen Quang Vinh – Member of the Supervisory Board
 - Ms. Phan Thi Kim Hoa – Member of the Supervisory Board
- There is no change in personnel of the Supervisory Board in 2020



1. MS. NGUYEN THI CAM VAN

HEAD OF THE SUPERVISORY BOARD

- **Year of Birth:** 1986
- **Qualifications:** Bachelor of Economics; CFA
- Shareholding ratio (as of April 02, 2021): **0.00%**

She has served as the Head of the Supervisory Board since 2018. Ms. Van is also an Investment Director of BW Industrial Development Joint Stock Company.

With many years of experience in financial advisory and auditing at KPMG Vietnam and in investment and financial management at REFICO Real Estate Development Group, BW Industrial Development Joint Stock Company, Ms. Van plays a key role in planning strategies and action plans for the Supervisory Board in 2020



2. MR. NGUYEN QUANG VINH

MEMBER OF THE SUPERVISORY BOARD

- **Year of Birth:** 1979
- **Qualifications:** Bachelor of Economics;
- Shareholding ratio (as of April 02, 2021): **0.00%**

Mr. Vinh is currently a Deputy Production Director at Vinh Hoan Corporation

Mr. Vinh has over 11 years of experience in production

planning at Vinh Hoan's subsidiaries and over 4 years of experience in farming at the Company. With a deep knowledge of production and farming, he plays an important role in contributing technical opinions so that the control plans are close to the reality of the Company.



3. MS. PHAN THI KIM HOA

MEMBER OF THE SUPERVISORY BOARD

- **Year of Birth:** 1988
- **Qualifications:** MBA
- Shareholding ratio (as of April 02, 2021): **0.00%**

Ms. Hoa is a Senior Manager of Sales Department at Vinh Hoan and Legal Representative of Vinh Technology Company Limited.

Ms. Hoa has over 10 years of experience working in the Sales Department of Vinh Hoan. She plays a pivotal role in the Sales Department. With her skills and knowledge, she is responsible for managing international customers, while driving the growth of the sales team.

2. ACTIVITIES OF THE SUPERVISORY BOARD

The meetings of the Supervisory Board in 2020:

MEMBER OF SUPERVISORY BOARD	POSITION	NUMBER OF ATTENDANCES	TỶ LỆ THAM DỰ HỌP
Ms. Nguyen Thi Cam Van	Head of the Supervisory Board	7/7	100%
Mr. Nguyen Quang Vinh	Member	7/7	100%
Ms. Phan Thi Kim Hoa	Member	7/7	100%

SUPERVISORY ACTIVITIES OF THE SUPERVISORY BOARD TO BOARD OF DIRECTORS, BOARD OF MANAGEMENT

- Monitored implementation progress of the plans outlined in the Resolution of Annual General Meeting of Shareholders;
- Attended quarterly and irregular meetings of BOD to promptly grasp issues arisen in production and business processes;
- Planned and directed activities of Internal Audit Department;
- Reviewed internal control procedures of key departments, and proposed for improvement (if any).

COORDINATION BETWEEN THE ACTIVITIES OF SUPERVISORY BOARD AND THE ACTIVITIES OF BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND MANAGEMENT

- Commented on issues that have arisen in the meeting with the BOD and BOM;
 - Commented on shortcomings in the internal control procedures of the departments.
- Supervisory Board coordinated closely and regularly with BOD and BOM in supervising and improving the efficiency of activities at the Company.
- Supervisory Board assessed management and execution activities of BOD and BOM who had been implemented effectively and prudently by following the strategies and objectives set by the General Meeting of Shareholders as well as complied with relevant provisions of the Law.

OTHER ACTIVITIES OF THE SUPERVISORY BOARD

- Trained internally on review methods on a common type of contracts in business activities;
- Trained internally on financial statement analysis;
- Reviewed expenses control processes, then analyzed, evaluated, and recommended for improvements;
- Analyzed and evaluated production efficiency and production costs;
- Analyzed and evaluated the controls on farms;
- Analyzed and evaluated payroll;
- Participated in year-end inventory counting observation.



ACTION PLAN FOR 2021

- Perform auditing and controlling according to the functions and tasks specified in the Law on enterprises and Decree 05/2019/ND-CP on Internal Audit.
- Concentrate on performing auditing and controlling the Company's business, production, finance and investment activities;
- Monitor the implementation of the Resolution of General Meeting of Shareholders 2021 of the BOD, BOM;
- Focus on material risks identified in 2020;
- Periodic review of the compliance and effectiveness of internal processes
- Internal training;
- Other activities as requested by shareholders



05

ENVIRONMENT AND SOCIAL RESPONSIBILITIES

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SUSTAINABLE HUMAN RESOURCES

Emphatically say that the achievements have been and are being obtained by Vinh Hoan within the last 20 years are made of one of our most valuable assets – Human Resource. Fully appreciating the importance as well as showing our gratitude – the basis of Vinh Hoan’s core values, we have made tireless efforts to create a fair and equal working environment; maintain open-minded and honest cultural behavior in the workplace; facilitate the sharing, attachment, and dedication of the employees for shared development.

Up to 31 December 2020, Vinh Hoan is a production company of nearly 8,000 labor. The staff constantly grows in quality, skill, and professional qualification. On the other hand, the Company also successfully applies and acquires the international standards, such as BSCI, BAP, GRASP (Global GAP), ASC, etc. - a prerequisite for our products to enter the big markets (the US, the EU, etc.) which all set the high requirements for labor policy.

In addition, we always seriously focus on enhancing the labor life, healthy and ensuring labor safety. A semi-annual routine medical exam for labor is regularly maintained.



Annually, we fully hold the training courses on labor safety, as well as organize the activities to strengthen the bonds between the managers and staff, such as musical festivals, sports events, March 08 celebration, scholarships, and awards for the employee’s children, periodically send gifts to their parents on Vu Lan festival (Ullambana).

Especially with regards to such cases in jeopardy, e.g., illness, natural disaster, fire, etc. Vinh Hoan invariably considers supporting them through our Endowment Fund to help the workers overcome difficulties and settle down.

Especially in 2020, during the Covid-19 outbreak in the community, Vinh Hoan took many appropriate treatments for our employees’ mental stability, e.g., allocating face masks, saline and hand sanitizers to all labor; adopting the social distancing in the canteen; regularly spraying the disinfectants in the factories and workplaces, etc.



MAINTAIN/ (RETAIN)

“WE COMMIT TO MAKE A COMPREHENSIVE POLICY FOR OUR EMPLOYEES, INCLUDING COMPENSATION, MORAL STANDARD, CODE OF BUSINESS CONDUCT AND EQUAL EMPLOYMENT OPPORTUNITIES.”



Although Vinh Hoan has faced volatile business and production due to the Covid-19 impact, we have always attempted to guarantee the appropriate salary and bonus payment for our employees, fully complied with the regulations of Social Insurance and Health Insurance policy. Besides, to encourage the employees’ contribution efficiency, the Company also has many practical reward policies for individuals and groups with good performance and innovations during the year.

At Vinh Hoan, we constantly facilitate developing individuals, focusing on building the moral basis and communication culture. The movement in implementing the code of business conduct achieves several remarkable outcomes; each employee of the group gradually forms the positive habits: open and honest in communication; responsible and creditable in all promises; respectful, committed, and cohesive.



Our principles of justice and equality dedicate to stop the negative problems in the workplace environment, simultaneously create motivation for our employees. We have used multiple channels to collect their opinions and suggestions; our Trade Union always promotes, listens, realizes their aspirations, especially their concerns regarding welfare and working conditions. These opinions afterwards have been taken into consideration and discussion seriously by managers for further necessary actions.



Moreover, we clearly understand that our employees shall work more efficiently and more empowered when achieving the daily work-life balance. Therefore, the Company has often organized many entertainment and sports events to maintain and create work motivation for labor, awarded scholarships to their children, as well as supported their families to participate in practical activities, such as Vu Lan Festival.

TRAINING

“WE SUPPORT OUR EMPLOYEES TO DEVELOP THEIR OWN ABILITIES AND CAREER GROWTH THROUGH CLEAR DEVELOPMENT ROADMAP AND EQUAL PROMOTION OPPORTUNITIES.”



Talent development is one of the vital cornerstone of our success. The Company always encourages and facilitates our laborers to participate in both internal and external training courses in order to enhance professional qualifications, acquire new and essential skills for the current work

requirements as well as Vinh Hoan’s future development, thus help us deliver better goods and services to our customers. Vinh Hoan also emphasizes the implementation of the Succession Planning Program for key positions of the new organizational structure.

We have been-and will always facilitate the mid-level employees and high-skilled labor to train, develop the skills and take challenges at key and front positions.

RECRUITMENT/ (ATTRACT)

“WE FOCUS ON ADDING THE HIGH-QUALITY EMPLOYMENT TO DEVELOP OUR STAFF, TIMELY SATISFY THE REQUIREMENTS OF DEVELOPMENT AND COMPETITION, BESIDE THE AVAILABLE HUMAN RESOURCE”



With the strong aspiration for change, Vinh Hoan is always open to warmly greet the human resource from outside to work and contribute to our development, especially the highly specialized personnel of technology and biological areas. The primary goal of recruitment is to attract skilled labor to

join the Company, timely satisfy the demand of production and business expansion.

The exclusively mandatory standards can vary from position to position; however, all titles must qualify the basic requirements such as professional qualification, ability, sense of ownership, learning, and creativity. We also set the demanding recruitment process with high standards of working experience, leadership, and management for the key positions.

HEALTH AND SAFETY

We are so proud to say that Vinh Hoan was and is building a safe working environment for our labor. The Company has regularly made the risk assessments, organized the annual training course on safety, and constantly conducted the machinery and equipment to ensure the best working conditions.

The Company has offered many seminars to help our workers clearly understand and properly perform the safety procedure. Also, the necessary personal protective equipment, such as helmet, face mask, hand glove, etc. We seriously set the rules that production staff must wear such equipment fully before commencing their duties in the assigned areas.

For our suppliers, contractors, and other third parties who perform their tasks in the Company’s production sites, we shall present and provide the instructions for their compliance with our safety policies.

COMMUNITY SUPPORT

The year 2020 is the typical year of social activities. One can say the Covid-19 pandemic stirs such a strong sense of national unity, sharing for community across the country. Responding to this national movement and following one of our five core values – “Sharing”, Vinh Hoan actively took part in many Covid-19 preventive spreading campaigns, besides the other regular social activities. Some of the highlights of the year 2020 could include:

- In the face of the complicated pandemic situation, the Company has supported various medical equipment to fight Covid-19, as follows:
 - Sponsor 10 ventilators for hospitals in Ho Chi Minh City and Dong Thap province;
 - Sponsor 200 perfusor compact for Department of Health of Da Nang City;
 - Sponsor 1 ambulance, 1 mini ventilator, and 1 perfusor compact for Dong Thap General Hospital.
- “Lighting up the dreams” program: Coordinating with the doctor teams from Ho Chi Minh City, Vinh Hoan has helped thousands of troubled patients suffered from eye infections, such as cataracts, pterygium, internal retina, etc. to be in surgery free of charge.



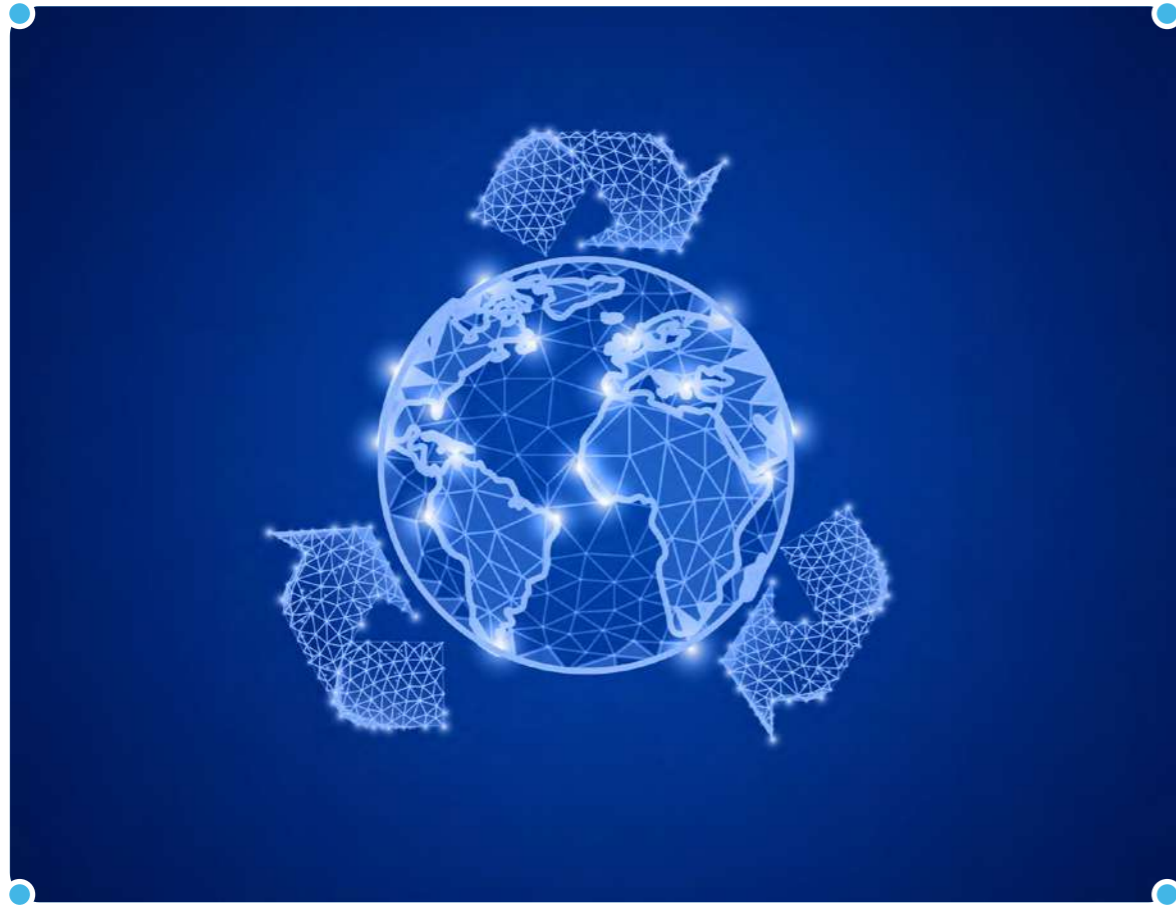
- Support the Central people through the channel of Vietnamese Fatherland Front – Dong Thap Province, and VASEP.
- Accompanying with heart surgery program, health insurance card issuance, wheelchair presentation, supporting the victims of Agent Orange: from the Vinh Hoan’s resources and through The Association for the Support of Vietnamese Handicapped and Orphans – Dong Thap Province, annually thousands of health insurance cards, hundreds of wheelchair, tens of heart surgery are awarded and sponsored to troubled lives.



- Hand over the shelters, the neighborhoods, the Union shelters:
 - Finance to build 3 Union shelters;
 - Present 50 Unity houses to families in housing distress through Vietnamese Fatherland Front – Dong Thap Province;
 - Present 10 shelters through Vietnamese Fatherland Front – Dong Thap Province.
- Support the poor patients: Knowing that Cho Ray Hospital and Dong Thap General Hospital currently has many troubled patients who are ineligible to pay for their medical bills;
- “Living the dreams” with Nguyen Sinh Sac Education Foundation: Vinh Hoan cannot ignore the poor-but-studious pupils. Over the years, we always accompany with Nguyen Sinh Sac Education Foundation in various educational activities to thousands of troubled pupils, students who constantly stretch forward.

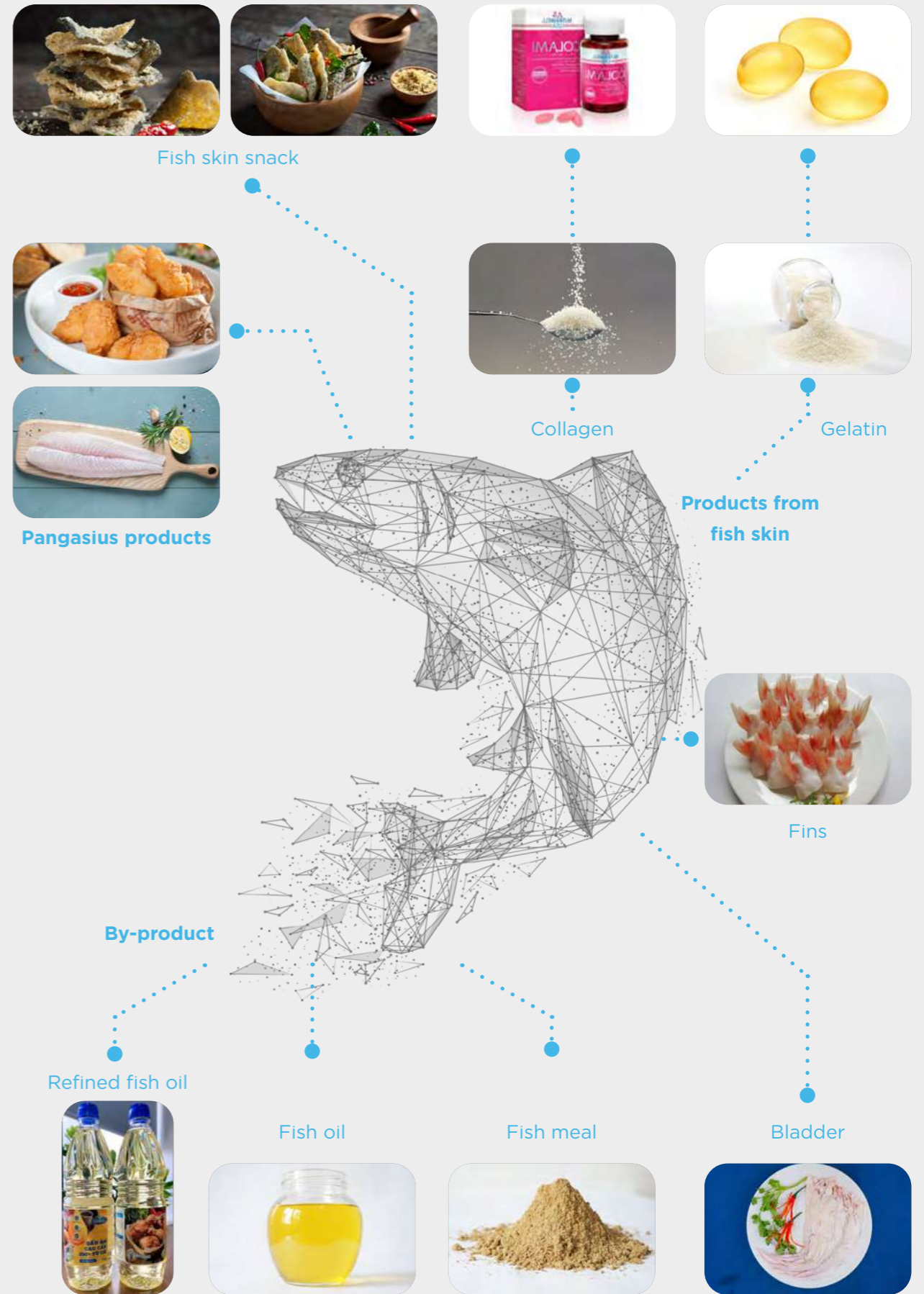
We have also awarded scholarships to children living in poverty but overcoming obstacles to education, send gifts to Vietnamese Heroic Mother, lonely and isolated older people in Dong Thap Province. The total expense for community activities in 2020 is nearly 13 billion.

CIRCULAR ECONOMY MODEL FOR SUSTAINABLE DEVELOPMENT



Vinh Hoan has seen 23 years of operation and consecutively maintains the industry leader position over the last ten years. The Company has made remarkable progress in the business thanks to its continuous expansion activities on farming, processing, and export capacities, as well as invest in the development of products in the entire chain of production. Vinh Hoan's strategic development oriented to the circular economy model helps optimize the value chain, minimize wastes and create values from by-products and substandard products.

PANGASIUS - "ZERO WASTE"



At Vinh Hoan, pangasius is used 100% under “zero waste”. The Company also continues research in new pangasius-related products and valuable products from by-products.

During the year 2020, Vinh Hoan has completed the construction of a new food-grade refined fish oil factory and put it into operation, for the production of premium fish oil.

Also in 2020, Vinh Hoan has made a variety of investment projects into waste treatment, and conducted some research on conserving electricity and water, specifically:

Vinh Hoan Collagen One-Member Limited Company has invested in Mai Thien Thanh Limited Company. Mai Thien Thanh is a company operating in industrial waste treatment and fertilizer production. The Company collects waste from factories and farming areas to manufacture organic fertilizers and organic soil for agricultural production.



Dead fish



Waste sludge



- The in-pond race way fish farming project with no water replacement:
This is the first project applicable to pangasius. The Company has conducted research and successfully applied a wild fish farming model to pond culture at Tan Hung farm, Long An Province.



The superiorities of the in-pond race way technology are as follows:

- No water replacement during the nursery process, only adding the water which is lost through the evaporation;
- Very high bio-safety, minimize the risk of infection;
- Improve the water environment in nursery system for compliance with high-quality farming standards by automatic waste collection daily and continuously aeration system;
- Not discharge into the environment throughout nursery process;
- Better control the fish health, earlier detect the diseases.



- At the Company, there are promising signs of innovations related to electricity and water usage, including:

- The ratio of wastewater discharged into the environment in 2020 compared to 2019: -9%
- Electricity saving in 2020 compared to 2019: -11%

In terms of aquaculture, Vinh Hoan has achieved its objectives that 100% of farming obtain global certifications (BAP, Globalgap, ASC). It's pivotal for Vinh Hoan to develop the farming areas in a sustainable and environmental-friendly direction.

06

BÁO CÁO TÀI CHÍNH HỢP NHẤT CHO NĂM TÀI CHÍNH KẾT THÚC NGÀY 31 THÁNG 12 NĂM 2020

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CORPORATE INFORMATION

ENTERPRISE REGISTRATION CERTIFICATE

No. 1400112623 dated 17 April 2007 was initially issued by the Department of Planning and Investment of Dong Thap Province and the latest amendment dated 14 January 2020.

BOARD OF DIRECTORS

Mrs. Truong Thi Le Khanh	Chairwoman
Mrs. Nguyen Ngo Vi Tam	Member
Mr. Vo Phu Duc	Member
Mrs. Truong Tuyet Hoa	Member
Mrs. Nguyen Thi Kim Dao	Member
Mr. Nguyen Van Khanh	Member (from 15 May 2020)

BOARD OF SUPERVISION

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

BOARD OF MANAGEMENT

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

LEGAL REPRESENTATIVE

Mrs. Truong Thi Le Khanh	Chairwoman
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REGISTERED OFFICE

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

AUDITOR

PwC (Vietnam) Limited

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

The Board of Management of Vinh Hoan Corporation (“the Company”) is responsible for preparing consolidated financial statements of the Company and its subsidiaries (together, “the Group”) which give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and the results of its consolidated operations and its consolidated cash flows for the year then ended. In preparing these consolidated financial statements, the Board of Management is required to:

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

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

APPROVAL OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

On behalf of the Board of Management



Truong Thi Le Khanh
Chairwoman
Legal Representative

Dong Thap Province, SR Vietnam
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, “the Group”) which were prepared on 31 December 2020 and approved by the Board of Management on 23 March 2021. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2020, the consolidated income statement and the consolidated cash flow statement for the year then ended, and explanatory notes to the consolidated financial statements including significant accounting policies, as set out on pages 5 to 48.

THE BOARD OF MANAGEMENT'S RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY

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

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



AUDITOR'S RESPONSIBILITY (CONTINUED)

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

AUDITOR'S OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2020, its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements.

OTHER MATTERS

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

For and on behalf of PwC (Vietnam) Limited



Quach Thanh Chau

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

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

Tran Do Vy Ha

Audit Practising Licence
No. 3780-2021-006-1

CONSOLIDATED BALANCE SHEET

As at 31 December

Code	ASSETS	Note	2020 (VND)	2019 (VND)
100	CURRENT ASSETS		4,735,480,614,844	4,611,361,279,524
110	Cash	4	40,754,357,119	86,421,954,986
111	Cash		40,754,357,119	86,421,954,986
120	Short-term investments		1,373,509,116,682	1,491,779,322,456
121	Trading securities		9,009,562,792	-
123	Investments held-to-maturity	5(A)	1,364,499,553,890	1,491,779,322,456
130	Short-term receivables		1,689,197,986,932	1,516,143,620,145
131	Short-term trade accounts receivable	6	1,272,797,382,564	1,421,607,853,952
132	Short-term prepayments to suppliers	7	387,184,750,968	66,241,022,579
136	Other short-term receivables	8	32,285,057,726	31,363,947,940
137	Provision for doubtful debts - short term		(3,069,204,326)	(3,069,204,326)
140	Inventories	9	1,508,248,100,907	1,413,752,203,473
141	Inventories		1,615,051,511,431	1,492,289,086,177
149	Provision for decline in value of inventories		(106,803,410,524)	(78,536,882,704)
150	Other current assets		123,771,053,204	103,264,178,464
151	Short-term prepaid expenses		7,237,710,342	6,536,514,481
152	Value Added Tax ("VAT") to be reclaimed		116,533,342,862	96,727,663,983
200	LONG-TERM ASSETS		2,466,381,698,344	2,001,053,018,640
210	Long-term receivables		1,409,400,875	5,884,206,875
216	Other long-term receivables		1,409,400,875	5,884,206,875
220	Fixed assets		1,808,480,650,835	1,504,402,862,517
221	Tangible fixed assets	11(A)	1,503,221,696,211	1,215,525,158,155
222	Historical cost		2,645,840,066,444	2,180,298,582,377
223	Accumulated depreciation		(1,142,618,370,233)	(964,773,424,222)
227	Intangible fixed assets	11(B)	305,258,954,624	288,877,704,362
228	Historical cost		330,283,179,570	304,346,297,214
229	Accumulated amortisation		(25,024,224,946)	(15,468,592,852)
240	Long-term assets in progress		384,173,639,519	335,185,361,275
242	Construction in progress	12	384,173,639,519	335,185,361,275
250	Long-term investments		62,129,308,148	1,414,429,978
252	Investments in associate	5(B)	10,714,878,170	-
253	Investments in other entities		1,414,429,978	1,414,429,978
255	Investments held-to-maturity	5(A)	50,000,000,000	-
260	Other long-term assets		210,188,698,967	154,166,157,995
261	Long-term prepaid expenses	10	173,689,614,457	111,684,450,815
262	Deferred income tax assets	20(A)	2,306,183,890	2,589,989,790
269	Goodwill	13	34,192,900,620	39,891,717,390
270	TOTAL ASSETS		7,201,862,313,188	6,612,414,298,164

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

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December

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


Ha Thi Phuong Thuy Hong Nhung
Preparer/Chief AccountantTruong Thi Le Khanh
Chairwoman
23 March 2021

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

CONSOLIDATED INCOME STATEMENT

Year ended 31 December

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



Ha Thi Phuong Thuy Hong Nhung
Preparer/Chief Accountant



Truong Thi Le Khanh
Chairwoman
23 March 2021

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

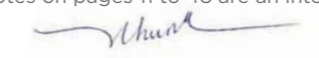
CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December

(Indirect method)

Code	Note	2020 (VND)	2019 (VND)
CASH FLOWS FROM OPERATING ACTIVITIES			
01 Net accounting profit before tax		803,270,315,882	1,309,371,320,025
Adjustments for:			
02 Depreciation and amortisation of fixed assets and allocation of goodwill	11,13	202,679,138,289	165,204,005,292
03 Provisions/(reversal of provision)		28,030,675,820	(39,042,322,478)
04 Unrealised foreign exchange losses/(gains)		1,164,868,526	(555,705,304)
05 Profits from investing activities		(130,188,720,427)	(220,657,895,270)
06 Interest expense	30	38,407,804,147	59,533,476,528
08 Operating profit before changes in working capital		943,364,082,237	1,273,852,878,793
09 (Increase)/decrease in receivables		(139,424,643,033)	648,229,469,821
10 (Increase)/decrease in inventories		(122,762,425,254)	9,433,786,778
11 Decrease in payables		(113,856,023,701)	(66,864,541,568)
12 Increase in prepaid expenses		(20,079,209,536)	(44,938,376,988)
13 Increase in trading securities		(9,009,562,792)	-
14 Interest paid		38,115,544,744	(58,961,146,349)
15 BIT paid	15	(164,831,046,503)	(247,486,607,966)
17 Other payments on operating activities		(19,773,792,613)	(24,027,037,274)
20 Net cash inflows from operating activities		391,742,923,549	1,489,238,425,247
CASH FLOWS FROM INVESTING ACTIVITIES			
21 Purchases of fixed assets and other long-term assets		(554,222,328,595)	(377,607,282,176)
22 Proceeds from disposals of fixed assets and long-term assets		3,551,935,166	16,989,455,686
23 Loans granted and term deposits placed with banks		(2,173,172,650,689)	(1,971,459,435,000)
24 Collection of loans granted and term deposits at banks		2,250,452,419,255	1,087,430,000,000
25 Investments in other entities		(11,000,000,000)	-
26 Proceeds from divestment in other entities		-	430,453,567,064
27 Dividends and interest received		100,157,134,258	70,776,015,095
30 Net cash outflows from investing activities		(384,233,490,605)	(743,417,679,331)
CASH FLOWS FROM FINANCING ACTIVITIES			
31 Proceeds from capital contribution		2,000,000,000	-
32 Payments for share returns and repurchases		-	(114,215,880,222)
33 Proceeds from borrowings	36	4,416,695,507,695	4,677,272,193,820
34 Repayments of borrowings	36	(4,108,012,245,026)	(5,080,694,240,341)
36 Dividends paid	24	(363,859,660,800)	(184,987,352,875)
40 Net cash outflows from financing activities		(53,176,398,131)	(702,625,279,618)
50 Net (decrease)/increase in cash		(45,666,965,187)	43,195,466,298
60 Cash at beginning of year	4	86,421,954,986	43,241,847,762
61 Effect of foreign exchange differences		(632,680)	(15,359,074)
70 Cash at end of year	4	40,754,357,119	86,421,954,986

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



Ha Thi Phuong Thuy Hong Nhung
Preparer /Chief Accountant



Truong Thi Le Khanh
Chairwoman
23 March 2021

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

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

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

The principal activities of the Company and its subsidiaries (together referred to as “the Group”) are:

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

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

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

Company name	Principal activities	Address of registered office	Percentage of ownership and voting rights	
			31.12.2020	31.12.2019
SUBSIDIARIES				
Vinh Phuoc Food Co., Ltd	Manufacturing and preserving aquatic products and products making from aquatic products	An Phu Hamlet, An Nhon Commune, Chau Thanh District, Dong Thap Province	100%	100%
Vinh Hoan Collagen Co., Ltd.	Extracting and manufacturing of collagen and gelatin	National Highway 30, Ward 11, Cao Lanh City, Dong Thap Province	100%	100%
Thanh Binh Dong Thap One Member Co., Ltd	Manufacturing and trading aquatic products	Industrial Cluster Thanh Binh, Binh Thanh Commune, Thanh Binh District, Dong Thap Province	100%	100%
Vinh Hoan Fish Hatchery Co., Ltd (Note 3(a))	Manufacturing fish hatchery	Vinh Buong Hamlet, Vinh Hoa Commune, Thanh Binh District, Dong Thap Province	98%	96%
Feed One Company Limited (Note 3(b))	Manufacturing cattle, poultry and aquatic products	Industrial Cluster My Hiep, My Hiep Commune, Cao Lanh District, Dong Thap Province, Viet Nam	96,15%	-

1. GENERAL INFORMATION (CONTINUED)

CAPITAL COMMITMENT

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accompanying consolidated financial statements are not intended to present the financial position and consolidated results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

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

2.2 FISCAL YEAR

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

2.3 CURRENCY

The consolidated financial statements are measured and presented in the Vietnamese Dong (“VND” or “Dong”). The Group determine their accounting currencies based on the currencies which are mainly used in sales of goods

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and rendering of services, which have a significant impact on selling prices of goods and services, which are normally used to list selling prices and receive payments; which are mainly used in purchases of goods or services, which have a significant impact on costs of labor, materials and other production or operating costs and normally used as payments for those costs.

2.4 EXCHANGE RATES

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

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

2.5 BASIS OF CONSOLIDATION

SUBSIDIARIES

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 BASIS OF CONSOLIDATION (CONTINUED)

fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the interim consolidated income statement.

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

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

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

NON-CONTROLLING TRANSACTIONS AND INTERESTS

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

2.5 BASIS OF CONSOLIDATION (CONTINUED)

ASSOCIATES

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

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

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

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

2.6 GOODWILL

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

2.7 CASH

Cash comprises cash on hand, cash at bank, demand deposits.

2.8 RECEIVABLES

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

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

2.9 INVENTORIES

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

The Group applies the perpetual method for inventories.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

2.10 INVESTMENTS

(A) TRADING SECURITIES

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

Trading securities are initially recorded at historical cost including cost of acquisition and any expenditure that is directly attributable to the cost of acquisition. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the year end. The provision for diminution in value of trading securities is made when their cost is higher than their fair value. Changes in the provision balance during the accounting year are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

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

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

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

(B) INVESTMENTS HELD-TO-MATURITY

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

2.10 INVESTMENTS (CONTINUED)

(B) INVESTMENTS HELD-TO-MATURITY (CONTINUED)

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

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

(C) INVESTMENTS IN OTHER ENTITIES

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

(D) PROVISION FOR INVESTMENTS IN OTHER ENTITIES

Provision for investments in other entities is made when there is a diminution in value of the investments at the year end. Regarding investments in listed shares or those whose fair value can be determined reliably, the provision for diminution in value is made when cost is higher than market value. For other investments, provision for diminution in value is made when the investees make losses.

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

2. 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 or amortisation. Historical cost includes any expenditure that is directly attributable to the acquisition of the fixed assets bringing them to suitable conditions for their intended use. Expenditure incurred subsequently which has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, such expenditure is charged to the consolidated income statement when incurred.

DEPRECIATION

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

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

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

- Land use rights with indefinite useful life are recorded at historical cost and are not amortised.
- Land use rights with definite useful life are amortised using the straight-line method in accordance with the terms indicated in the land use right certificate.
- Prepayments for land rental contracts, which became effective before or in 2003 and are granted lands use rights certificates, are recorded in accordance with the guidance of Circular No.45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance and allocated using the straight-line method over 8 to 20 years in accordance with such land use rights certificates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 FIXED ASSETS (CONTINUED)

DISPOSALS

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

CONSTRUCTION IN PROGRESS

Construction in progress represents the cost of assets in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, which are recorded at cost and comprise of such necessary costs to newly construct, to repair and maintain, to upgrade, to renew or equip the projects with technologies as construction costs; costs of tools and equipment; compensation and resettlement costs; project management expenditure; construction consulting expenditure; and capitalised borrowing costs for qualifying assets in accordance with the Group's accounting policies. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

2.12 LEASED ASSETS

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

2.13 PREPAID EXPENSES

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

2.14 PAYABLES

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services; and
- Trade accounts payable are trade payables arising from purchase of goods and services; and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 PAYABLES (CONTINUED)

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

2.15 BORROWINGS

Borrowings include borrowings from banks.

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

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. In respect of general-purpose borrowings, a portion of which used for the purpose of construction or production of any qualifying assets, the Group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the weighted average expenditure on the assets. The capitalisation rate is the weighted average of the interest rates applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are recognised in the consolidated income statement when incurred.

2.16 ACCRUED EXPENSES

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

2.17 PROVISIONS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 PROVISIONS (CONTINUED)

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

2.18 FUND FOR SCIENCE AND TECHNOLOGY DEVELOPMENT

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

2.19 PROVISION FOR SEVERANCE ALLOWANCES

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

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

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

2.20 OWNERS' CAPITAL

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 OWNERS' CAPITAL (CONTINUED)

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

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

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

2.21 APPROPRIATION OF NET PROFIT

DIVIDENDS

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

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

BONUS AND WELFARE FUND

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

2.22 REVENUE RECOGNITION

(A) REVENUE FROM SALES OF GOODS

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

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 APPROPRIATION OF NET PROFIT (CONTINUED)

usually associated with ownership nor effective control over the goods sold;

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

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

(B) REVENUE FROM RENDERING OF SERVICES

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

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(C) INTEREST INCOME

Interest income is recognised on an earned basis.

(D) DIVIDEND INCOME

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 SALES DEDUCTIONS

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

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

2.24 COST OF GOODS SOLD AND SERVICES RENDERED

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

2.25 FINANCIAL EXPENSES

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

2.26 SELLING EXPENSES

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

2.27 GENERAL AND ADMINISTRATION EXPENSES

General and administration expenses represent expenses for administrative purposes.

2.28 CURRENT AND DEFERRED INCOME TAX

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 CURRENT AND DEFERRED INCOME TAX (CONTINUED)

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

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

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

2.29 RELATED PARTIES

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 SEGMENT REPORTING

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

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

2.31 ACCOUNTING ESTIMATES

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

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

3. BUSINESS COMBINATION

(A) CAPITAL CONTRIBUTION TO VINH HOAN HATCHERY CO., LTD

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

3. BUSINESS COMBINATION (CONTINUED)

(B) CAPITAL CONTRIBUTION TO FEED ONE COMPANY LIMITED

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

4. CASH AND CASH EQUIVALENTS

	2020 VND	2019 VND
Cash on hand	3,259,344,477	519,020,773
Cash at banks	37,495,012,642	85,902,934,213
	<u>86,421,954,986</u>	<u>43,241,847,762</u>

5. INVESTMENTS

(A) INVESTMENTS HELD-TO-MATURITY

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

(i) The term deposits at banks included the bank deposits with maturity of more than three months and less than one year and earn interest at the fixed interest rate in Vietnamese Dong.

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

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

5. INVESTMENTS (CONTINUED)

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

• The term deposits amounting to VND50,000,000,000 at the Maritime Commercial Joint Stock Bank (“Maritime”) were pledged Thanh Binh Dong Thap Company Limited at BIDV - Tien Giang Branch as a security for a credit facilities granted to the Company. (Note 18 (a)).

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

(B) INVESTMENT IN AN ASSOCIATE

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

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

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

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

6. SHORT-TERM TRADE ACCOUNTS RECEIVABLE

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

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

	31,12,2020 VND	31,12,2019 VND
Coast Beacon Inc.	854,744,090,758	805,245,602,134
Octogone (Guangzhou) Trading Co.,Ltd	198,766,872,286	270,801,406,432

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

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

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

7. SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2019 VND	2018 VND
Third parties	66,241,022,579	57,710,280,128

7. SHORT-TERM PREPAYMENTS TO SUPPLIERS (CONTINUED)

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

	2019 VND	2018 VND
State Capital Investment Corporation (i)	347,661,502,500	-

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

8. OTHER SHORT-TERM RECEIVABLES

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

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

9. INVENTORIES

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

9. INVENTORIES (CONTINUED)

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

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

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

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

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

10. END OF YEAR

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

11. FIXED ASSETS

(A) FIXED ASSETS

	Plants and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
As at 1 January 2020	829,204,898,220	1,279,196,632,178	58,458,164,150	13,438,887,829	2,180,298,582,377
New purchases	46,124,199,946	35,125,220,939	7,632,243,046	2,650,156,091	91,531,820,022
Transfers from construction in progress (Note 12)	189,401,957,813	198,547,939,061	4,838,490,909	10,070,617,354	402,859,005,137
Disposals	(8,718,151,033)	(17,427,359,484)	(2,703,830,575)	-	(28,849,341,092)
As at 31 December 2020	1,056,012,904,946	1,495,442,432,694	68,225,067,530	26,159,661,274	2,645,840,066,444
Accumulated depreciation					
As at 1 January 2020	314,114,256,389	614,183,141,565	30,091,030,939	6,384,995,329	964,773,424,222
Charge for the year	63,016,760,869	114,112,250,673	6,690,289,476	3,605,388,407	187,424,689,425
Disposals	(950,458,144)	(7,223,779,060)	(1,405,506,210)	-	(9,579,743,414)
As at 31 December 2020	376,180,559,114	721,071,613,178	35,375,814,205	9,990,383,736	1,142,618,370,233
Net book value					
As at 1 January 2020	515,090,641,831	665,013,490,613	28,367,133,211	7,053,892,500	1,215,525,158,155
As at 31 December 2020	679,832,345,832	774,370,819,516	32,849,253,325	16,169,277,538	1,503,221,696,211

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

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

11. FIXED ASSETS (CONTINUED)

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

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

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

12. CONSTRUCTION IN PROGRESS

Details of construction in progress by projects were as follows:

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

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

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

13. GOODWILL

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

14. SHORT-TERM TRADE ACCOUNTS PAYABLE

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

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

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

15. TAX AND OTHER PAYABLE TO THE STATE

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

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

	As at 1,1,2020 VND	Payable during the year VND	Paid during the year VND	As at 31,12,2020 VND
BIT	139,649,542,917	81,540,143,138	(164,831,046,503)	56,358,639,552
VAT – domestic sales	4,875,428,171	72,628,256,920	(72,339,453,717)	5,164,231,374
Personal income tax	2,389,823,824	18,910,608,190	(19,996,328,940)	1,304,103,074
Others	27,802,564	709,954,830	(695,712,154)	42,045,240
	146,942,597,476	173,788,963,078	(257,862,541,314)	62,869,019,240

16. PAYABLES TO EMPLOYEES

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

17. OTHER SHORT-TERM PAYABLES

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

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

18. BORROWINGS

(A) SHORT- TERM BORROWINGS:

	As at 1,1,2020 VND	Increase VND	Decrease VND	As at 31,12,2020 VND
Vay ngân hàng ngắn hạn	866,025,048,602	4,347,487,667,421	(4,108,012,245,026)	1,105,500,470,997

18. BORROWINGS (CONTINUED)

Details of short-term borrowings are as follows:

	31,12,2020 VND	31,12,2019 VND
HSBC Bank (Vietnam) Limited (i)	345,947,307,613	202,575,269,313
Vietnam Joint Stock Commercial Bank for Industry and Trade - Dong Thap Branch (ii)	318,322,357,977	238,561,326,398
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh City Branch (iii)	237,859,297,652	116,429,979,252
Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV") - Tien Giang Province Branch (iv)	120,281,507,755	206,072,327,082
ANZ Bank (Vietnam) Limited - Ho Chi Minh City Branch (v)	83,090,000,000	102,386,146,557
	1,105,500,470,997	866,025,048,602

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

(ii) The balance represents borrowings in VND with applicable interest rates being specified for each drawdown to finance the Group's working capital. The borrowings are secured by short-term deposits and the associated interest at Asia Commercial Joint Stock Bank ("ACB") - Cao Lanh Transaction (Note 5 (a)).

(iii) The balance represents borrowings in VND with applicable interest rates being specified for each drawdown to finance the Group's working capital. This loan is secured by mortgaging the land use rights and fixed assets of workshop 1, workshop 2 and workshop 3 (Note 11).

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

(v) The balance represents borrowings in VND with applicable interest rates being specified for each drawdown to finance the Group's working capital. The borrowings are secured by short-term deposits and the associated interest at ACB - Dong Thap Branch and Maritime bank (Note 5(a)).

18. BORROWINGS (CONTINUED)

(B) LONG- TERM BORROWINGS:

	As at 1.1.2020 VND	Increase VND	Decrease VND	As at 31,12,2020 VND
Bank loans(*)	-	69,207,840,274	-	69,207,840,274

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

19. PROVISION FOR LONG-TERM LIABILITIES

The balance represents the provision for severance allowance.

20. DEFERRED INCOME TAX

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

(A) DEFERRED TAX ASSETS

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

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

(B) DETAILS OF DEFERRED TAX ASSETS:

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

20. DEFERRED INCOME TAX (CONTINUED)

DETAILS OF DEFERRED TAX LIABILITIES

	2020 VND	2019 VND
Taxable temporary differences	5,214,440,271	3,066,844,176

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

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

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

21. BONUS AND WELFARE FUND

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

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

22. OWNERS' CAPITAL

	2020		2019	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
(A) NUMBER OF SHARES				
Number of shares registered	183,376,956	-	183,376,956	-
Number of shares issued	183,376,956	-	183,376,956	-
Number of shares repurchased	1,430,930	-	1,430,930	-
Number of existing shares in circulation	181,946,026	-	181,946,026	-

(B) MOVEMENT OF SHARE CAPITAL

	Number of shares	Ordinary shares VND	Treasury share VND	Total VND
As at 1 January 2019	92,403,943	924,039,430,000	-	924,039,430,000
Treasury shares	(1,430,930)	-	(114,215,880,222)	(114,215,880,222)
New shares issued	90,973,013	909,730,130,000	-	909,730,130,000
As at 31 December 2019 and as at 31 December 2020	181,946,026	1,833,769,560,000	(114,215,880,222)	1,719,553,679,778

Par value per share: VND10,000.

23. MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Undistributed earnings VND	Non-controlling interests VND	Total VND
As at 1 January 2019	924,039,430,000	223,774,789,900	-	2,867,367,461,064	-	4,015,181,680,964
Net profit for the year	-	-	-	1,179,122,525,220	-	1,179,122,525,220
2018 final dividend declared	-	-	-	(184,807,886,000)	-	(184,807,886,000)
Purchase of treasury shares	-	(114,215,880,222)	-	-	-	(114,215,880,222)
2019 dividend declared	909,730,130,000	-	-	(909,730,130,000)	-	-
Appropriation to bonus and welfare fund	-	-	-	(20,000,000,000)	-	(20,000,000,000)
Capital increased during the year	-	-	-	-	2,000,000,000	2,000,000,000
As at 31 December 2019	1,833,769,560	223,774,789,900	(114,215,880,222)	2,931,951,970,284	2,000,000,000	4,877,280,439,962
Capital increased during the year	-	-	-	-	2,000,000,000	2,000,000,000
Net profit for the year	-	-	-	719,308,370,179	(9,599,430)	719,298,770,749
2020 interim dividend declared (*)	-	-	-	(363,892,052,000)	-	(363,892,052,000)
Appropriation to bonus and welfare fund (**)	909,730,130,000	-	-	(58,956,126,261)	-	(58,956,126,261)
As at 31 December 2020	1,833,769,560,000	223,774,789,900	(114,215,880,222)	3,228,412,162,202	3,990,400,570	5,175,731,032,450

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

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

24. DIVIDENDS

Movements of dividends payable during the year were as follows:

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

25. EARNINGS PER SHARE AND DILUTED EARNING PER SHARE

(A) BASIC EARNINGS PER SHARE

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

	For the year ended	
	31,12,2020	31,12,2019
Net profit attributable to shareholders (VND)	719,308,370,179	1,179,122,525,220
Less amount allocated to bonus and welfare funds 2019 (VND) (*)	-	(58,956,126,261)
	<u>719,308,370,179</u>	<u>1,120,166,398,959</u>
Weighted average number of ordinary shares in issue (shares)	181,946,026	92,292,511
Basic earnings per share (VND)	3,953	12,137

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

25. EARNINGS PER SHARE AND DILUTED EARNING PER SHARE (CONTINUED)

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

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

	Năm tài chính kết thúc ngày 31.12.2019		
	As previously reported	Adjustments	As restated under Circular 200
Net profit attributable to shareholders (VND)	1,179,122,525,220	(58,956,126,261)	1,120,166,398,959
Weighted average number of ordinary shares in issue (shares)	<u>92,292,511</u>	-	<u>92,292,511</u>
Basic earnings per share (VND)	<u>12,776</u>	<u>-</u>	<u>12,137</u>

(B) DILUTED EARNINGS PER SHARE

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

26. OFF BALANCE SHEET ITEMS

(A) OPERATING LEASES COMMITMENTS

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

26. OFF BALANCE SHEET ITEMS (CONTINUED)

(B) FOREIGN CURRENCIES

	31,12,2020	31,12,2019
United States Dollar ("USD")	390,960	202,137
Euro ("EUR")	1	1
Chinese Yuan Renminbi ("CNY")	2,920	3,114

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

	2020 VND	2019 VND
Revenue from sales of goods and rendering of services		
Doanh thu bán thành phẩm	5,062,287,110,194	5,698,120,250,921
Doanh thu bán phụ phẩm	1,252,949,785,850	969,965,375,570
Doanh thu bán hàng hóa	798,920,639,736	1,162,709,947,805
Doanh thu cung cấp dịch vụ	33,401,841,906	54,109,638,089
Doanh thu bán nguyên vật liệu	17,846,161,673	10,080,893,489
	7,165,405,539,359	7,894,986,105,874
Các khoản giảm trừ		
Giảm giá hàng bán	(62,003,772,419)	(20,712,479,716)
Hàng bán bị trả lại	(66,222,109,642)	(7,129,290,245)
	(128,225,882,061)	(27,841,769,961)
Doanh thu thuần bán hàng và cung cấp dịch vụ	7,037,179,657,298	7,867,144,335,913

28. COST OF GOODS SOLD AND SERVICES RENDERED

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

29. FINANCIAL INCOME

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

30. FINANCIAL EXPENSES

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

31. SELLING EXPENSES

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

32. GENERAL AND ADMINISTRATION EXPENSES

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

33. BIT

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

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

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

33. BIT (CONTINUED)

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

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

34. COST OF OPERATION BY FACTOR

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

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

35. SEGMENT REPORTING

GEOGRAPHICAL SEGMENTS:

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

35. SEGMENT REPORTING (CONTINUED)

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

BUSINESS ACTIVITY SEGMENTS:

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

36. ADDITIONAL INFORMATION FOR THE ITEMS OF THE CASH FLOW STATEMENT

(A) NON-CASH TRANSACTIONS AFFECTING THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

(B) AMOUNT OF LOAN ACTUALLY WITHDRAWN DURING THE YEAR

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

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

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

37. RELATED PARTY DISCLOSURES

The Company has transactions and balances with below related parties:

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

(A) RELATED PARTY TRANSACTIONS

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

	2020 VND	2019 VND
I. Sales of goods and rendering of services		
Van Duc Tien Giang Food Export Co., Ltd.	27,242,497,864	22,336,214,683
Van Duc Food Co., Ltd.	5,492,218,596	7,929,237,114
Mai Thien Thanh Co., Ltd	86,707,000	-
Individuals	<u>12,534,248,000</u>	<u>-</u>
	<u>45,355,671,460</u>	<u>30,265,451,797</u>
II. Purchases of goods and services		
Van Duc Tien Giang Food Export Co., Ltd.	41,447,352,235	8,440,846,799
Mai Thien Thanh Co., Ltd	7,754,648,000	-
Van Duc Food Co., Ltd.	-	116,200
Individuals	<u>46,138,412,790</u>	<u>26,622,495,360</u>
	<u>95,340,413,025</u>	<u>35,063,458,359</u>
III. Disposals of fixed assets		
Van Duc Food Co., Ltd.	-	15,191,995,392
IV. Purchases of fixed assets		
Van Duc Tien Giang Food Export Co., Ltd.	400,000,000	2,481,818,182
V. Compensation of key management		
Gross salaries and other benefits	22,510,073,315	25,599,136,382
VI. Short-term lending		
Van Duc Tien Giang Food Export Co., Ltd. (*)	-	6,000,000,000
VII. Interest income from lending		
Van Duc Tien Giang Food Export Co., Ltd. (*)	-	29,556,000
VIII. Dividends received		
Van Duc Tien Giang Food Export Co., Ltd.	-	92,380,864,998

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

37. RELATED PARTY DISCLOSURES (CONTINUED)

(B) YEAR END BALANCES WITH RELATED PARTIES

	2019 VND	2020 VND
I. Short-term trade accounts receivable (Note 6)		
Van Duc Tien Giang Food Export Co., Ltd.	5,265,705,225	-
Van Duc Food Co., Ltd	899,932,942	1,191,276,429
Mai Thien Thanh Co., Ltd	15,708,000	-
	<u>6,181,346,167</u>	<u>1,191,276,429</u>
II. Other short-term receivables (Note 8)		
Board of Directors and Management	-	24,166,003
III. Short-term trade accounts payable (Note 14)		
Van Duc Tien Giang Food Export Company	24,199,756,710	-
Mai Thien Thanh Co., Ltd	1,485,475,200	-
Individuals	84,640	-
	<u>25,685,316,550</u>	<u>-</u>
IV. Other short-term payables (Note 17)		
Van Duc Tien Giang Food Export Co., Ltd.	54,338,932,630	147,350,241,563
Van Duc Food Co., Ltd.	14,913,548,150	14,093,945,568
	<u>69,252,480,780</u>	<u>161,444,187,131</u>

38. OPERATING LEASES COMMITMENTS

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

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

38. EVENTS AFTER THE CONSOLIDATED BALANCE SHEET DATE

On 22 January 2021, the Group has received the transfer of 3,565,759 shares of Sa Giang Export Import JSC. (stock code is SGC and listed on Hanoi Stock Exchange) from State Capital Investment Corporation, therefore becomes the parent company holding 3,665,759 shares with ownership of 51.29%.

(ii) Pursuant to resolution of the Board of Directors dated 9 February 2021, the Board of Directors approved the capital commitment of VND70,000,000,000 accounting for 70% the registered charter capital of Thanh Ngoc Agricultural Food Co., Ltd., allocated at An Phu Hamlet, An Nhon Commune, Chau Thanh District, Dong Thap Province whose main industry is producing juice from fruits.

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



Ha Thi Phuong Thuy Hong Nhung
Chief Accountant/Preparer



Trương Thị Lê Khanh
Chairwoman

07

COMPANY INFORMATION

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• PRINCIPAL BUSINESS:

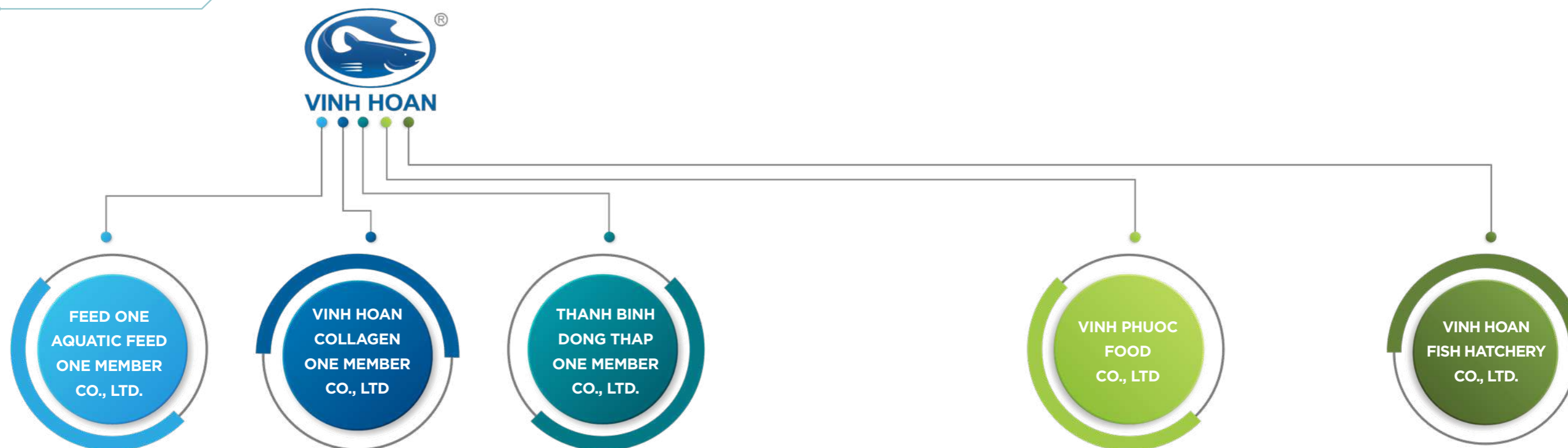
- Inland aquaculture;
- Processing and preserving aquatic products;
- Trading of raw agricultural products and preprocessing materials in the aquatic products and aquatic feed industries;
- Trading of aquatic products and related husbandry products used in producing and processing of aquatic products;



- 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



7.1

COMPANY
STRUCTURE

was established in accordance with Business Registration Certificate No. 140171196 dated 05 April 2012, and the latest amended dated 24 November 2020 by the Department of Planning and Investment of Dong Thap province.

- Charter capital as of 31 December 2020: VND52,000,000,000; 96% held by Vinh Hoan Corporation;

- Principal business: Producing feed for cattle, poultry and fish.

was established in accordance with Business Registration Certificate No. 1401587429 dated 02 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 2020: 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 2020: 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 04 September 2018, and the latest amended dated 14 September 2020 by the Department of Planning and Investment of Dong Thap province;

- Charter capital as of 31 December 2020: VND450,000,000,000; 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 30 May 2020 by the Department of Planning and Investment of An Giang province;

- Charter capital as of 31 December 2020: VND100,000,000,000; 98% held by Vinh Hoan Corporation;

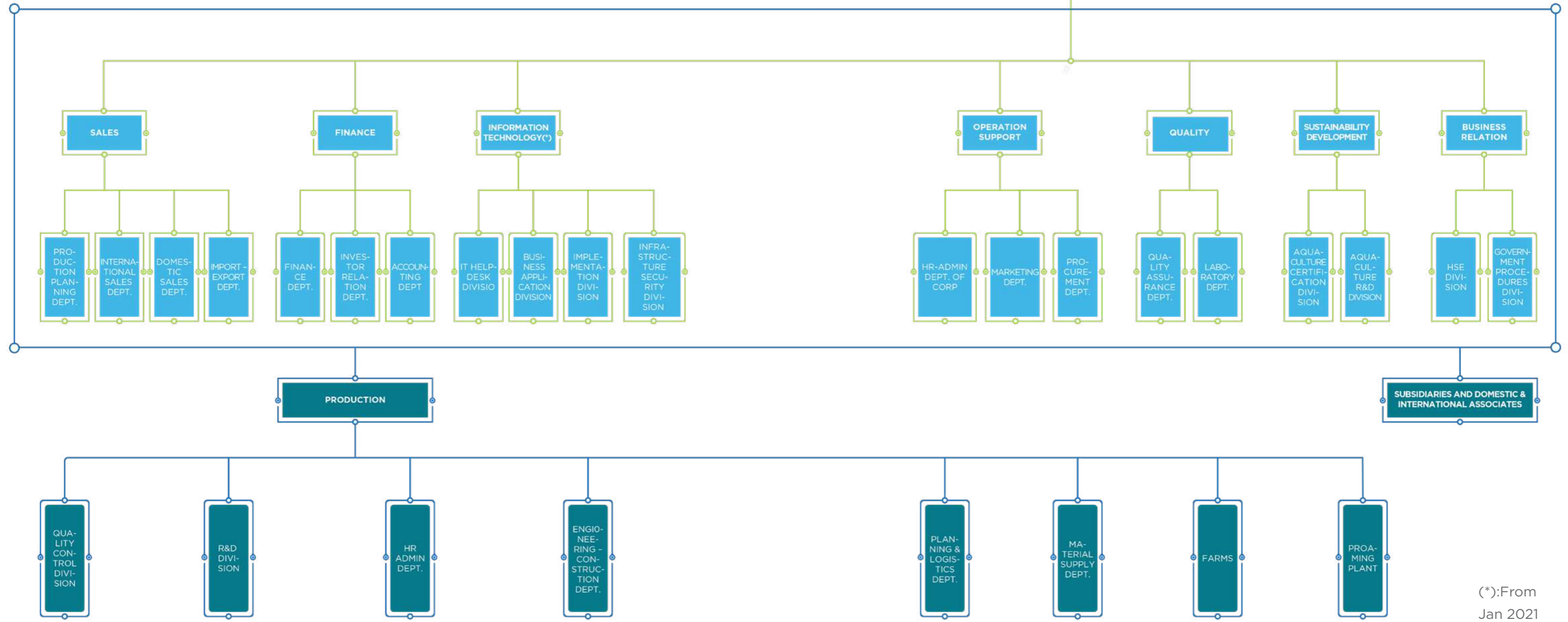
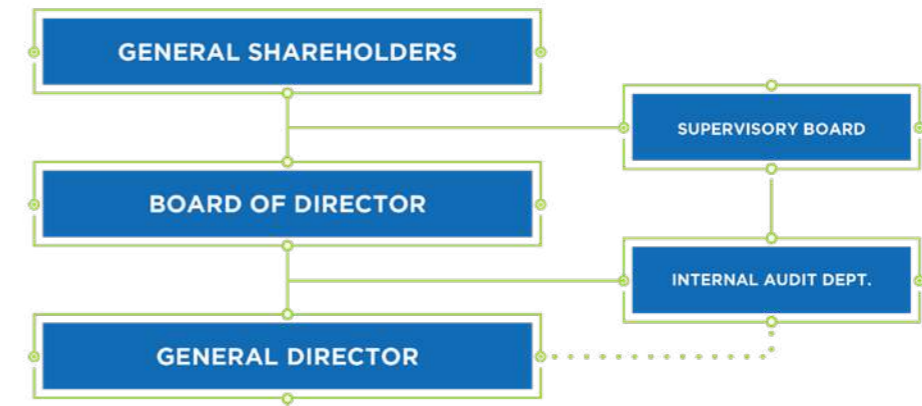
- Principal business: Freshwater aquaculture with operation of domestic freshwater fish hatcheries.

7.2 ORGANIZATIONAL CHART

Vinh Hoan is organized as a joint stock company led by the General Shareholders, Supervisory Board, Board of Directors, Board of Management including the General Director, the Directors of functional areas (Sales, Finance, Production, Quality, Sustainable Development,

External Relations, and Operations Support) and Directors of subsidiaries;
 • Department managers report directly to the Directors of functional areas in charge. The Departments are organized according to the function from purchasing, production to business, etc.;

Each Subsidiary or Affiliate has Directors in charge of production and business activities, reporting directly to the General Director.



(*):From Jan 2021

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



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