



THE PAN GROUP

# ANNUAL REPORT

2017 | A REVEALING PICTURE



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## CONTACT

# 2018 ANNUAL GENERAL SHAREHOLDERS' MEETING INVITATION

No.: 25.18/PAN-GM-ĐHCĐ

V/v: Mời họp Đại hội cổ đông thường niên 2018

Invitation for 2018 Annual General Meeting (AGM) of The PAN Group

Long An, ngày 26 tháng 03 năm 2018  
Long An, March 26th, 2018

Kính gửi/Attn: Quý cổ đông

Công ty Cổ phần Tập đoàn PAN (The PAN Group) trân trọng kính mời Quý Cổ đông đến dự cuộc họp Đại hội đồng Cổ đông thường niên năm 2018 vào lúc **13:30 ngày 21/04/2018 (thứ Bảy), tại Sở Giao dịch chứng khoán thành phố Hồ Chí Minh, 16 Võ Văn Kiệt, quận 1, thành phố Hồ Chí Minh, Việt Nam.**

*We are pleased to invite you to the 2018 Annual General Meeting (AGM) of THE PAN GROUP, scheduled at **13:30 on Saturday April 21st 2018 at Hochiminh Stock Exchange, No. 16 Vo Van Kiet, District 1, Ho Chi Minh city, Vietnam.***

## I. CHƯƠNG TRÌNH ĐẠI HỘI/ AGENDA:

1. Báo cáo của Ban Giám đốc về hoạt động sản xuất kinh doanh của Công ty năm 2017;  
BOM's Report on the Company's business performance in 2017;

2. Báo cáo hoạt động của Hội đồng Quản trị Công ty năm 2017;  
Report on the BOD's activities in 2017;

3. Báo cáo hoạt động của Ban Kiểm soát năm 2017;  
Report on the operations of Supervisory Board in 2017;

4. Thông qua Tờ trình về Báo cáo tài chính năm 2017 đã được kiểm toán;  
Approval of Proposal on the 2017 audited financial statement;

5. Thông qua Tờ trình trích lập quỹ và phân phối lợi nhuận năm 2017;  
Approval of Proposal on profit distribution for the year 2017;

6. Thông qua Tờ trình kế hoạch kinh doanh và phân phối lợi nhuận năm 2018;  
Approval of Proposal on Business plan and profit distribution plan for the year 2018

7. Thông qua Tờ trình lựa chọn đơn vị kiểm toán để kiểm toán báo cáo tài chính 2018;  
Approval of Proposal on appointing auditing firm for the fiscal year 2018;

8. Thông qua Tờ trình phương án phát hành cổ phiếu ESOP 2018;  
Approval of Proposal on the plan for issuance ESOP program in 2018;

9. Bầu thành viên HĐQT, BKS nhiệm kỳ 2018 - 2022;  
Electing members of the BOD, BOS for the term 2018 - 2022;

10. Thông qua Tờ trình ủy quyền cho HĐQT thông qua các giao dịch cấp các khoản vay và bảo lãnh cho các công ty con và công ty liên kết;  
Approval of Proposal on the authorization to the BOD to approve loans and guarantee transactions for the subsidiaries and affiliates.

11. Các nội dung khác thuộc thẩm quyền của Đại hội đồng cổ đông (nếu có)  
Other issues under the rights of AGM (if any)

## II. ĐĂNG KÝ THAM DỰ/ REGISTRATION INSTRUCTIONS:

1. Để thuận tiện cho công tác chuẩn bị, Quý cổ đông vui lòng đăng ký tham dự hoặc ủy quyền cho HĐQT, hoặc ủy quyền cho người khác tham dự Đại hội đồng cổ đông qua fax, email hoặc gửi thư theo địa chỉ bên dưới trước **17:00 ngày 12/4/2018.**  
*For registration, please return your Confirmation of Attending or Authorization to the address below no later than **17:00 on April 12nd 2018.***

"THE PAN GROUP. 15th Floor, ICON4 Tower, 243A De La Thanh, Dong Da District, Hanoi, Vietnam"  
**Tel: (04) 3760 6190; Email: tuanna@thepangroup.vn**

2. Khi tham dự, Quý Cổ đông vui lòng đem theo Giấy đăng ký tham dự hoặc giấy ủy quyền cùng với CMND/passport  
*When attending the Meeting, shareholders are kindly requested to present the letter of confirmation or authorization form, and passport/ID card.*

3. Chương trình và hồ sơ cuộc họp được công bố chi tiết tại trang web Công ty: **www.thepangroup.vn.**  
*The AGSM's agenda and documents are available on company's website: **www.thepangroup.vn.***

Thay mặt HĐQT/On behalf of the BOD  
Theo UQ của Chủ tịch/ As authorized by the Chairman



TỔNG GIÁM ĐỐC/CEO  
Nguyễn Khắc Hải



# CHAIRMAN'S MESSAGE

*Dear our valued Shareholders, Investors and Partners,*

The PAN Group has just taken another remarkable step in its journey to leverage the Vietnam food and agriculture sector in the context of well fulfilled economy for all the National Assembly approved targets. GDP growth of 6.81%, the highest rate in 6 years, exceeded all forecasts. The impressive growth has been partially contributed by agriculture, forestry and fishery sectors, with significant growth recovery of 2.9%, contributing 0.44 percentage points to the overall GDP growth. The increase exceeded forecasts made by the World Bank or ADB. The economy in 2017 at current price reached more than VND5,007.9 trillion (~US\$223 billion). Average GDP per capita estimated at VND53.5 million, equivalent to US\$2,385, increased US\$170 compared to 2016.

This year inflation was below the National Assembly mandated target of 4.0%. Average CPI increased by 3.53% compared with average index points in 2016. Inflation was 1.41% higher than that in 2016. Trade surplus reached US\$2.7 billion, of which the domestic economic sector continued to have trade deficit of US\$26.1 billion, and foreign-invested companies notched a trade surplus of US\$28.8 billion.

In 2017, the national trade value reached a new record at excess of US\$400 billion. Total export of the agriculture in 2017 was over US\$36.37 billion, up 13% over the same period, a big win of the sector. Particularly, the export of rice reached US\$2.66 billion, increasing in both value and volume compared to the same period last year. The export of vegetable and fruit approximated US\$3.5 billion, an increase of 43% year on year. Leading in export was fishery industry, mostly shrimp and pangasius. The fishery brought back US\$8.3 billion, of which pangasius export earned US\$1.78 billion, 4.3% higher than that in 2016. The unit price of pangasius fillet in 2017 was over \$4.0 US per kilogram, which was higher and being stable according to the industry's professionals.

With strategic vision as well as the effort of The PAN Group employees, we have achieved the total consolidated revenue of VND4,075 billion, equivalent to 132% of the annual plan. After tax profit of the parent company was VND372 billion, double the target plan of 2017. The remarkable growth was recorded in both spearheaded fields - Food and Agriculture. While Agriculture platform (consolidated from PAN Farm) reached a revenue of VND1,520 billion, contributing 37.3% of total revenue, the Food platform (consolidated from PAN Food) also showed a breakthrough of VND2.555 billion, contributing 62.7% of total revenue. Compared to the same period in 2016, the total consolidated revenue increased by 48%. In particular, PAN Food consolidated revenue increased by 88%, and PAN Farm consolidated revenue grew by 15%. As of 31/12/2017, total asset of The PAN Group reached VND5,982 billion, an increase of 59% compared to the beginning of the year. Especially, with cash and cash equivalents in excess of VND1,100 billion, accounting for 19% of total asset, The PAN Group keeps improving the liquidity to meet its business operational needs as well as investment activities to new projects.

2017 was a key year with many important events as below:

- March 2017: officially promulgated the "PAN's Production Principles"
- May 2017: PAN Farm successfully mobilized more than VND400 billion from IFC, Daiwa and SSI.
- June 2017: PAN-SALADBOWL obtained Global GAP certification.
- July 2017: Launching the PAN Farm R&D Center
- August 2017: BIBICA became PAN Food's subsidiary company with the ownership of 50.07%.
- September 2017: Launching and bring into operation of the first PAN Food Manufacturing factory cluster.
- September 2017: The international conference "Sustainable development of Vietnam's cashew sectors engaging with the global value chain" was successfully held by The Pan Group and chaired by Minister of Agriculture and Rural Development – Mr. Nguyen Xuan Cuong.
- November 2017: Successfully acquired 24.8% stake of Sao Ta Food joint stock company (ticker: FMC).

In 2018, The PAN Group keeps pursuing its challenging plan:

- Targeting growth plan with consolidated revenue of VND8,786 billion (equivalent to 216% of the plan in 2017), ensuring PAN continues to grow in right direction to become "The regional leading group in the field of Food and Agriculture".
- Continue the strategy of M&A and hold majority in strong companies in agriculture, fishery and food sector.
- Developing the new platform established at PAN Food with the orientation of PAN Food to become the leading company specializing in the field of consumer food on basis of leveraging the available resources of The PAN Group and member companies, strategic investors (NDH, SSI, IFC, TAEL, FMO...).
- Promoting R&D activities, focusing on research and development of value added products that meet international standards for quality and food safety. This will not only generate great profits for PAN but also raise the profile of Vietnam traditional brands on the domestic and international markets.
- Focusing on building strong human resources as well as strict corporate governance to assert the leading position and achieve sustainable growth.
- Shaping the risk management system and investing on information technology platform to ensure the business operation needs.

*I would like to send my sincere thanks to the valued shareholders who have trusted and accompanied us, to the partners who have cooperated closely, to the BOD members and all employees who have been developing and leveraging The PAN Group to new highs. 2018 will definitely be a remarkable year of success.*

Sincerely thanks,

Tran Duy Hung





# GENERAL INFORMATION OF THE PAN GROUP

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THE PAN GROUP OVERVIEW

MILESTONES

CORE BUSINESS, LOCATIONS AND DISTRIBUTION CHANNELS

CORPORATE STRUCTURE

DEVELOPMENT STRATEGY

RISK MANAGEMENT





# THE PAN GROUP OVERVIEW



COMPANY PROFILE

Company name	: The PAN Group Joint Stock Company
Abbreviation	: THE PAN GROUP
Securities Symbol	: PAN (listed on HOSE)
Business registration code No. 0301472704 on August 31st 2005 and revisions	
Charter capital (as at 31/12/2017)	: VND 1,177,236,300,000 (equal to: USD 51,940,714)
Owner’s Equity (as at 31/12/2017)	: VND 4,165,948,962,266 (equal to: USD 183,805,381)

Head office	: A1-9 VL3 Street, Vinh Loc 2 Industrial Zone, Long Hiep Ward, Ben Luc District Long An Province, Vietnam.
Hanoi branch	: 15th Floor, ICON4 Tower, 243A De La Thanh, Dong Da District, Hanoi, Vietnam.
Điện thoại	: (84 - 272) 3630218
Fax	: (84 - 272) 3630217
Email	: info@thepangroup.vn
Website	: www.thepangroup.vn





VISION – MISSION – GUIDING PRINCIPLES

VISION

A pioneering agriculture and food Group offering trusted products and innovative solutions within an integrated value chain from Vietnam, for the world - **Farm, Food, Family.**



MISSION

With a passion to nurture the world, we set to provide people with food security, food safety and nutrition; creating sustainable values on behalf of farmers, families and society.



GUIDING PRINCIPLES

We appreciate that a world-class agriculture and food product company increases Vietnam’s and the region’s food security.

We appreciate that agriculture – including aquaculture – lies at the core of our country’s economy, traditions and the rhythm of daily life.

We strive constantly to raise the bar in the quality and value of our offerings.

We believe that improving the quality of farming inputs improves farmers’ livelihoods.

We promote business practices that are tied to the heart of Vietnam’s sustainability.

We offer a fair, professional and inspiring working environment, offering opportunities that benefit our people and their families.

We seek sustainable and profitable growth, maximizing value for all key stakeholders.

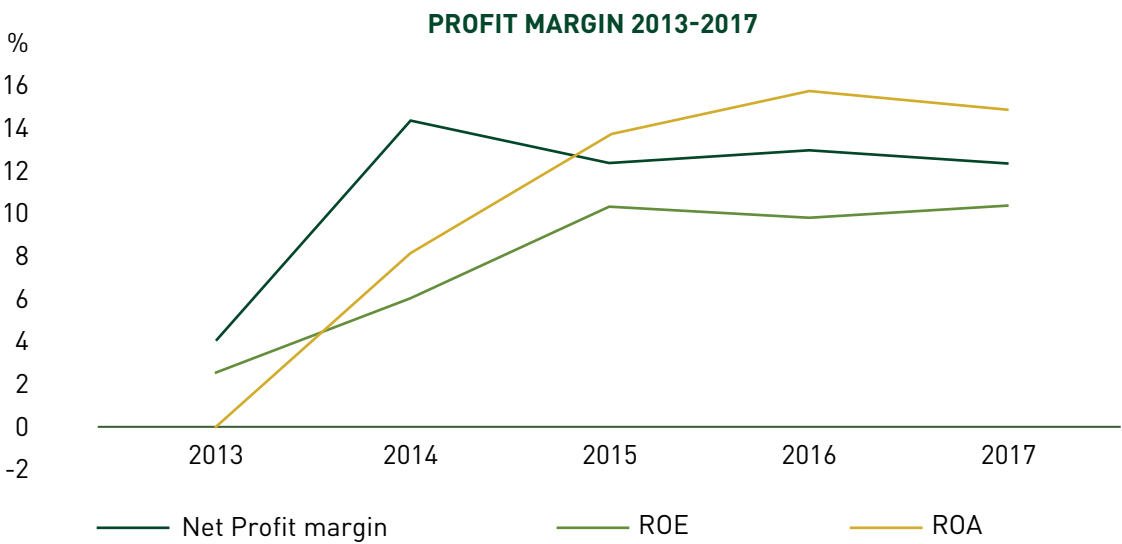




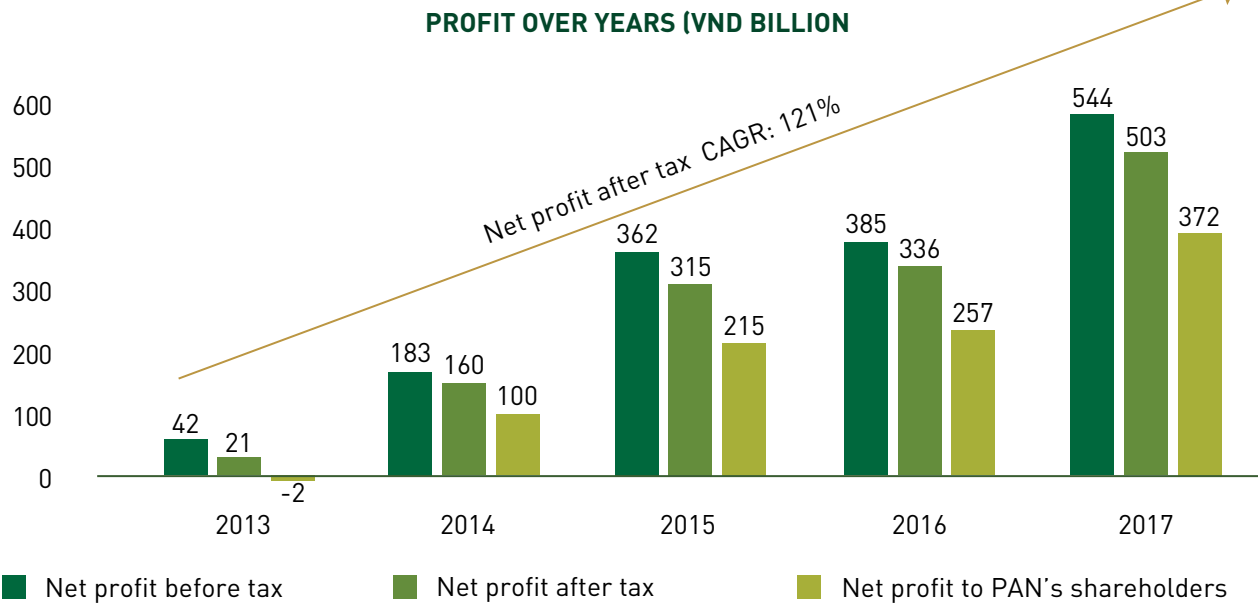


OUTSTANDING FINANCIAL NUMBERS

1/ NET PROFIT MARGIN, ROE AND ROA



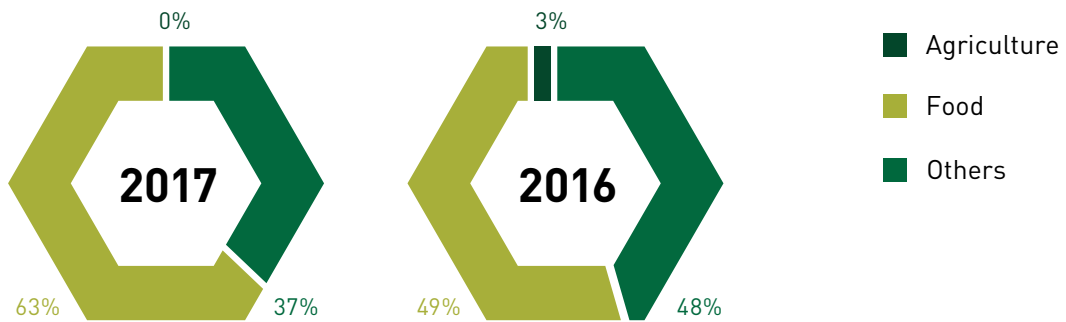
2/PROFIT



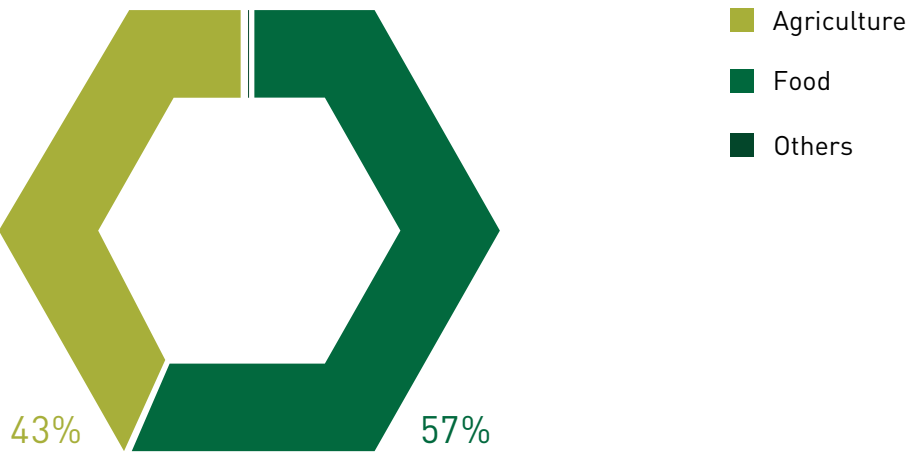
3/ FINANCIAL RESULTS

Caption	Consolidated	Parent Company	PAN Food	PAN Farm
Total assets	5,982	2,213	3,551	2,393
Owner equity	2,716	2,195	1,347	1,464
Total revenue	4,075	-	2,555	1,521
Profit before tax	544	-25	322	246
Profit after tax	503	-22	301	222

4/ REVENUE STRUCTURE 2016- 2017



5/ PROFIT BEFORE TAX STRUCTURE 2017



## OWNER'S EQUITY

## TOTAL ASSET







# REVENUE







2017 JOURNEY



**PAN Farm successfully mobilize VND 400 billion from IFC and Daiwa**  
The fund will be used by PAN Farm to expand the production and sales of seedlings, to apply high technology in the production of flowers, vegetables, fruit, and high-quality safe produce with prestigious origins.

**Open PAN Farm R&D Center**  
With modern technology and automation systems, PAN Farm R&D Center illustrates the high-tech agriculture model which is becoming indispensable tendency in the world and in Vietnam. Based on this model, there will be many farms with the size of hundreds of hectares to be invested in the future.



**Open PFM Factory**  
In 2017, PFM completed the first phase construction of its factory cluster and has started to supply products to the market since the middle of Q4. With cluster of plants equipped with modern and international standard facilities, PAN Food will become a leading company in the food packaging industry, providing branded, safe and nutritious products with natural taste from Vietnam for the world.

**Officially own 24.8% Sao Ta Foods Joint Stock company (FMC)C**  
With strength in shrimp farming and processing for export and sustainable development strategy, FMC will be an important piece in the business that The PAN Group pursues.



**Officially issued the “PAN Production Principles**  
These principles have been established base on HACCP standard, IFC Performance Standards on Environmental and Social Sustainability and Vietnamese Law.

**PAN-SALADBOWL has been certified Global GAP standard**  
PAN-SALADBOWL is the only flower production company in Vietnam that has been certified Global GAP standard for chrysanthemum and carnation.

**Bibica officially becomes PAN Food’s subsidiary**  
The increase of the ownership to 50.07% has officially brought Bibica become a subsidiary of PAN Food. This affirms PAN’s long-term commitment to the biggest domestic confectionery brand, and demonstrates its determination to pursue the goal of maintaining and building the high quality confectionery brand of Vietnam.

**Successfully organized “Sustainable development of Vietnam’s cashew sectors engaging with the global value chain” conference**  
30/9/2017, The PAN Group and MARD successfully organized “Sustainable development of Vietnam’s cashew sectors engaging with the global value chain” chaired by Minister of Agriculture and Rural Development- Mr. Nguyen Xuan Cuong. The conference attracted 200 distinguished guests including scientists, foreign experts, managers, agencies, reputed farmers as well as the mass media.

**Increase the ownership in 584NT to 31.86%**





AWARDS IN 2017

The PAN Group

- 1 Top 50 Best-listed Vietnamese companies  
*Forbes Vietnam*
- 2 Top 3 Best Annual Report  
Top 2 Annual Report with Excellent Management report  
*State Securities Commission of Vietnam*
- 3 Top 50 Most effective enterprises of Vietnam 2017  
*Nhip cau dau tu (Investment span) Magazine*
- 4 IR Award 2017  
*VAFE & Tai Viet Join Stock Company*
- 5 Top 500 Largest enterprises in Vietnam (VNR500)  
*Vietnam Report and Vietnamnet*
- 6 TOP 500 Fastest growing enterprises in Vietnam – FAST500  
*Vietnam Report and Vietnamnet*
- 7 Top 500 Most Profitable companies in Vietnam – PROFIT500  
*Vietnam Report and Vietnamnet*

AWARDS IN AGRICULTURE SECTOR

- PAN-SALADBOWL 8 The only enterprise in flower sector achieving Global GAP and Science and Technology certificate  
*Department of Science & Technology of Lam Dong province*
- Vinaseed 9 Emulation Flag  
*Ministry of Agriculture and Rural Development*
- 10 One of the two units with outstanding achievements in investment and application of science and technology in 2017.  
*People’s Committee of Hanoi*
- 11 Typical national science and technology enterprise  
*Ministry of Science and Technology*
- 12 Top 500 Fastest growing enterprises in Vietnam – FAST500  
Top 500 Most profitable companies in Vietnam – PROFIT5007  
*Vietnam Report & Vietnamnet*
- 13 Top 30 Best Annual Report 2017  
*State Securities Commission of Vietnam*
- 14 IR Award 2017  
*VAFE & Tai Viet Join Stock Company*
- 15 Top 10 Most trusted enterprise  
*Vietnam Union of Science and Technology Associations*





AWARDS IN FOOD SECTOR

- ABT

16

IR Award 2017  
VAFE & Tai Viet Join Stock Company

17

Typical Enterprise in linking agricultural production  
Ministry of Information and Communication, Ministry of Agriculture and Rural Development, Vietnam Journalists' Association
- Lafooco

18

SIAL INNOVATION 2017
- Bibica

19

Silver Award of National Quality  
Prime Minister

20

Vietnam high quality products 2017  
Vietnam high-quality products Business Association

21

Typical Products & Services  
Ho Chi Minh City Business Association

22

Sustainable Development Enterprise for over 40 years  
Ho Chi Minh City Business Association

584  
Nha Trang

23

Vietnam high quality products 2017  
Vietnam high-quality products Business Association

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## MILESTONES

1998

Established with charter capital of VND 250 million.

2006

Purchased 80% of PAN Services Ha Noi, enhancing the position of the company in services by consistent use of the Pan Pacific brand countrywide.

Increased charter capital from VND 20 billion to VND 32 billion.

Listed on Ha Noi Stock Exchange with ticker PAN.

2008

PAN Trading JSC. was established with 80% ownership by PAN. PAN Trading became the licensed distributor of Nilfisk in Vietnam.

Purchase the remaining 20% of PAN Services Ha Noi, increasing PAN's ownership at Pan Services Hanoi to 100%.

2010

Increased charter capital from VND 70 billion to VND 115.5 billion

Delisted from Hanoi Stock Exchange to be listed on Ho Chi Minh Stock Exchange (HOSE) with ticker PAN

2013

Increased charter capital to VND 200.5 billion.

Acquired Aquatex Bentre (HOSE: ABT) as a subsidiary with 54.6% ownership; as a result, ABT became PAN's subsidiary.

Successfully divested from PAN Trading and Agifish JSC.

Achieved "Asia's 200 Best Under a Billion Award" by Forbes Asia and "Top 100 Vietnam Gold Star Award in 2013".

2015

Increased charter capital to approximately VND 1,009 billion, completed VND 753 billion private offering, increasing the company's market capital to approximately USD 160 million.

Completed the investment to hold 75% of outstanding shares of National Seed Company (HOSE: NSC).

PAN Food completed the acquisition of 42.3% of Bien Hoa Confectionery Corporation (BIBICA)'s charter capital (HOSE: BBC) and 75.6% of Long An Food Processing Export JSC. (HOSE: LAF).

Renamed into The PAN Group (instead of PAN Pacific Corp) and changed the brand identity.

2016

Transferred 80% equity interest of The Pan Group in the two 100% owned subsidiaries, PAN Services Hanoi and PAN Services HCM City to Nihon Housing Company Limited (Japan).

Established PAN-SALADBOWL JSC. and PAN Farm JSC. Expanded the FARM area by investing in growing high-quality vegetables and flowers, successfully exported to Japanese market.

PAN Food completed the acquisition of 22.4% of 584 Nha Trang Seaproduct JSC.

Changed ownership rate of foreign investors up to 100% charter capital.

2017

Increase the ownership at Bibica to 50.07%, officially put Bibica into a subsidiary of PAN Food.

PAN Farm successfully mobilize VND 400 billion from IFC and Daiwa.

Open PFM factory, start launching its products.

Increase the ownership at 584 Nha Trang Seaproduct JSC. to 31.86%.

Own 24.8% Sao Ta Foods JSC. (FMC).

2005

Transformed entity into joint stock company with charter capital of VND 6.2 billion.

2007

Increased charter capital from VND 32 billion to VND 70 billion.

2009

Established PAN Services Ho Chi Minh Ltd. — 100% owned by PAN.

2012

Completed the acquisition of 2.6 million shares, equivalent to 20.2%, of Agifish JSC's charter capital (HOSE:AGF); as a result, AGF became an affiliate of PAN.

2014

Purchased 3,391,757 shares, equivalent to 23.03%, of Long An Food Processing Export JSC. (HOSE: LAF); as a result LAF became an affiliate of PAN.

Acquired 53.2% of National Seed Corporation (HOSE: NSC); as a result, NSC became PAN's subsidiary.

Increase charter capital to VND 605 billion.

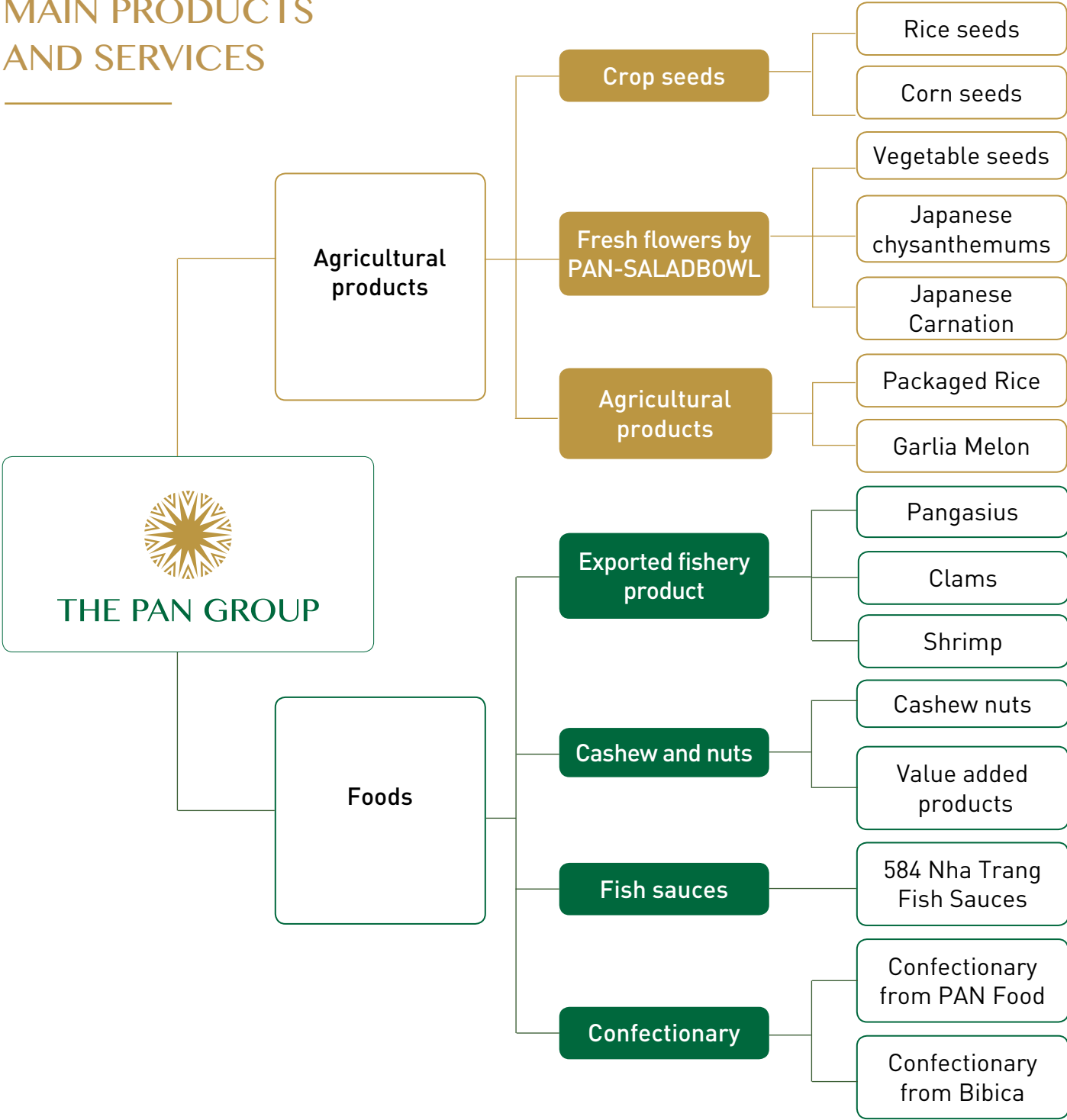
Established PAN Food Joint Stock Company with charter capital of VND 100 billion.



# CORE BUSINESS, LOCATIONS AND DISTRIBUTION CHANNELS

The PAN Group operates on a holding model comprising parent company and its subsidiaries and associates,focusing on agriculture and food sector.

## MAIN PRODUCTS AND SERVICES



# 1

## Main agricultural products

Rice conventional varieties and hybrid varieties from NSC and SSC are selected and hybridize with outstanding characteristics such as good taste after cooked, soft rice, long and with grain and high yield, meeting the high quality demand of domestic as well as exported markets. NSC rice varieties are officially certified, following are outstanding products contributing to the NSC and SSC brand names:







1.1. CROP SEEDS

Rice seeds

Conventional varieties:

- RVT - High conventional rice - A product of NSC.
- T10 Aromatic rice variety - A product of NSC.
- Thien uu 8 - A product of NSC.
- Tran Chau Huong - A product of NSC.
- VS1- A product of NSC.
- Dai Thom 8 - A product of NSC
- Kim cuong 111 - A product of NSC

**Hybrid rice varieties:** Hybrid rice varieties from NSC and SSC have strong growth ability, pests and diseases tolerance and are widely adapted with harsh cultivation conditions. Hybrid rice varieties from NSC and SSC always possess high quality and had been certified industry standards.

- Some hybrid rice varieties: TH3-4, ThuyHuong (NSC); Bac Uu, 64, Bac Uu 903, Nhi Uu 63, Nhi Uu 838, PAC 807(SSC).

Corn seeds

NSC and SSC corn seed lines focus on the research and selection of glutinous corn varieties that serve the needs of fresh consumption of the domestic market. At present, NSC and SSC's glutinous corn varieties are dominating the market. NSC and SSC's glutinous corn products are preferred by the market because of its waxy, sweetness, corn grain, high productivity and wide adaptability with many ecological zones. Outstanding corn varieties:

- Purple glutinous corn HN66 - A product of NSC
- Hybrid glutinous corn HN88 - A product of NSC.
- Hybrid glutinous corn HN68 - A product of NSC.
- Single hybrid glutinous corn MX 10 - A product of SSC
- Hybrid glutinous corn MX6 - A product of SSC
- Hybrid corn CX247 super (SRC323) - A product of NSC
- Hybrid corn SSC577 (SRC315)

Vegetable and fruit seeds

There are several vegetable and fruit seeds products from NSC and SSC as their strategy is to focus on food crop seeds. However, their products are well received by consumers and maintained in the market for many years. Specifically, recently NSC has successfully chosen a number of melon varieties to diversify the list of Vietnamese vegetables and fruits.

- Garlia Melon - A product of NSC
- Heat - tolerant cucumber Sakura - A product of NSC
- Red Pumpkin - A product of SSC: Pum1664; Pum1628m; Pum1631
- Hybrid gourd F1: Bog 16
- Water melon: WAM 14123; WAM 14127; No.60
- Hybrid bitter melon F1: Big 6131



1.2. FRESH FLOWERS FROM PAN-SALADBOWL

At present, PAN-SALADBOWL JSC is mainly growing two main kinds of flowers: chrysanthemum and carnation, which are completely exported to Japan. The flowers are beautiful in color and durable in which they can bloom for up to 20 days in the best environmental conditions.

**Chrysanthemum:** About 20 kinds of daisies such as Japanese Alts, Kindly, Silvia, Celebrate, Olive, Lenior, Matissie, Colonge, Becky, Dante, etc.

**Carnation:** About 10 kinds of carnations such as Sei Speide, Burning, etc.



2

Main products in food sector



### 2.1. PRODUCTS OF PAN FOOD

**Probiotics gummy HURO:** This is the first gummy candy contains HU58 probiotics patented from UK in Vietnam market and with delicious taste from tropical fruits, strengthening the digestive system and immune system of Vietnamese children.

**BON AMI Cookies:** Inspired by the traditional baking method combined with the premium butter ingredient, PAN Food focused on researching to produce a product that are distinctive in flavor and packaging. With 4 different flavors: traditional avocado, sweet grape, sunflower, and brownie taste, BON AMI Cookies bring many choices and experiences for consumers.

**ROSIO milk cream sponge cake:** inspired by the milk cream 100% made of fresh milk, Rosio is a soft and tasty custard cake; the cake base preserves high moisture, and is made from natural ingredients without containing any synthetic colorant. There are four lines of Rosio made of natural ingredients:

- **Japanese matcha:** matcha is a great raw material supporting weight loss, anti-aging. In addition, Thiamine in green tea is proven to relieve stress.
- **Peruvian Chia Seed:** is a mint family herb supplying energy and nutrition for all day long. Furthermore, Chia Peru has a potential effect on beauty care, losing weight and cardiovascular protection.
- **Australian cheese:** is an alternative nutrition source substituting nutrition from meat. Australian cheese contains various vitamins, calcium and natural lipid which prevent high blood pressure, cholesterol and neutralize acid.
- **Red Velvet:** with a distinctive bright red hue, the cake won the hearts of many people not only because of the taste, but also because of its adorable American style name.

**FUNNUTZ cashew nut:** Funnutz cashew kernels are selected and carefully filtered before being put into production in a closed process with the technology of non-fried drying and no preservatives during processing, PAN Food committed to bring high quality and rich in nutritional value products to customers. Flavors of cashew kernels available include wasabi, dried salted and non-salted.

**BAN MAI Rice:** Ban Mai rice is grown from certified rice seeds, and is grown in strictly chose cultivated areas. PAN Food focuses on modern and closed production line with strict quality control process. The company committed to providing 100% clean and traceable products, without the use of odorants and bleach, which meet safety criteria for the health of consumers.





2.2. PRODUCTS OF BIBICA

**Sponge cake:** Includes 3 brands: Hura Deli, Hura Swissroll and Hura Layercake with butter, cereal, coconut, strawberry and orange flavors. These are products in high demand in the market.

**Biscuits and cookies:** This product line includes 4 brands: Choco Chips, Clown, Creamy and Jamy with a variety of core flavors like coconut, grapes, orange, cashew nuts, strawberry and are packed in attractive package.

**Pie cakes:** Include Orienko Mike cake and Lotte Pie, with a wide range of flavors and packages, suiting with every customer's demand.

**Bread:** The two product lines including O'live an Lobaka are highly appreciate on quality, and eye-catching packaging. Bibica bread, a product for Vietnamese's breakfast.



**Chocolate:** with the brand name of Choco Bella, Bibica provides various chocolate products to their customers. Confectionery products: Include hard candies (Michoco, Calytos, Four seasons, Volcano, Welly, etc); Soft candies (Sumica, Cheery, etc), and Jelly candies (Zoo, Tropy). The quality, diversity and reasonable price of all candy products of Bibica are highly evaluated by the customers.

**Mixed products and products for special occasions:** With popular brands like Goody, Lac Viet, Wendy, Happy, Michoco, Phat Tai, etc, products of Bibica always attract many loyal customers to buy as presents in special occasions.

**Moon cakes:** With a well-known brand, long experience in the market and diverse choice of nutritious and naturally derived product with a wide variety of new flavors and packaging options, Bibica increasingly consolidated its position as the top leader of the moon cake market.

**Nutritious products of Bibica:** Include products for people with diabetes, pregnant women and nutrition products for infant babies. (Outstanding product are Quasure and Netsure nutritious cereal, Growthsure cookie and Mumsure nutritious cookie). And many other product lines.

2.3. PRODUCTS FROM LONG AN FOOD PROCESSING EXPORT COMPANY

**Processed cashew nuts:** Roasted cashew nuts with flavors including: Salt, honey, garlic, pepper, coconut and wasabi. The products are distributed in domestic markets and exported to many large and picky international markets.

**Varieties of exported cashews includes:** W450, W320, W240, DW, SW, LBW, WS, LP; Packed in 50lb bags, each package is either placed in a cardboard box or to customer's specifications.

2.4. EXPORTED FISHERY PRODUCTS OF AQUATEX BEN TRE

**Pangasius:** Freshwater fish from the Mekong Delta, Vietnam with consistent supply all year round and was certificated with G.L.O.B.A.L G.A.P and ASC. Packaging: Frozen using the IQF method in small packages weighing 1kg, 5kg or 10 kg, depending customer's demand.

Pangasius was processed into many different products in accordance with customer's demand such as:

- Frozen Pangasius Headless Gutted Fin Off, Tail Off
- Frozen Pangasius Hypophthalmus Headless Gutted Steak
- Frozen Pangasius Hypophthalmus Fillet Untrimmed
- Frozen Pangasius Hypophthalmus Fillet Welltrimmed
- Frozen Pangasius Fillet Welltrimmed Portion Cut
- Frozen Pangasius Fillet Welltrimmed Portion Breaded
- Frozen Pangasius Fillet Cube Skewer with Vegetable
- Frozen Pangasius Fillet Welltrimmed Portion Breaded

**Clams:** Premium materials are carefully selected from clean material regions in Vietnam. Products from clams are well processed and of high value added such as steamed clam, clam steamed with garlic, clams steamed with yum shrimp. The supply chain of clams is awarded with MSC certificate.

- Frozen Fully Cooked White Clam Whole Shell
- Frozen Fully Cooked Brown Clam Whole Shell
- Frozen Fully Cooked White Clam Whole Shell in Garlic Butter
- Frozen Fully Cooked White Clam Whole Shell in Tomyum
- Frozen Fully Cooked White Clam Half Shell
- Frozen Fully Cooked White Clam Meat
- Frozen Fully Cooked Yellow Clam Meat







2.5. FISH SAUCE FROM 584 NHA TRANG

584 Nha Trang fish sauce is made from anchovies catch from Nha Trang sea. Raw materials are carefully selected to ensure the flavor of the essence of fish sauce. With the traditional method of fish sauce production process, 584 Nha Trang always follow a specific formula to ensure the high quality of the product with good and rich taste; yellow honey color. 584 Nha Trang fish sauce is not only delicious but also ensure the absolute safety food hygiene, protecting the health of consumers.

Major product lines of 584 Nha Trang fish sauce:

- Traditional product line branded 584 Nha Trang with a variety of protein choices.
- Huong Bien fish sauce is distilled from the essence of anchovy in Nha Trang sea.
- The fish sauce line supplemented with iron nutrition for the purpose of preventing fighting iron deficiency anemia, which is common among women and children.
- The less salty fish sauce lines namely Vi Ngon and Bien Bac are different in the lower level of salinity and the more fragrant taste.

2.6. PRODUCTS OF SAO TA FOODS JOINT STOCK COMPANY

Products of Sao Ta are mainly exported to Japanese, American, Canadian and Korean market. Therefore, Sao Ta’s product meets strict requirements and high standard from importing markets. There are two main product lines including processed shrimp and processed vegetable.

Sao Ta’s processed shrimp products are various including: PD Shrimp (Peeled & Deveined Tail Off), PDT0 shrimp (Peeled & Deveined without Tail Off), IQF shrimp (Individually Quick Frozen), Japanese style processed shrimp such as Nobashi, Shushi... The Tempura shrimps use the latest Tempura starch technology to ripen, Tempura shrimps are not hardened after cooling.

Processed Vegetable: Original Kakiage includes fried vegetables and fried vegetables which is widely accepted by customers. With the esoteric fomula the processed vegetable attracts a majority of consumers including the most fastidious consumer.







# BUSINESS AREAS AND DISTRIBUTION CHANNELS

## BUSINESS AREAS

The company has nation-wide business areas. Parent company, The PAN Group, operates through the Head Office at Long An province and a Hanoi branch office. PAN's subsidiaries and affiliates also work on a national scale, specifically:



### AGRICULTURAL COMPANIES:

PAN Farm has a head office in Hanoi and 2 subsidiaries, National Seed Company (NSC) and PAN-SALADBOWL JSC.

- **National Seed Company (Vinaseed – NSC):** The Company has a Hanoi Head Office, 1 representative office in Laos, 1 representative office in Tay Ninh; 6 branches at Ha Nam, Thanh Hoa, Thai Binh, Nghe An, Tay Nguyen, 1 branch trading agricultural products; 4 consolidated subsidiaries in Ha Dong (Ha Noi), Ha Nam, Quang Nam and HCM City; 2 research centers and processing factories in Ha Noi and Hung Yen.

- **PAN-SALADBOWL JSC.:** Business areas mainly at Lam Dong. The Company has 3 farms at Lam Ha, Don Duong and Lac Duong.

### FOOD PROCESSING COMPANIES:

PAN Food has a Headquarter in Long An province and various subsidiaries and affiliates located as below:

- **Ben Tre Aquaproduct Import and Export JSC. (Aquatex Bentre – ABT):** has a nurturing farm at Chau Thanh, 4 fish farms at Chau Thanh and Giong Trom, 2 workshops inside company's Headquarter at Chau Thanh and Ben Tre.

- **Long An Food Processing Export JSC. (Lafooco – LAF):** Headquarter at Long An province.

- **Bibica JSC.:** Headquarter at Tan Binh District, Hochiminh city; 3 factories at Bien Hoa, Dong Nai; Binh Duong and Sai Dong Industrial Zone, Ha Noi.

- **584 Nha Trang Seaproduct JSC.:** 2 branches and selling groups in Hanoi, HCM City and 3 production units in Ninh Thuan, Binh Thuan and Khanh Hoa.

- **Sao Ta Foods JSC (Fimex VN – FMC):** The main business lines of the company are frozen shrimp and exported agricultural products operating mainly in Soc Trang province, including Sao Ta Seafood factory and An San Food factory.



## DISTRIBUTION CHANNELS

The Company's products are widely distributed in both national and international markets, thanks to the huge distribution networks of over 150 distributors to 132,000 selling points in 63 provinces. Products like rice, aquaproducts, flowers, cashews and seeds are also spread across many important global markets such as China, Japan, Europe, America, Canada, Australia, Hong Kong, Middle East, etc.

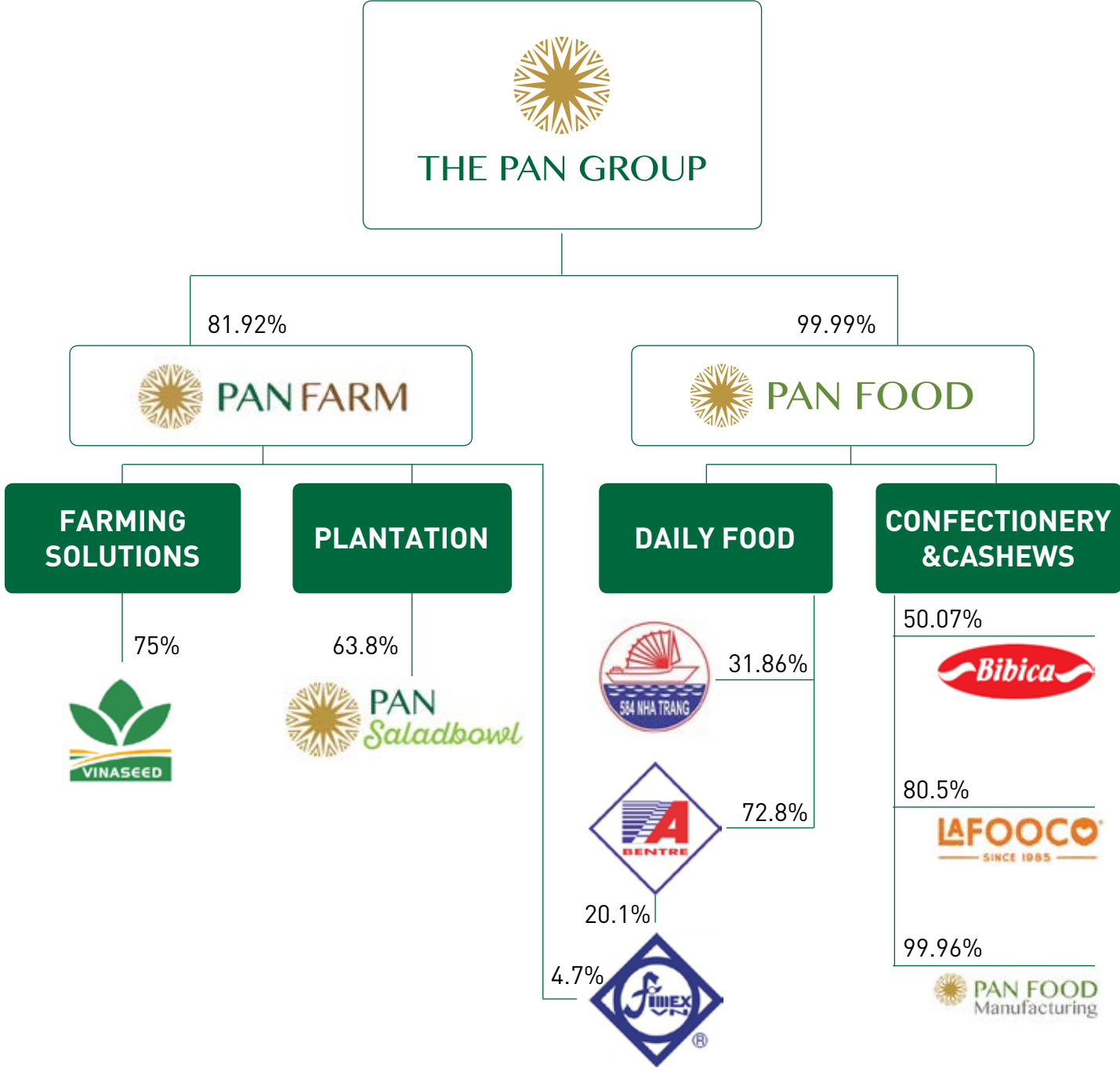




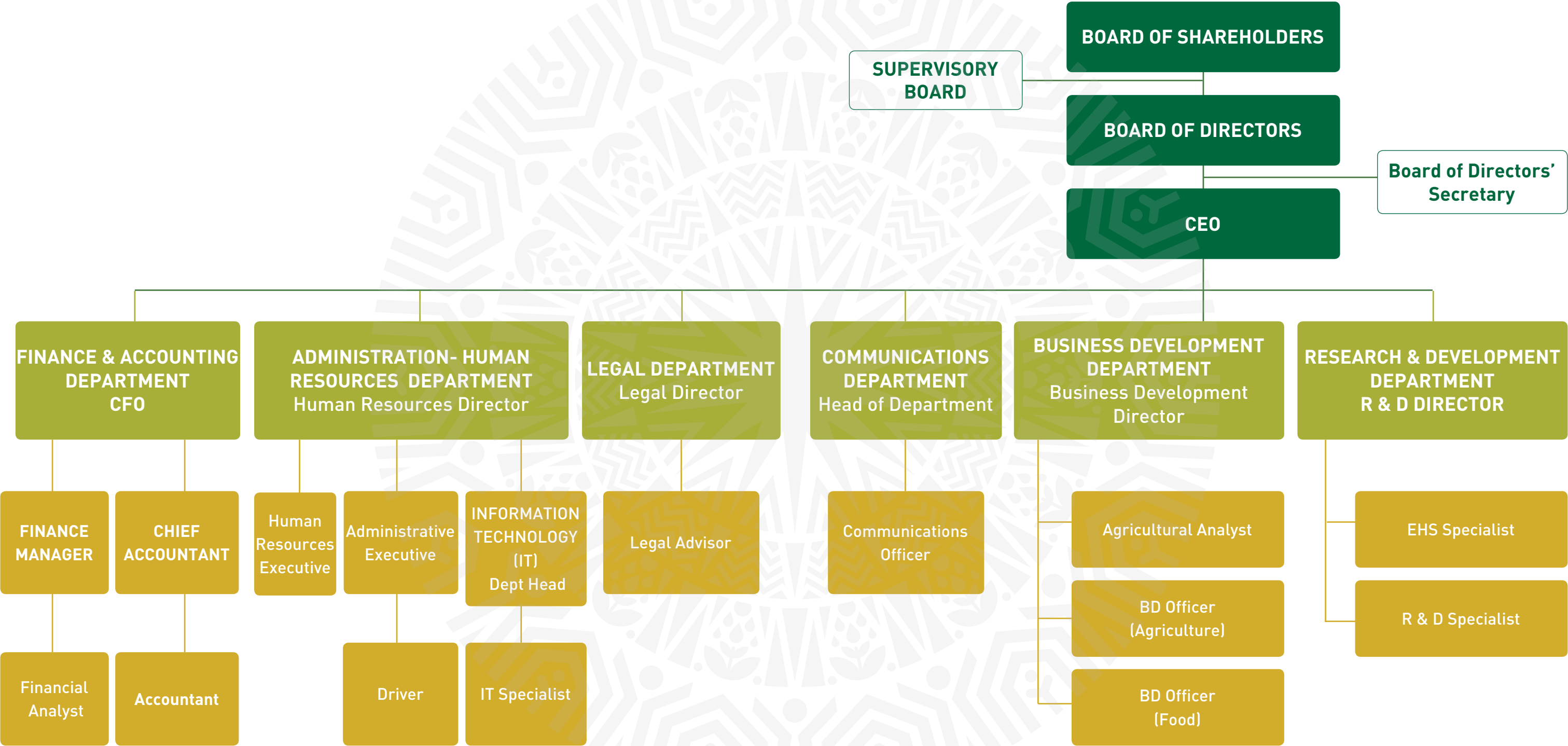


# CORPORATE STRUCTURE

## CORPORATE MODEL











SUBSIDIARIES & AFFILIATES

The PAN Group operates in Agriculture and Food industries via parent company and its subsidiaries and affiliates on the basis of completed M&A deals.

Summary information of PAN’s subsidiaries and affiliates:

No.	Company	Address	Industry	Charter Capital (VND)	PAN’s ownership (direct or indirect via subsidiaries)
Agricultural Companies (PAN Farm)					
1	PAN Farm JSC.	15th Floor, ICON4 Tower, 243A De La Thanh, Dong Da district, Hanoi.	Agriculture	1,000,000,000,000	81.92%
2	National Seed Company (NSC)	No 1 Luong Dinh Cua Street, Phuong Mai Ward, Dong Da District, Hanoi	Research, produce, trade, export and import agricultural and forestry plant seeds and to produce, trade, export and import agricultural products and materials.	152,950,000,000	75%
3	PAN-SALADBOWL JSC.	Tan Lap, Tan Van, Lam Ha, Lam Dong	Manufacture and trade vegetables and flowers.	28,189,052,240	63.8%
Food Companies (PAN Food)					
1	PAN Food JSC	A1/1-9 VL3 Street, Vinh Loc 2 Industrial Zone, Long Hiep Ward, Ben Luc District, Long An Province	Manufacture and distribute food.	1,000,000,000,000	99.99%
2	Ben Tre Aquaproduct Import and Export JSC. (ABT)	Tan Thach Village, Chau Thanh District, Ben Tre Province	Culture, process and export aquatic products, process feeds for aquaculture, livestock and poultry.	141,072,070,000	72.8%

3	Long An Food Processing Export JSC (LAF)	81B Avenue 62, Tan An city, Long An Province	Processing, manufacturing, trading, import and export, providing services in the agricultural products, aquatic products, food.	147,280,190,000	80.5%
4	Bibica JSC.	443 Ly Thuong Kiet, 8th Ward, Tan Binh District, HCM City	Production and sale of products: sugar, confectionery, malt, wine (alcoholic beverages), nutritional powder, milk and dairy products, soy milk, soft drinks, powdered soft drinks (not produced at the company’s headquarter) and real estate business.	154,207,820,000	50.07%
5	584 Nha Trang Seaproduct JSC.	584 Le Hong Phong, Nha Trang, Khanh Hoa.	Quality control, processing and preservation of fishery and aquaculture products.	54,019,090,000	31.86%
6	PAN Food Manufacturing JSC. (PFM)	A1-9 VL3 Street, Vinh Loc 2 Industrial Zone, Long Hiep Ward, Ben Luc District, Long An Province	Manufacturing, processing and trading of confectionery, alcoholic beverages, soy milk, beverages, meat products, seafood, other agricultural products and real estate business.	275,000,000,000	99.96%
7	Sao Ta Foods JSC. (FMC)	Km2132, High Way 1A, Ward 2, Soc Trang Town, Soc Trang Province	Processing and preserving aquatic products, importing machinery, equipment and materials for processing industry; aquaculture; sale of food, processing agricultural products; real estate business; and other activities.	390,000,000,000	24.8%



# DEVELOPMENT STRATEGY

## MACRO ECONOMIC SITUATION 2017

### 1. GLOBAL MACRO-ECONOMIC 2017

Over the last decade, the global economic has undergone a series of economic fluctuation such as the global economic crisis during the period of 2008-2009, EU public-debt crisis in the period of 2010-2012 as well as global commodity prices variation during the 2014-2016 period. Those continuous threads have been being challenges pushing both advanced economies (AEs), emerging and developing (EMDEs) economies to reform their economic and reorient policies which deal with issues that hamper long term development and the economic, social and environmental aspects of sustainable development.

Since 2016, global economic has significantly gained growth momentum based on positive development in investment, consumption and financial stability. According to Global Economic Outlook 2018 - IMF, the global economic growth reached 3.6% in 2017, reaching a record growth since 2011. Of which, economic growth in EMEDs reached 4.6%, and economic growth in AEs reached 2.2%.

Nonetheless, economic growth momentum mainly came from AEs; and the economic outlook of those mainly relying on natural resources is forecasted to be threatened and vulnerable due to the global economic fluctuation.



Source: IMF, Global Economic Outlook, 2017



Global economic prospect 2018 from the United Nation (UN) has figured that Global trade and investment keep recovering in a scenario of slow enhancement of trade liberalization and global value-chain integration coupled with unprecedented trade policy of dome advanced economies. Political events such as Brexit, US decided to re-negotiate NAFTA and TPP marked an escalation of protectionism in some AEs. Harsh international trade environment stagnates global economic growth in short and mid-term.







2. VIETNAM MACRO-ECONOMIC 2017

Overview

Vietnamese social economic development kept going on under the scenario of recovering global economic thanks to improvement in investment, consumption, financial stability as well as consolidated consumer confidence in 2017. Facing existing issues of growth quality, labour productivity, low product competitiveness and natural catastrophes such as flooding, typhoon, the Vietnamese economic still gained moderate growth rate. In 2017, Vietnamese GDP increased 6.81% compared to 2016 exceeding the planned rate of 6.7%, and reached the highest rate during period of 2011 – 2016.

The scale of the economy in 2017 reached 5,007.9 trillion VND in term of current price; estimated GDP per capita was 53.5 million VND (equivalent to 2,385 USD), increased 170 USD compared to that of 2016. Regarding economy structure, the agriculture, forestry and fishery sector hold 15.34%; industry and construction sector hold 33.4%; services account for 41.32%; tax from subsidized good account for 10% of the economy structure.

In the agriculture, forestry and fishery sector, fishery has achieved the highest growth rate of 5.54% thanks to favorable production condition in 2017; the forestry growth rate was 5.14% and agricultural production growth rate was 2.07%. Those positive developments have marked a sign of the recovery in agricultural sector which is severely affected by natural catastrophes in 2016; besides, internal sector restructuring, by oriented investment in high value-added commodities, has brought significant effects.

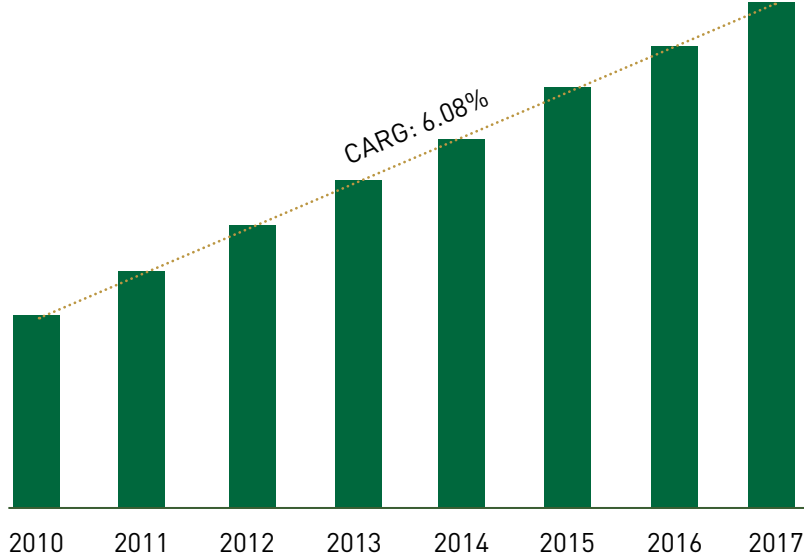


TRADE BALANCE

Commodity export value has gained impressive growth in 2017 with the estimated trade balance value of 424.87 billion USD. Of which, estimated export value was 213.77 billion USD, up 21.11% compared to 2016; estimated import value was 211.1 billion USD, up 20.8%.

In term of export market, Vietnams' commodities export has recorded a significant growth in almost strategic market. Of which, USA ranked 1st position with the total export value of 41.5 billion USD, up 8% compared to 2016, followed by EU market with the value of 38.3 billion USD, up

GDP VIET NAM (Thousands of billions)

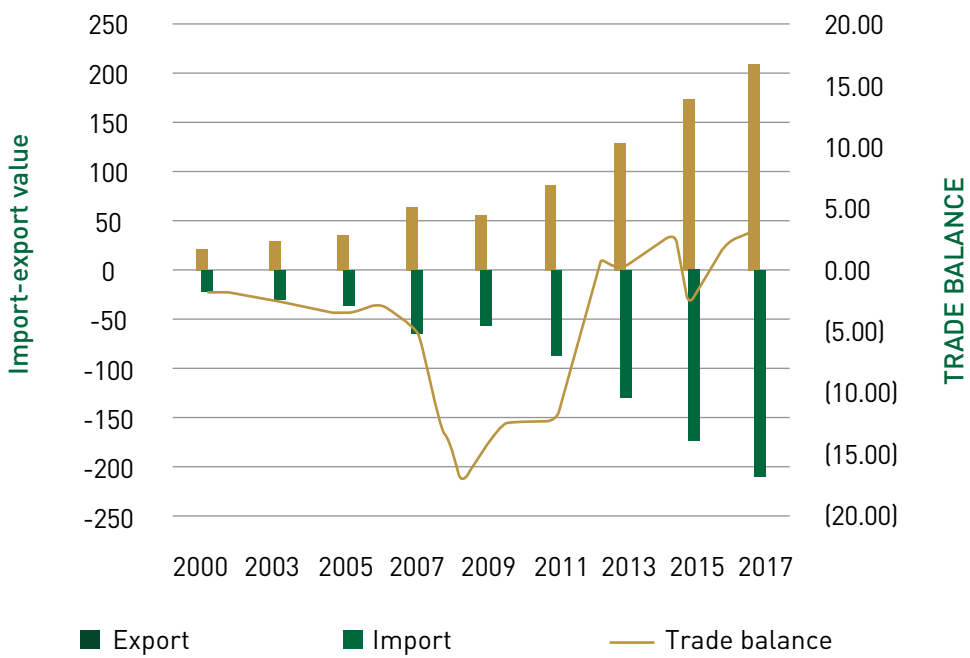


12.8%; China market ranked 3rd position with the value of 35.3 billion USD, up 60.6%; export value to ASEAN market reached 21.7 billion USD, up 24.5%; Japan reached 16.8 billion USD, up 14.2%; Korea reached 15 billion USD, up 31.1%.

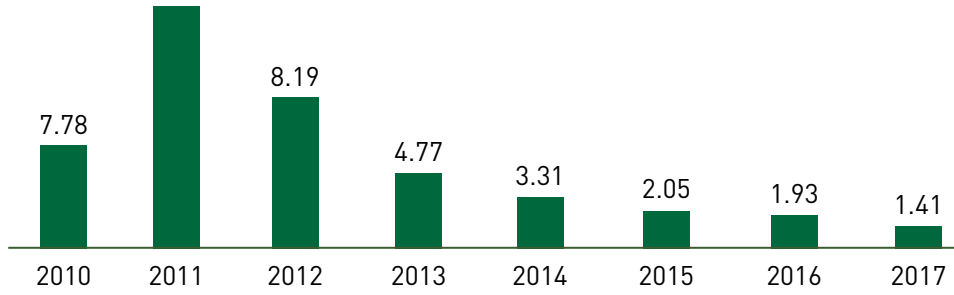
On the other hand, Vietnams' commodities import has gained a noteworthy growth. In 2017, China still played a biggest supplier role with the total import value to Vietnam of 58.5 billion USD, up 16.9% compare to 2016. Export value to Korea reach 46.8 billion USD, up 45.5%; ASEAN reached 28 billion USD, up 16.4%; Japan reached 16.5 billion USD, up 9.7%; EU reach 12 billion USD, up 7.7% and USA reached 9.1 billion USD, up 4.9%.

According to General Statistic Office, in term of price deflation, in 2017 total export value increased 17.6%; total import value increased 17.7% year over year. As can be seen, price volatility did not heavily affect to international trade activities of Vietnam, and trade growth came from internal potential of the exported commodities. In 2017, Vietnams' trade surplus was 2.67 billion USD. Two years in a row, Vietnam has recorded trade surplus since 2015 (3.76 million USD trade deficit); besides, inflation rate was maintained at a low level (1.41%). Those mentioned events above are breakthroughs of the Vietnam economic in 2017.

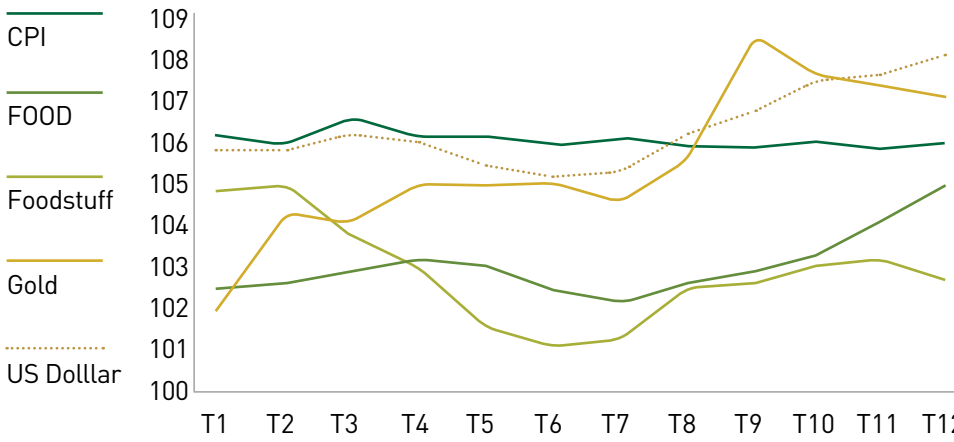
TRADE BALANCE (BILLION USD)



INFLATION RATE (%)



CPI 2017 (%)



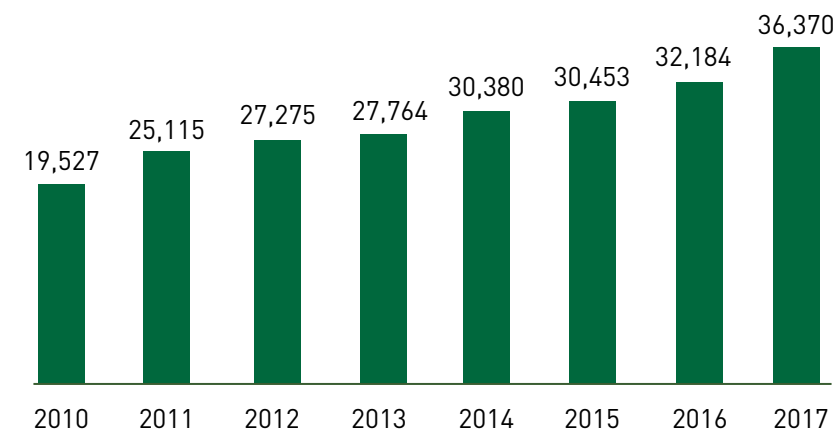
Source: General Statistics Office, 2017.



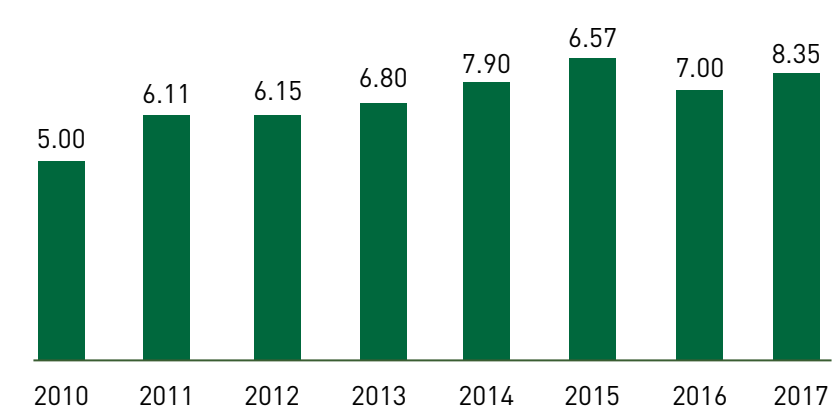


AGRICULTURE AND AQUACULTURE SECTOR

AGRICULTURAL PRODUCT EXPORT VALUE (MILLION USD)



FISHERY EXPORT VALUE (MILLION USD)



Source: Ministry of Agriculture and Rural Development, 2017.

In 2017, Vietnamese agricultural sector had to face a series of weather catastrophes in some Northern provinces, irregular flooding in Mekong River Delta, rising average temperature in recent years causing many kinds of diseases to develop thus affecting to the agricultural sector.

Nonetheless, according to a report from Ministry of Agriculture and Rural Development, Vietnamese agriculture, forestry and fishery sector has overcome those difficulties to reach gross output of 483.42 trillion VND, up 2.9% compared to 2016; of which, gross output of agricultural sector was 361.8 trillion VND, up 2.07%; forestry gross output was 21.78 trillion VND, up 5.14% and fishery gross output was 98.83 trillion VND, up 5.54%.

In 2017, total agriculture, forestry and fishery export value was 36.37 billion USD, up 13% year over year. Of which, export value of strategic commodities was 18.96 billion USD, up 15.7% year over year; fishery export value was 8.32 billion USD, up 18%; and export value of forestry products was 7.97 billion USD, up 9.2%.

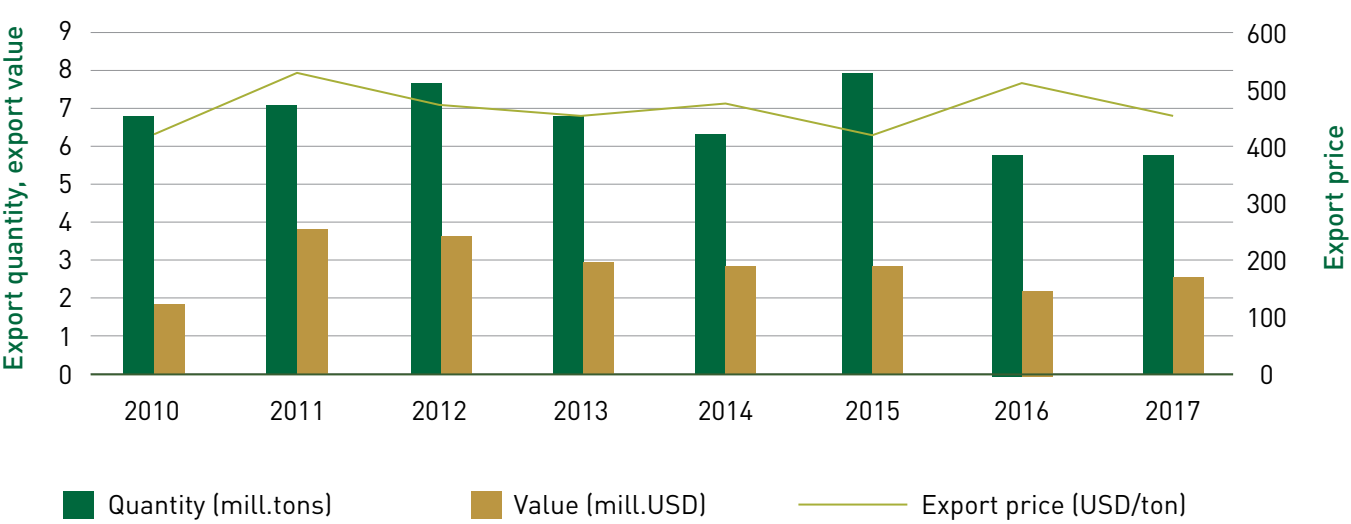
RICE SECTOR

Total cultivated area was 7.72 million ha, decreased 26.1 thousand ha, equivalent to 99.7% over the last year; estimated yield was 55.5 quintal/ha, decreased 0.2 quintal/ha. Total paddy production was 42.8 million tons, decrease 318.3 thousand tons due to reduction in area and yield. Of which, paddy production in Mekong River Delta reached 23.7 million tons, decreased 103.7 thousand tons (-0.4%).

Estimated total export quantity was 5.89 million tons, equivalent to 2.66 billion USD. Rice export grew 22.4% in term of quantity and 23.22% in term of value compared to 2016. Average exporting price in 2017 was about 450.9 USD/ton, down 0.37% year over year.

In the first 11 months of 2017, China kept maintaining its 1st position in term of Vietnamese exporting market accounting for 39.5% market share. Rice exporting to this market in the same period was 2.17 million tons (972.64 million USD), up 35.2% in term of quantity and 34.7% in term of value year over year. Hong Kong and Ghana experienced a dramatic drop with the decrease rate of 41.2% and 10.6%.

RICE EXPORT VALUE



Source: Ministry of Agriculture and Rural Development, 2017.



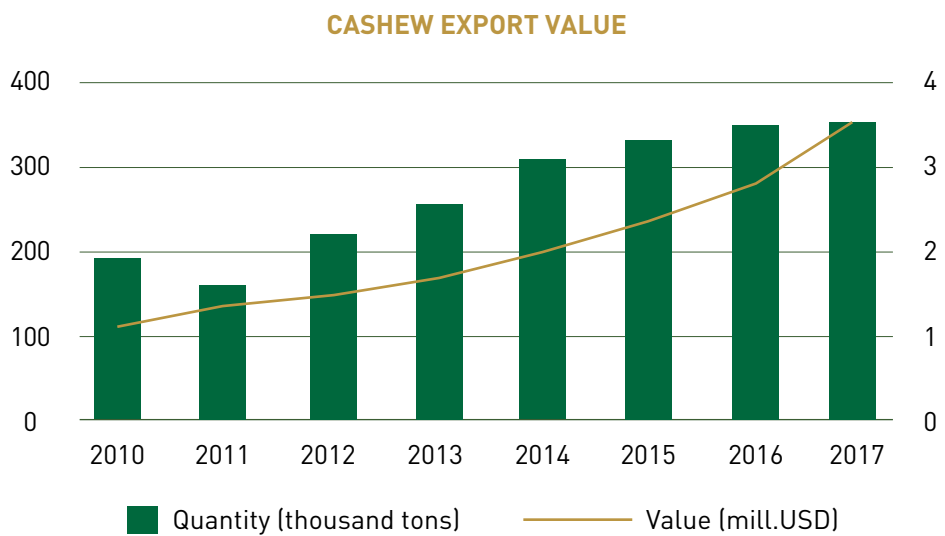




CASHEW SECTOR

According to a report from Ministry of Agriculture and Rural Development, due to severe impacts from drought, fog and rime during flowering, Cashew productivity in the last year was heavily decreased with the yield of 7.4 quintal/ha (decrease 3.4 quintal/ha), and total production of 201.9 thousand ton (decreased 94.4 thousand ton). The decreased cashew area in 2017 was off-set by an increase of rejuvenation area in some provinces, the total cashew area in 2017 was 297.5 thousand ha, increase 4.4 thousand ha (+1.5%) compared to 2016.

Total cashew export quantity in 2017 was 353 thousand tons, equivalent to 3.52 billion USD, increased 1.9% in term of quantity and 23.8% in term of value compared to the last year. The export average price during first 11 months of 2017 was 9,926.3 USD/ton, up 22.3% compared to the last year.



Source: Ministry of Agriculture and Rural Development, 2017.

USA, Netherland and China continued to be three biggest import markets of Vietnamese cashew, sequentially account for 35% (1.124 billion USD), 15.6% (499.9 million USD) and 12.9% (414.64 million USD) total export value in the first 11 months of 2017. Some markets gained strong growth in 2017 were Russia Federation (56.3%), Netherland (44.7%), Thailand (41.4%), USA (27%), England (24.8%) and Israel (13.5%).



FISHERY SECTOR

According to General Statistic Office, fishery cultivation in 2017 gained a moderate growth, especially shrimp and pangasius farming. Together with enhancement in fishery logistic activities, favorable weather condition in the last year facilitated fishing activities. Fishing activities in North Central Coastal provinces has been recovered after environmental issued in 2016. Total aquaculture production was about 3,835.7 thousand tons, up 5.2% compared to the last year; total captured aquaculture was about 3,389.3 thousand tons, up 5.1% compared to 2016.

• Pangasius

Pangasius production was moderately recovered in 2017. Pangasius cultivation enjoyed favorable price condition compared to 2016, and pangasius price keeps increasing over the months motivating shrimp farmer to invest and resume cultivation activities. Pangasius farming area in 2017 was 6,701 ha, up 18.9% compared to the last year; total production was about 1,251.3 thousand tons, up 5% compared to 2016. Pangasius price has increased since early of 2017 and it is maintained at 25,000-27,000 VND/kg.

• Shrimp

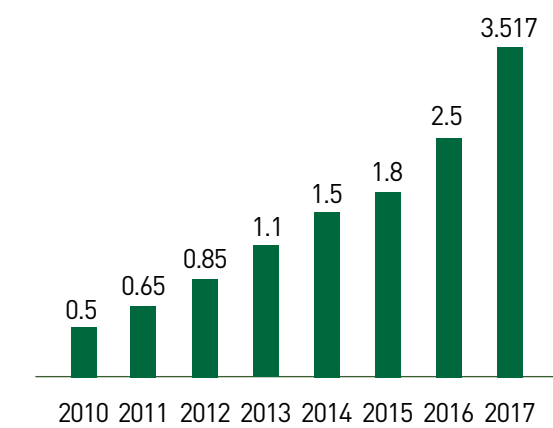
Shrimp production achieved positive result in 2017, thanks to application of new farming techniques and proactive diseases prevention. Total production in 207 was about 887.5 thousand tons, increased 8.8% compared to 2016. Shrimp production in Mekong River Delta increased significantly. Black-tiger shrimp production area reached 595.8 thousand ha (increased 1.3%) with the production quantity of 270.5 thousand tons, increased 4.4% compared to the last year. White-leg shrimp production area reached 110.1 thousand ha (increased 10.1%) with the production quantity of 430.5 thousand tons, increased 11.8% compared to 2016.

Total export value of fishery sector was about 8.32 billion USD, up 18% compared to 2016. Of which, shrimp export value was 3.85 billion USD (up 22.2%), and pangasius export value was 1.78 USD, up 3.6%.

USA, Japan, China and Korea were four major importing markets of Vietnamese fishery in the first 11 months of 2017, account for 55.3% total export value of the fishery sector. Of which, export value to the USA was 1.3 billion USD (decreased 1.7%), Japan was 1.19 billion USD (increased 20%), China was 1 billion USD (increased 64%). Export to EU market experienced unstable situation with pangasius due to the impact of dirty communication from the beginning of the years, besides, Vietnamese seafood exported to this market got a warning from IUU also destabilized fishery sector in the last 2 months. However, shrimp export to EU market still gained moderate growth with the growth rate of 44%. Shrimp export is expected to offset the decrease of pangasius export in the near future.

VEGETABLE SECTOR

VEGETABLE EXPORT VALUE (BILLION USD)



Source: Ministry of Agriculture and Rural Development, 2017.

In 2017, total vegetable area was about 937.3 thousand ha, increased 3.2% compared to 2016; estimated production quantity was about 16.5 million tons, increased 3.5%. The area of legumes estimated at 149.5 thousand ha, down 6.3%; the production quantity was estimated at 162.3 thousand tons, down 3.2% compared to 2016. The area of soybean is decreasing over the same period due to the influence of heavy rains.

Despite many difficulties in natural disasters and market competition, Vietnam vegetable and fruit sector kept export potential. Together with the optimistic signals from the international market, fruit sector step by step conquered high-end markets.

Vietnam's vegetable exports in 2017 were estimated at 356 million USD, up 7.3% over 2016. In terms of export market structure, China, Japan and Malaysia are the leading export markets for vegetables. Of which, the proportion of exports to the Chinese market accounted for about 55%, Japan accounted for 15%, Malaysia accounted for 6%.



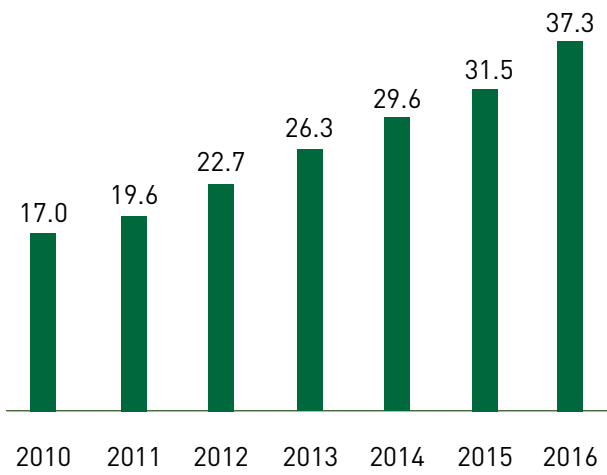


FRESH FLOWER

As of 2016, there are over 27 thousand hectares of farming flowers of all kinds nationwide, equivalent to that of the big flower export countries in the world, such as India, Netherland, etc. In particular, Da Lat, which is dubbed as “the city of flowers”, has over 400 types of flowers of different varieties widely spreading on the area of nearly 8,000 ha, all planted in the greenhouse system, supplying about 2.5 million branches to the market on an annual basis. In spite of large farming area, Vietnam’s fresh flower export activities are still limited. Particularly in Lam Dong, in fact, only 10% fresh flowers are exported, of which, foreign-invested enterprises such as Agrivina Ltd. company (Dalat Hasfarm), Truong Xuan Flower Ltd. company (Taiwan), etc, account for the major market share.

Under the favorable conditions of soil and climate, Vietnam in general and Lam Dong, in particular, are considered as “golden land” for growing tropical and temperate flowers. Many experts said, if exploiting the advantages of flowers, Vietnam will become the Asia’s leading flower export center.

FRESH CUT FLOWER EXPORT VALUE  
(Million usd)



Source: Trademap, 2017.

According to statistic data from International Trade Center (Trademap) 2017, export value of fresh cut flower in 2016 was 37.3 million USD, increased 18% compared to the year of 2015. Compound Average Growth Rate was 13.93% in the period 2010-2016, respectively.

2018 ECONOMIC OUTLOOK

Relying on accumulated internal determinant, Vietnamese economy is expected to gain more opportunities and growth potential. According to a forecast from the Asian Development Bank, growth rate of the Vietnamese economy in 2018 is expected to be 6.7% derived by recovery of the agricultural sector, processing sector and tourism sector as well. Together with the recovery of the global economic with the growth rate of 3.6% in 2018, those signals are potential factors facilitating economic development prospect of Vietnam. International Monetary Fund has come up with a stable growth forecast in the period 2018 - 2019 to the global economic. However, major contributions to this growth rate mainly come from advanced economies instead of emerging and developing economies.

Slow salary growth, high public debt and instability in trade policy of some advanced economies are projected to keep going on, which prevents the economic growth from development in the years to come. Escalation of protectionism, together with harsh international trade environment, which is projected to escalate in short-

term, are highly influence the development of high openness economies, and Vietnam in particular.

In general, under challenging scenarios of irregular development of the global economic as well as unprecedented climate condition, the Vietnamese economic is forecasted to maintain moderate growth rate which mainly comes from huge contribution from the government in term of stabilizing the economic growth, especially contribution of enterprises to the growth.







SWOT ANALYSIS

S

- STRENGTHS**
- The PAN Group’s strategic vision is to become a leading agriculture and food company in the region. With an integrated full value chain, The PAN Group brings a solution for food safety, becomes a supplier of clean and healthy food, following international standards for domestic and international markets.
  - Owning a widespread distribution network of 150 distributors to 132,000 selling points across the country. The PAN Group’s exporting product have penetrated high-end markets requiring high-quality products such as America, Japan, Australia, Canada and EU market.
  - The PAN Group’s in-depth understanding of finance, excellent operational standards, and extensive marketing experience has helped The PAN Group to create value by integrating value chains in Agriculture and Food.
  - The PAN Group pursues a strategy of sustainable development, adhering to strict procedures in financial management and risk management, and ensuring the highest standards for openness and transparency regarding corporate governance to best benefit its investors, affiliates, employees, as well as Vietnamese citizens and farmers.
  - The PAN Group holds significant ownership interests over the best companies in each field (defined as having the highest quality products and outstanding management), creating value using in-depth knowledge of finance and Marketing/ distribution, providing operational consultation for its subsidiaries and coordinating collaboration among them, which includes sourcing supplies, production processes, logistics, and distribution.
  - Significant world-class investors such as the IFC (a subsidiary of the World Bank), the GIC, ORIX, PYN and TAEL Two Partners, SSI, NDH, CSC, etc. help The PAN Group create value by participating

on the Board of Directors, offering professional consultancy on specific operational concerns and businesses and inviting opportunities for new customers and business affiliations, joint ventures and so on.

- And in-depth understanding regarding management, professionalism at the scale of a multinational company and continual management efforts to integrate the company’s subsidiaries.

W

WEAKNESSES

- High and sustained growth over the recent years has created pressure on the company and its subsidiaries’ management and personnel systems.
- The ability of The PAN Group to develop branded products to export markets has not reflected full potentiality of the Company as well as the quality of its products. Up to now, only some of cashew, flower and rice/corn seeds are exported under the brand names of the subsidiary companies.
- The recruitment of high level and experienced personnel force has not met increasing demand of The PAN Group to implement new projects in period of consolidating solid background in Food and Agricultural sector.

O

OPPORTUNITIES

- Vietnam’s agricultural sector has gained outstanding achievements in 2017 with a high growth rate. Export of key products, which are The PAN Group’s advantages, such as rice, cashew, seafood both gained impressive double-digits growth in 2017. And those growth rates are expected to be stronger in mid and long-term which significantly contributes to the businesses of The PAN Group.
- Urgent needs of dealing with fragmented in production, and completing integrated value chain create opportunities that facilitate The PAN Group to build up and expand their integrated value chain under the support of the Government.

T

THREADS

- To become a pioneering agricultural and food company in Vietnam as well as in the Southeast Asia region, The PAN Group has the opportunity to catch the headwinds of new consumption trend as well as its potential growth.
- Increased GDP per capita, consumer awareness of hygiene and food safety are positive factors in expanding market segment which The PAN Group is aiming for.
- The scale of Vietnam’s agricultural production and product processing remains small, fragmented and inefficient with many intermediary stages. This state creates substantial challenges for organizing large-scale production, ensuring high, reliable, and uniform quality, as well as maintaining food safety and traceability standards.
- Labour force in Vietnam’s agricultural sector is ill-trained, low-level of discipline as well as quality. This is the greatest challenge in development of high-tech agriculture and implementing of most advanced application since high-tech agriculture requires less labour but much higher quality and discipline of labour force. Labour force have to be well-trained to operate automatically production system, and be able to solve technical problems during the operation.
- Climate change intensity and diseases are highly unprecedented, which causes severe losses to the agricultural sector, especially in countries highly affected by climate change like Vietnam.
- The increasing level of competition in the agricultural industry by the entrance of MNCs, especially those into the foodstuffs/food industry.
- Vietnam’s commitments to open trade with regards to the agricultural industry promises to further enhance the competition. Many MNCs have the opportunity to enter Vietnam’s agricultural markets.







## THE GROUP’S DEVELOPMENT ORIENTATION



### THE MAIN GOALS OF THE COMPANY

The main goals for actualizing long-term sustainable development strategy of the company include:

#### Focusing on development of the core business in Agriculture and Food

In early 2016, The PAN Group completed its divestment of the utility sector (PAN Services) to focus entirely on the Agriculture and Food. The target companies that PAN has already finished M&A and expected to do M&A are leading companies in Agriculture and Food. PAN’s 2016-2020 strategy also clearly defines the goals and criteria for new projects or other M&A opportunities.

The focused development in the core business will help PAN optimize resources (capital, human resource, etc), management experience, and knowledge and maintain good risks management to minimize risks for investors. As Agriculture and Food are considered to have strong potential in Vietnam, strategic focus on utilizing opportunities from these fields will ensure the growth and sustainability of PAN in at least 20 to 30 years. Instead of diversifying businesses in many industries, PAN will focus on diversifying in only agriculture and food sector to complete the value chain and control operational and market risks as well as product quality.

#### Pursue Farm - Food - Family model to provide safety,

#### high quality and affordable products to the community.

One of the elements that helped PAN survive and develop is providing the community with clean, safe, high-quality and affordable products. Although agriculture and food are competitive advantages of Vietnam, due to various current limitations consumers do not have the chance to use products that are from a trusted brand name, with quality assurance, or sold under reasonable prices. Through the subsidiary companies’ systems, PAN has the ability to connect the fastest and most effectively from the ranch (Farm) to processing and packaging (Food), and through various distribution channels to consumers (Family).

In agriculture, The PAN Group continues to take the advantage from the top leading seed companies, NSC and SSC, to dominate the rice seed and maize seed market of Vietnam. Besides, The Group also takes advantage of the prestigious Japanese partners from the joint venture with Salad Bowl (PAN-SALADBOWL) to expand into vegetable and flower seed which is very potential market.

In the food industry, this is a business that will potentially contribute significantly to PAN’s revenue and growth in the future with products under PAN Food’s brand name and a well-invested distribution system.

By cross-utilizing distribution channels of the companies in the investment portfolio, PAN can quickly and effectively expand its distribution network across the country and internationally. The control of output products from seed

and seedling stages will help PAN control product quality though-out the supply chain and substantially eliminate risks on quality failure caused by the third-party partners. 3F is a model that PAN follows to actualize its strategy whilst ensuring safer and healthier life to the community.

#### Cooperate with investors who have the same goal to help PAN develop beyond Vietnam, target region and world markets, and help Vietnam agriculture products transform from commodities under other brand names to those under private brands of Vietnam.

Together with M&A activities that have been done with strong local companies since 2013, PAN also aims to cooperate with foreign investors to accomplish the following targets:

- Expanding markets for existing products of PAN and new products that PAN expects to develop in the future, under the brand of The PAN Group or its subsidiaries. It will not only help PAN boost revenues but also diversify output markets.
- Creating more R&D opportunities for its subsidiaries and affiliated companies in order to help these companies accelerate the development of new products with higher value-added contents, improve product competitiveness, and lengthen product life cycle.
- Finding capital for new projects to complete the value chain on the basis platform of The PAN Group, in which investors participate in these projects can be financial investors or technical supplier, and/or input/output market for the projects.

#### Develop financial management and risk management systems that are consistent with the parent company model (investment company) and in line with the growing scale of PAN.

PAN is operating according to the model of investment company, holding significant ownership of companies in Agriculture and Food. Along with completing more M&A and increasing ownership rates in other companies, financial management and corporate governance issues are always of primary concern. Following the development strategy, PAN will focus on the following in the next years:

- Complete the parent company-subsidiaries’ financial management model under the world’s highest standards, but also in line with the scale and business characteristics of PAN. PAN is expected to partner with experienced companies such as Big Four or IFC for professional

consultation.

- Complete reporting system between the parent company and its subsidiaries on the basis of constantly and periodically updated information, so as to optimize the management models and capital distributions between the parent company and its subsidiaries, and within and among subsidiaries. A reporting system will be used for both internal governance and investors’ information enquiries.

- Develop and improve PAN’s operational management to ensure the company’s compliance and professionalism, optimizing Company’s operations.

- Build up and complete the risks management system between PAN and its subsidiaries, affiliated companies and comply with the risks management standards of an investment company (responsible to shareholders, who are international professional investors) and risks management standards for a company operating in agriculture, having brand reputation and its own distribution system.

- Complete policies on Corporate Governance, which are the highest basis of professionalism in financial management and risk management activities of the company.

#### Pursue the goals of Corporate Social Responsibilities – CSR

PAN’s development strategy is not only associated with employees, but also farmers, land, water, plants, animals, etc. This will directly affect the living environment as well as life of the working class, who are considered to have the lowest income currently.

PAN’s major shareholders, together with the Board of Directors and the Board of Management, are committed to reach the world’s highest standards of CSR in the coming years, complete all the requirements of GRI, actively participate in the community activities, production and business activities to protect environment, and ensure health and food safety at the highest level to the community.

Another goal of PAN related to CSR is to ensure the interests of farmers through their production and business activities. PAN is also outlining special incentive programs for farmers on capital, production materials to have higher commitment and cohesion; these programs are expected to expand shortly.





THE PAN GROUP’S MID-TERM AND LONG-TERM STRATEGIES

Since the turn into Agriculture and Food industries on 2012, The PAN Group has identified its strategic development under two key phases:

- Phase 1 (2012 - 2015): Building a firm foundation for Agriculture and Food industries through the accumulation of controlling shares of companies in the industry which have strong foundation, great potential for growth with a large and diverse distribution system, diverse and scalable value chain.
- Stage 2 (2016 onwards): Focusing completely on value added chain through the organic growth of the businesses

in current portfolio, through M & A of the new companies or the development of potential projects and key products in the Agriculture and Food industries under PAN brand name or other brands of the Group to help PAN become the leading company in the industry with extensive distribution network and complete value added chain.

Completing the strategic targets for building the business platform, fulfilling the value added chain

From 2012 to 2017, PAN’s important achievements are as the following:

- Established 02 subsidiaries: PAN Farm and PAN Food with the total investment of nearly VND 2,000 billion, to manage member companies in Agriculture and Food to ultimate focus and attract resources. Therefore, the Company has utilized business units’ opportunities, developed potential projects with domestic and foreign partners, maintaining sustainable growth in the long run.
- Successfully raised fund of USD 94 million within only 3 years from prestigious domestic and foreign shareholders who are together with PAN to fulfill PAN’s strategies.
- Successfully used mobilized funds to build and develop the value chain through new establishment (PAN-SALADBOWL) or acquisition of controlling shares (NSC, SSC, ABT, LAF, BBC, FMC) or approximately majority stakes (584 Nha Trang) of agricultural and food Companies with good performance and brand to create strong foundation for PAN to continue its development strategy on the FMCG market in the future.
- Restructuring the executive apparatus, business orientation, operation model and key product groups of major companies in The PAN Group to consolidate platform systems and gradually build sustainable corporate culture.
- Set up distribution channels, developed and supplied many brand new products of The PAN Group such as Huro gummy candy, Bon Ami cookies, Funnutz cashew nut, PAN Food moon cake, milk cream sponge cake Rosio



and chrysanthemum, and carnation of PAN-SALADBOWL carnations.

Future development strategy

Following the success in 2012-2015, The PAN Group has set its development strategy to 2020 based on developing existing platforms and expanding to new business opportunities in agriculture and food. At the same time, PAN aims to become a leading regional Company in agriculture and food, providing fresh, safe and nutritious products that are traceable from Vietnam and for the world through the value chain Farm, Food, Family.

The Group’s development strategy to 2020 focuses on the following key activities aimed at developing the scale (though M&A and organic growth of existing businesses), enhancing its position and competitive advantage):

Continue to seek for M & A targets in Agriculture and Food industries to complete the closed value chain.

For the companies that PAN has directly or indirectly invested, The PAN Group will continue to enhance its ownership percentage at favorable time on the market to reinforce the foundation system.

At the same time, The PAN Group will continue to identify and evaluate M&A targets in domestic or foreign Agriculture and Food markets to complete important links in the value chain, which is similar to what The PAN Group has done with other companies before. These potential companies may have advantages in research, production fields or in distribution system.

Co-operate and associate with prestigious domestic and foreign partners to develop new projects in Agriculture and Food industries in the close value chain.

In the new field requiring a high production technology, patents, export markets etc., The PAN Group’s orientation is to seek domestic and foreign partners (mainly reputable

foreign partners) to develop and share success.

With the investment and support from the shareholders, The PAN Group is promoting the investment opportunities for the establishment of joint venture companies in Agriculture and Food industries. To 2020, the Company’s objective is to establish 3-5 joint ventures with reputable domestic and foreign partners to develop new products, expand markets and to receive technology transfer.



Develop products under The PAN Group’s brand on the basis of PAN’s complete distribution system.

In 2016-2017, through PAN Food, The PAN Group has focused on building distribution channels and launching new packaging products such as Huro Gummy Candy, Bon Ami cookies, Funnutz cashew nut, PAN Food moon cake, milk cream sponge cake Rosio, this is first step to the chain of PAN brand’s products which has achieved certain success. To 2020, the Company continues to develop its own brand, especially in Food industry through the investment of the factories in manufacturing and processing, targeting to Vietnam’s potential FMCG market. This development orientation requires a large capital investment, strong distribution network and experienced human resources, which are the platforms having been prepared from previous years For distribution system, The PAN Group will focus on:

- Consolidate distribution system of the existing companies, include the domestic and export market.
- Develop PAN Food’s distribution system to catch up with the expected production scale in the future with its own branded products.





*Invest heavily in R&D activities, pioneer in the development of new products with high value, safety and traceability.*

Investment in R & D is the inevitable trend of Agriculture and Food companies in the world to ensure the sustainable development and long-term competitiveness. R&D will help The PAN Group to maintain its advantages as difference in major products, longer product life cycle and branding.

By 2020, The PAN Group plans to open R&D center with the aims of:

- Connect the current R&D activities at the subsidiaries, on that basis, supplement and enhance the value of R&D for the companies.
- Seek for prestigious R&D partners for PAN to develop the initiatives contributing to changes in Vietnam’s Agriculture and Food sectors...

*Optimize the value of The PAN Group’s post M&A subsidiaries to create the synergy.*

This is one of the very important goals of any post M&A process. However, at The PAN Group’s subsidiaries, this process is greatly shortened because at the time of selection, The PAN Group has targeted to the enterprises of good governance systems and business performance.

Today, subsidiaries of The PAN Group have their own advantages in corporate governance, experienced production or distribution channels, so that those subsidiaries in the group could support each other to improve their defects if any. Products of different companies can be cross-distributed to enlarge the scale.

*Develop corporate culture with The PAN Group’s identity to create a close connection with subsidiaries of the Group.*

With the goal of building cooperate culture with its own identity to contribute positively to the growth and sustainable development of PAN, closely connecting companies together toward a common goal is one of the most important factors.

In addition to business activities, in previous years, The PAN Group has developed an overall strategic program of environmental and social activities uniformly on parent company and its subsidiaries, with allocated personnel and the information as well as communication are shared openly among companies. Similar programs will contribute to promote the development of corporate culture with many similarities among member PAN’s subsidiaries.

PAN’s objectives are to achieve revenue of approximately with the profit after tax of around

**\$1 BILLION**

\$95-100 million and to become one of the leading companies in Vietnam and region of Agriculture and Food industries in 2022.







SOCIO-ENVIRONMENTAL AND COMMUNITY OBJECTIVES

Besides to economic objectives, The PAN Group also set the targets for the environment and society. This is an indispensable part of PAN’s effort to build its image, increase influence and reach international level in the field of agriculture and food. The objectives are set based on identified challenges, assessment of importance according to long-term planning and actual conditions.



FOOD SAFETY

*Orientation*  
Food safety continues to be a special priority for The PAN Group. Not only comply with the law, PAN aims to develop rigorous production standards that are equivalent to those of international standards and will be applicable to all member companies of the Group.

*Objectives for 2018 and next stage*  
Maintain 100% of food production facilities are certified to meet International food safety standards.  
Training and applying Food Safety requirements in the PAN Production Principles to all member companies.



TRACEABILITY

*Orientation*  
Traceability is a mandatory requirement especially to food products for all member companies in the Group. Traceability must be guaranteed to be available and effective at all time.

*Objectives for 2018 and next stage*  
Traceability maneuver is mandatory activity in every company and records are fully kept. Surveillance is carried out at all member companies.



PRODUCT

*Orientation*  
Providing quality and high value products with reliable origin on the basis of value chain improvement is not only the responsibility of the manufacturer but also the mission, the fundamental philosophy of the company and the survival of an enterprise.

*Objectives for 2018 and next stage*  
100% of product lines of member companies are assessed and collected feedback from customers.





ENVIRONMENT

*Orientation*  
Compliance with environmental law is a leading commitment of The PAN Group. With a support and monitor mechanism, The PAN Group efforts to ensure that all member companies comply with legal requirements. In addition, applying modern, environmental friendly technology is a decisive direction for all new projects.

*Objectives for 2018 and next stage*  
No violation of legal regulations on the environmental issues (excluding objective cases of force majeure). Implement at least 4 projects to upgrade production activities of the companies in the Group as well as gradually replace old technologies by environmental friendly technologies.



SAFETY

*Orientation*  
Like all other enterprise, PAN consider health, labor safety as priority and requires every company to take measures to ensure its operation.  
  
All risks are being identified and assessed properly to provide appropriate response.

*Objectives for 2018 and next stage*  
Develop and apply consistently a process of “Recognizing and responding to occupational safety hazards” in all member companies.



STAFFS AND COMMUNITY

*Orientation*  
Active dialogue with parties is a measure for PAN Group and member companies to quickly and efficiently solve problems occurring in production and business activities. The dialogue mechanism is well maintained in all companies through employee and community dialogue, trade unions and other organizations. The dialogue mechanism is also one of the issues highlighted to meet the requirements of investors and customers.

*Objectives for 2018 and next stage*  
100% of companies are ready to have grievance mechanism to receive and satisfactorily handle the parties. This mechanism is informed to stakeholders and they are all aware of theirs rights and responsibility



MANAGEMENT SYSTEM

*Orientation*  
Sustainable development is the guiding principle of The PAN Group to maintain steady growth, environmental protection and fulfillment of corporate social responsibility. To provide consistent guidance in line with the actual context, The PAN Group has issued and introduced the “PAN Production Principles” with regard to quality assurance, food safety, environment and society.

*Objectives for 2018 and next stage*  
Update and finalize the content, issue the second edition of the “PAN Production Principles” on the basis of the comments and support of all member companies in 2018.  
  
100% member companies apply “PAN Production Principles” and are assessed periodically (by the end of 2019).





# RISK MANAGEMENT

## RISK MANAGEMENT OBJECTIVES

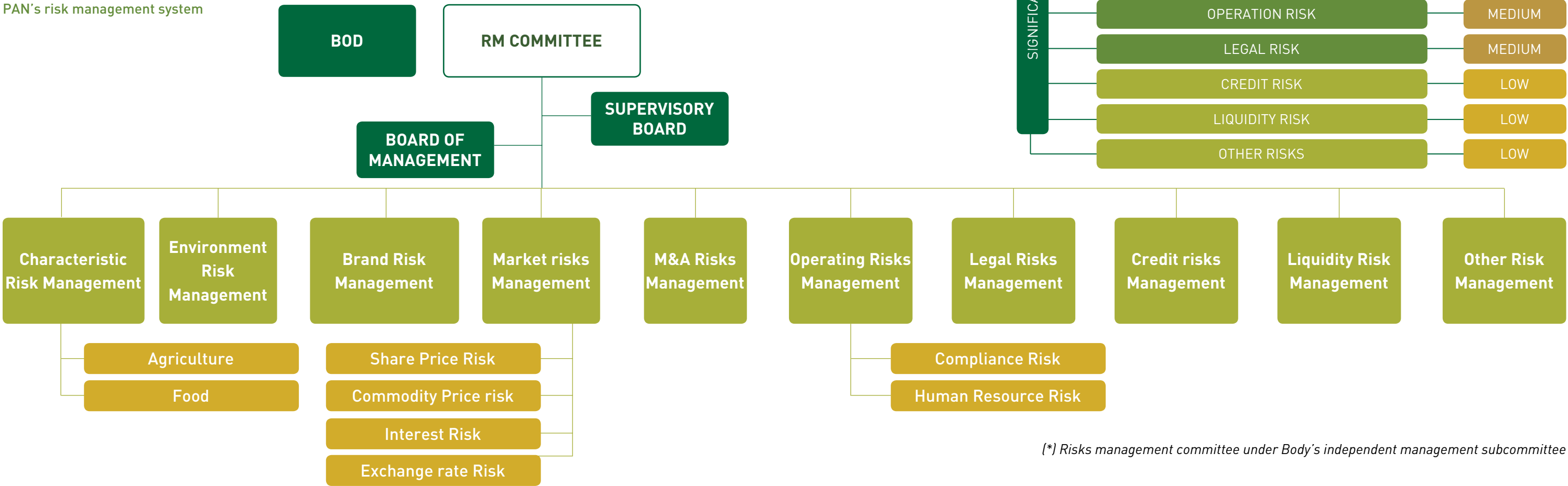
PAN’s Board of Directors and Managers have identified risk management as one of the most important corporate governance principles to be focused on. Board of Management has proposed and implemented measures to prevent or minimize negative effect of risks on business activities.

**Risk management aims to:**

- Timely define risks and utilize opportunities, optimizing operation efficiency;
- Strengthen ability in making decision, planning and prioritizing tasks, thoroughly understanding company operation, business environment, opportunities and threads of the Company;
- Protect and enrich Company’s asset and image;
- Clearly define responsibilities of individual in risk management, settle monitor framework and regularly reporting risk management.

The Company has built a risk management system based on international standard and practices, then customized to make it suitable to company business model and Vietnam business environment.

PAN’s risk management system

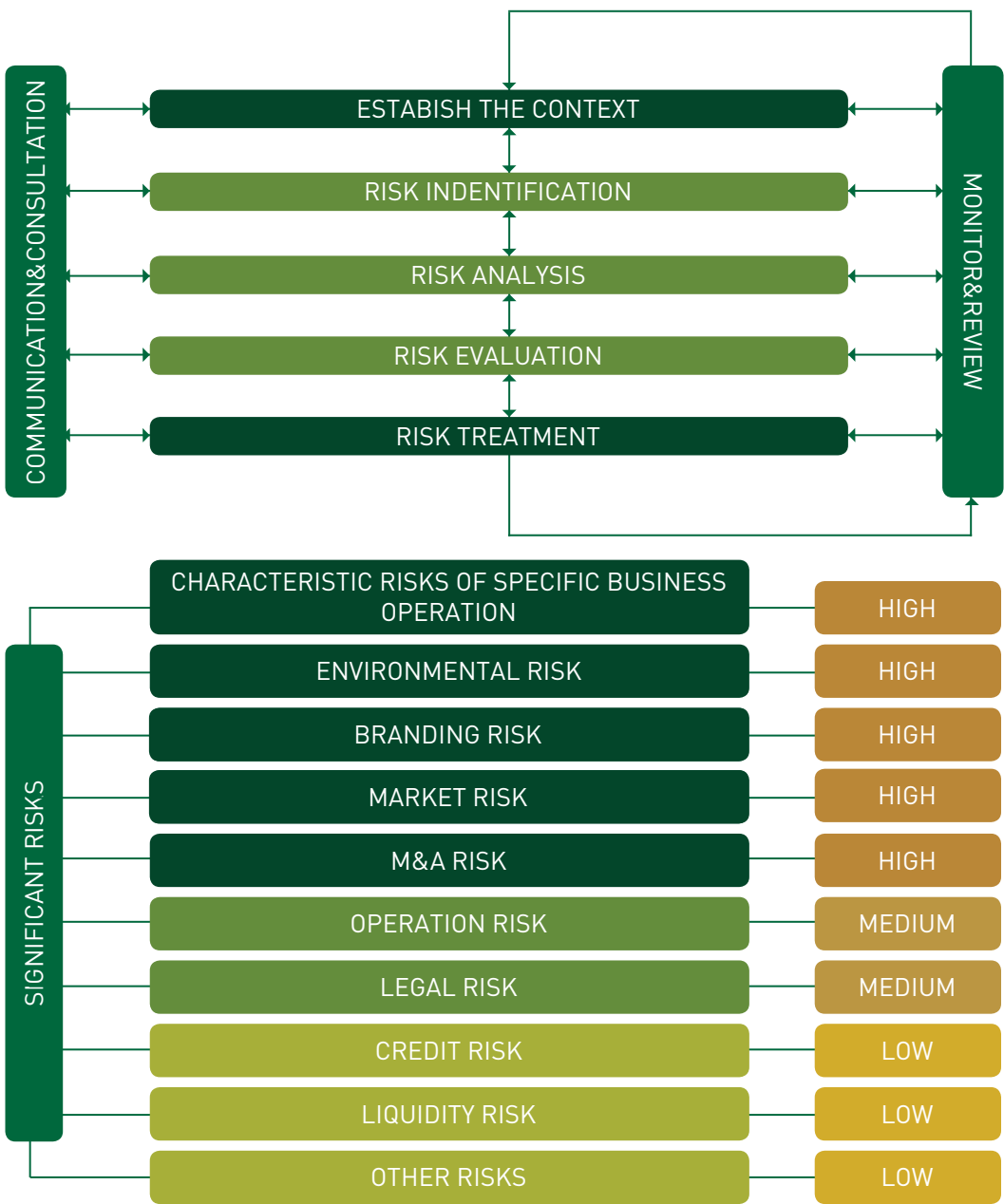


**Risk management process**

Company apply risk management model following international standard which provides transparent, systematic, and reliable principles within the company’s operational environment.

**Risk identifying**

Based on company’s business activities in the current economic context, PAN’s Board of Directors identify the risks and its impact level as below:



(\*) Risks management committee under Body’s independent management subcommittee





# RISK ANALYSIS AND IMPORTANT RISKS MANAGEMENT METHODS

## A. CHARACTERISTICS RISK OF SPECIFIC BUSINESS OPERATION

### I. AGRICULTURAL SEGMENT

Agricultural business is carried out through 02 subsidiaries of PAN - Vietnam National Seed Joint Stock Company (NSC) and PAN-SALADBOWL JSC. In the field of plant seeds, vegetables and agricultural products, the Company faces specific risks of the industry such as input agricultural raw material price risk, seed products consumption market risk, weather risk, disease risk, risk of agricultural land etc. Characteristic risks of specific business operation include:

#### Consumption Market risk

Risk of consumption markets occurs when NSC loses its available product market or cannot penetrate to the target market due to the impact of external factors or that products and policies of the companies are not competitive. In reality, though being an important input for the agricultural sector in the country, seed market in our country has developed within the last 20 years because of the tendency of farmers having switched to buying seeds with high productivity, quality and tolerance instead of keeping the seeds of the previous crops to save money. However, Vietnam's current seed industry is now of small scale, the market is dispersed and fragmented with over 260 companies across the country. This leads to the fact that the current domestic seed market has to compete with imported varieties and each province has its own seed with no major varieties of each region, therefore, the agricultural product quality is uneven which leads to the competitiveness and low price.

For PSB, this risk is eliminated because the foreign partner of company has signed the contract to import all PSB's flowers

#### Solutions to minimize risk:

To prevent and minimize this risk, NSC has conducted many surveys to assess and analyze market demand and focused on research, technology transfer of good quality short-term varieties with high yield and strong disease resistance like RVT, HN88, etc which has been highly

appreciated by consumers. In addition, NSC constantly offers discount and sends officers to give free technology training for farmers to improve their efficiency.

#### Weather risk

Weather is considered as an important risk directly affects production activities of NSC and PSB as well as the cultivation of farmers, which affects the quality and yield of NSC seed consumption. The production of goods concentrated in Highland and Central area (NSC) where the climate condition is increasingly harsh with frequent rain storms and drought has affected tremendously to the productivity and quality of products.

#### Solutions to minimize risk:

To prevent and minimize this risk, NSC has been actively expanding production areas in different ecological zones to ensure the supply of goods for the market. At the same time, NSC also invested in constructing warehouse to preserve goods to ensure adequate supply of goods in the event of a natural disaster loss, typically the national reservation warehouse project in Dong Van and Ba Vi which have put into use since 2015. NSC also applied research and development of products with cold, drought, pest and disease resistance in different ecological zones. Moreover, NSC is also implementing the product area diversification to many more areas in northern region to minimize the risks.

Regarding to PSB, Company mainly applies high - technologies to flower planting. To be detailed, company has invested in the most modern greenhouses system from Belgium and Netherland, a long with irrigation and dike system from Israel to minimize negative weather's impact.

#### Agricultural land risk

Land is an important resource for the economic-society development, especially in the process of ensuring food security and sustainable livelihoods. However, agricultural land area of Vietnam is highly fragmented and dispersed due to the characteristics of territory

condition, population density, land allocation, culture and history. Besides, Vietnam farmland area is gradually narrowed due to urbanization and industrialization. The above factors have directly impacted on the development of the agricultural sector in general and business areas of plant varieties and rice production in particular. For PSB, the highland area in general and Lam Dong in particular is very favourable for planting. This is large, high quality for specializing in Agriculture in Asia. The Company is expanding land area in Lam Dong and Highland. PSB's Agricultural land is at low level.

#### Solutions to minimize risk:

To prevent and minimize this risk, the company has cooperated with local authorities to actively restructure the plant seeds area and plant varieties in order to improve farmers' income. Besides, the company also cooperated with many food companies to build the rice value chain to off-take the production of the farmers.



## II. Food segment

PAN's food industry includes food processing of Long An Food Processing Export (LAF) and Confectionery industry – Bien Hoa Confectionery Corporation (BBC). In Food industry, the main risks that are likely to cause a major impact on production and business activities of the Company include price fluctuations in raw materials and demand volatility of consumer demand risks. In addition, this business is subject to the risk of increasingly competitive pressure from rivals in the market.

#### Input materials risk

Food processing operations with the current main product - cashew nut of LAF is in the risk of significant fluctuations in market supply of raw cashew nut. Vietnam Cashew nut are harvested from February to May every year, the beginning of rain season, which can affect the drying stage and quality of cashew nuts. Cashew nuts imported mainly from African countries are also heavily influenced by weather and transport conditions leading to the high possibility of uneven quality of cashew nuts. All these factors can cause an adverse effect on product quality of LAF.

BBC's confectionery production is highly dependent on raw materials like starch, sugar, butter etc. However, the price of these raw materials recently and in the near future is forecast to be at stable tendency and at low levels, which is consider as an advantage for BBC's production.

#### Solutions to minimize risk:

To deal with input materials risk, LAF has prepared a plan to upgrade storage system and storage processing chain in order to increase storage capacity to ensure the best quality of raw materials and the products. New warehouse construction and chain upgrade have been approved by LAF managers and implemented in 2016 and completed in 2017. In addition, LAF also enhance business forecasts and raw material market to have the ability to storage purchase at reasonable volume and the best price. For BBC, Company signed a framework contract to supply input materials such as sugar and starch with many suppliers at a relatively fixed price (fixed price plus percentage market change), in order to diversify the suppliers and minimize the impact of price fluctuations, if any.





*Market demand and competitive pressure risks:*

Along with economic development, the demand for food of Vietnam consumers has changed rapidly with the increase in the high quality, healthy and convenient products. If new product lines are not converted and developed, the Company is at risk of not catching up and meeting the needs of the market.

Food industry in general and Confectionery industry in particular in Vietnam is attracting the attention of many investors because of great development potential. Therefore, many big international companies have recently invested in this market, typically Mondeles Group (acquired Kinh Do Corporation). With financial strength and high production capacity, foreign enterprises are creating huge pressure for domestic enterprises, including the BBC. Risk of market share loss, decreased revenue is relatively clear.

Food processing activities (Cashew nuts) of LAF are currently not subject to market risks as well as the pressures due to (i) the stable demand for cashew products which is forecast to have steady growth rate for the next 5-10 years, and (ii) LAF is leading cashew processing enterprise in Vietnam with the advantage

of cheap labor; therefore, the company is currently not under the pressure of competition.

*Solutions to minimize risks:*

To prevent and minimize the market as well as competition pressure risks, BBC has planned and promoted R&D activities to study and develop new products to create stronger competition for the company. Approved R & D budget of the Company for the period 2015 - 2020 has increased considerably compared to the budget of the previous period. Along with the promotion of R & D, BBC is also actively improving marketing activities by implementing new marketing solutions like online marketing, creative TVC, promoting BBC brand to consumers. Another solution deployed by BBC is to restructure, reorganize and develop its strong traditional distribution channels to further increase the effectiveness as well as to expand to other modern trade channels.

**III. Fishery business**

Business of PAN in fisheries is via a subsidiary- Ben Tre Aqua-product Import and Export JSC (ABT), an associate – 584 Nha Trang Seaproduct JSC and Sao Ta Foods JSC.

ABT has established its position and competitiveness in the international market, 584 Nha Trang is one of the top brand in traditional fish sauce and FMC is the leading company in Shrimp export market; All of these companies have elements of good support for the coming years; however, the Company's operations still faced many difficulties due to the risks: risk of aquatic products raw material costs, risk of input aquatic products quality, risk of consumption markets of aquatic products, risks of export and import operations, etc.

*Input material risk*

Clams (ABT): Clam production depends on natural fingerlings. Prolonged hot weather, environmental pollution have caused higher death rate of clams, which directly affect the production capacity and yield of the Company.

Pangasius (ABT): Greatest risks come from the environmental degradation, food safety and disease development. Although there is no major epidemic in the last time, most diseases in the fish occur during the breeding process.

Fish sauce (584 Nha Trang): Raw material competition is

more and fiercer as input material is becoming scarce and not enough for demand. This shortage is due to the fact that the fishing ground is narrowing, the catching methods is using powerful ship all the time, not following the law of nature or fishery season which can lead to a depletion of resources without timely authorities' managements.

Shrimp (FMC): The main material of the company is shrimp, so the fluctuations related to raw materials affect the production and business of the company such as weather, aquaculture environment, water source, breeding stock quality, technology, aquafeed, epidemic,...

*Solutions to minimize risks*

The Company (ABT) has studied various advance farming methods to create the best farming environment and minimize the fish and clams disease and mortality rate during farming process. In 2017, the Company has continued breeding in plastic compounding ponds to reduce mortality rates. In parallel, the Company is also actively looking for supplies of raw materials from high quality clams farmer from the North and South in order to diversify sources of materials.

584 Nha Trang Seaproduct JSC has taken several measures to cope with aggressive completion for raw materials. Two production bases are located right in the fish-port area – Phan Ri and Ca Na which are convenient for purchasing materials. In the future, company will continue to improve facilities and complete the system of Production Lake and basin in Ca Na, there for the Company can enhance the production capacity and flexibility to industrial situation.

FMC has always prepared detail plan of purchasing Shrimp materials also cooperated with Shrimp supply to to ensure reasonable stock and inventory and develop shrimp farming areas itself in order to active about production input in any case.

*Market risk*

Penetrating to major export markets such as the EU and the US is highly difficulty due to the competition among same products, changes in consumer behavior, especially the more rigorous application of technical barriers and commercial barriers from import countries.

Traditional fish sauce has been fiercely competitive in fish-sauce sector, and traditional fish sauce brand image has been adversely affected by some unfair media campaigns.







Solutions to minimizing risks:

ABT consistently applies measures of quality management from farming to processing under international standards of sustainable development orientation like ASC, Global GAP, MSC, etc. In 2017, a series of policies on quality management and manufacturing process improvements to reduce consumption rate, improve the quality to lower cost products continue to be applied along with market promotion to ensure sales, exports and profits for the company.

584 Nha Trang Seaproduct JSC constantly improve quality of products. The Company promotes the production process of traditional fish sauce as well as uses the modern technologies. 584 Nha Trang fish sauce meet the qualification of ISO 22000:2005; HACPP; GMP; SSOP, providing to the domestic and international market the unique taste, color and quality. In the long term strategy, company will expand market to Asian area.

FMC always focuses on investing in technology, production lines and processes to produce products that meet the requirements of consumer markets.

**B. Environmental risk**

Actual or potential threat of adverse effects on living organisms and environment by effluents, emissions, wastes, resource depletion, etc., arising out of an organization's activities. As a company in the Agriculture and Food Sector, Management board of The PAN Group clearly identify environmental risks as one of the key risks, getting much community attention and these risk has a big impact on the company's operations.

During the operation, The PAN Group as well as its subsidiaries and associate always comply with the the law and regulation on environmental protection and do not have any activities that violate the regulations of environmental protection. PAN's member companies have achieved environmental management standards: quality management systems (ISO 9001), environmental sustainability (ASC, MSC, Global GAP), food



safety (BRC, HACCP, ISO 22000 ...), Process of accreditation testing laboratory capacity (Vilas) of member companies are certified by international accreditation bodies such as BoA, BVC, TUV-SUD, Union Control.

In order to manage environmental issues, The PAN Group is committed to support and control risk management activities through regulatory information, reports to assess compliance performance and operation efficiency. In the information management, PAN's social environment assessment mechanism is an effective and proactive solution for obtaining reliable information to ensure consistent performance with a vision, mission and strategy for corporate sustainability.

Solutions to minimizing risk

The PAN Group has developed a supporting and monitoring mechanism to ensure that all member companies comply with legal requirements, particularly with respect to the following: The principle that The PAN Group apply and declares to comply, including the PAN Manufacturing Code of Conduct, the IFC Social and Environmental Performance Standards and applicable law; Carrying out environmental quality monitoring; Waste water, garbage and exhaust gas meet national standards before being discharged into the environment; Use chemicals in permitted categories.

- Seed: At NSC, the main activity is the production of plant seeds which produce and supply of material that plays a major role in the agriculture sector. NSC strives and has had success in orientation other market to apply Sustainable farming practices, develop green products, food that is resistant to pestilent insects, grow in areas with extreme weather and cultivated areas..
- Planting at PAN-SALADBOWL: The Company applies high technology flower cultivation of Japan to help save energy use, apply environmentally friendly production methods.
- Confectionery sector at BBC: The Company uses MFCA methodology in the production line of all factories to continuously improve production efficiency, reduce raw material input costs including energy costs, etc.
- Fishery at ABT and FMC: For aquaculture, pollution often arises from leftovers in fish farming,







from fish waste and sources of disease in the aquaculture environment. ABT's fish farming process has been well controlled and continues to maintain the certification of ASC, MSC, and Global GAP. ABT farms settle ponds, treating sludge and disinfecting the water before discharging into the environment. FMC has developed its own shrimp farming area of 160 hectares, meets BAP and

ASC standards, creating a good reputation in farming to their customers.

- Fish sauce at 584 Nha Trang: The company continuously invest in, research and application of scientific and technological advances in production and processing in order to create products with both stable quality and guarantee environmental protection.
- Food processing at LAF: The Company has implemented measures to improve the process and technology to recover and recycle wastes in the production process, including Cashew hard shell, Cashew silk shell, cashew dust, used oil for cashew fry.

In addition, the Group continues to implement environmental risk management measures such as:

- Organize training activities on environmental and social action standards;
- Complete and apply environmental and social documents and guidelines;
- Periodically evaluate and review the environmental impact caused by production and business activities, developing corresponding measures to mitigate negative impacts;
- Cooperate and exchange information within the network of sustainability development coordinators within the corporation, maintain consistency in information and action;
- Update legal documents and related requirements, information.

C. BRANDING RISK

Branding risk may be the damages, losses in value due to changes in customers' perception about the company, leading to influences on demand for products and services. Risks of untruthful information, rumors can negatively affect the Company's reputation; undermine the confidence of customers, shareholders, partners, the community and resulting in heavy financial losses to the company. In the previous year, 584 Nha Trang fish sauce has been affected by the "traditional fish sauce crisis". As one of the leading brands in the traditional fish sauce business, the company has been impacted by misinformation about Arsenic content.

Solutions to minimize risk

For PAN, brand is an intangible asset with exceptional value. Brand risk management is the key task of managers at all levels; PAN has brand risk mitigation mechanisms through enterprise management and risk management system.



PAN always strictly observes the provisions of law on the regular and extraordinary information disclosure. With respect to the investment values of the shareholders, PAN is aware of their responsibility to provide information to shareholders and investors fully, transparently and promptly.

For 584 Nha Trang, the company has coordinated with other company in the same sector of traditional fish sauce, the Local Association of fish sauce, Vietnam Association of Seafood Exporter and Producer (VASEP) to find solutions to deal with Arsenic information crisis. As a result, the company has proved its products meet the requirements of quality, regaining the trust from consumers. After the crisis, consumers trust more in the traditional fish sauce in general, and 584 Nha Trang products in particular.

D. MARKET RISKS

Market risks are risks that fluctuations of factors like interest rate, exchange rate, liquidity of the market, stock

price, costs and other fluctuations in market price can affect the business results of PAN. Objectives of market risks management are controlling those risks within acceptable limit while maximizing profits. The main contents of market risks management applied by PAN includes.

I. Stock price risk

PAN's stocks portfolio included listed and unlisted stocks which might be affected by market risks arising from uncertainty of future value of investments. However in 2017, with the investment strategies to focus on core business activities, most of PAN's investments are long-term strategic investments in businesses in the agricultural sector. Therefore, the risk of stock price fluctuations in the market is insignificant.

Solutions to minimize risk

PAN managed the stock price risk by applying measurement of Value at Risk – VAR, establishing investment limit and





diversifying investment portfolio. PAN’s investment sub-committee was responsible for considering and approving investment decision in stocks, among which they focused on stocks that were suitable with investment strategy, had good basic indexes, stable business and operation, reasonable P/E index.

PAN assessed this risk was at medium level because most of the Company’s investment portfolio was long-term and strategic investment in subsidiaries, affiliates, so it was less affected by stocks price fluctuations in short-term.

Stock price risks are regularly supervised by Finance- Accounting department managed my Chief Finance Officer.

II. Commodities price risks

PAN and its subsidiaries operate in many different fields: agriculture, seafoods, utilities service, therefore, it is influenced by commodities price risks. These are risks when inflation is high which makes input costs increase or risks of sudden decrease in output finished goods which causes damage to PAN’s business and operation.

Solutions to minimize risk

PAN managed commodities price risks through carefully monitoring information and situations relating domestic and foreign market, in order to unify management of time of purchase, production planning and inventories in a reasonable way.

Risks related to commodity price fluctuations are monitored by the purchasing department, production department of the subsidiaries and reported to director of Production and Chief Executive Officer on weekly basis.

III. Interest rate risks

Market risk due to changes in interest rate mainly related to short-term liabilities with interest as well as short-term deposits of the Company and some of its subsidiaries, then causing damages to PAN.

Solutions to minimize risk

In general, PAN managed interest rate risks by carefully monitoring relating markets situation, including currency market, domestic and foreign economy. On that basic, PAN’s financial department would have the forecast and analysis of sensitivity and adjustment of financial leverage as well as financial investment strategy according to current situation and control of interest rate risk within

its management border.

In 2016, PAN mostly used its owners’ equity to carry out investment activities with less outstanding liabilities, approximately equal to 0. Therefore, it merely was not significantly affected by adjustment of interest rate level in terms of financial costs. Deposits of PAN while waiting to disburse are also optimized in terms, selections of credit institution to provide the greatest benefit to PAN and the shareholders.

Interest risk is monitored by Finance – Accounting department of subsidiaries and Chief Finance Officer of the Parent company.

IV. Exchange rate risk

Exchange rate risk is the risk that reasonable values of the future cash flows calculated in the financial plan will fluctuate because of changes in foreign exchange rates. PAN may face the risk of changes in exchange rate related to the current operations, such as import and export operations from its subsidiaries, and the mobilized resources in foreign currencies in the parent company and its subsidiaries.

Solutions to minimize risks

PAN estimated exchange rate risk through the issuance of shares for capital increase and had mechanisms to actively prevent, through adjustment policies for incomes with foreign currency elements, the export mechanism and commercial credit... The import and export plans related to foreign partners are carefully calculated on execution time as well as payment terms to limit exchange rate risk at the lowest level.

Among the PAN’s subsidiaries, Aquatex Ben Tre and LAFOOCO are two companies with biggest import and export operations. While ABT buys raw materials in the country to exports and it is beneficial when exchange rates tend to increase, the import and export operations of LAF are controlled and monitored more closely with increasingly high inventory turnover to minimize impacts of exchange rate fluctuations on output and input.

E. M&A RISKS

M&A risk occurs when PAN performs investments (M&A) in other companies. The risks may happen due to differences in culture between PAN and its subsidiaries, associates, due to the changes of key personel, ability

to create synergies from the group of subsidiaries and associates. These M&A risks are global ones, they may arise on every deals, irrespective of geographical locations and sizes of the Company.

Solutions to minimize risk

PAN always clearly, specifically defines M&A strategies; reasonably determines the values of target companies for the best investments. Success of M&A deal is mainly derived from a proper M&A strategy. PAN has always carefully planned, evaluated and conducted any M&A deals, as well as effectively handled issues after M&A base on the corporate cultural combination between the subsidiaries. The management of operations and human resource in the post-acquisition period is always taken care of in order to maximize the potential value of the subsidiaries and the M&A deal.

In 2017 and the previous years, PAN has not had significant changes in key personnel, integration of corporate culture, or the ability to create synergies in post-investment period.

F. OPERATION RISK

Operation risk is the risk of loss due to inadequate or poor operation of processes, people, and systems or due to impacts of external events.

The PAN Group includes the Parent company and its subsidiaries and associates conducting business in many different sectors: agriculture, fisheries and utility services and spreading in many geographical regions. Its operation risk is always present in all operations of the entire system. Operation risks may include compliance risk, system and information security risk, human resource management risk.

I. Compliance risk

Compliance risk is the risk causing damage to the PAN due to Company or its employee’s non-compliance with laws, regulations, rules, standard provision organization, etc.

Solutions to minimize risk

Risk Management Board of PAN is an independent department responsible for the prevention, supervision and control of compliance risk arising in the parent company and its subsidiaries. This is particularly important risk management operation in the past year and the coming years

In 2017, Risk Management Board coordinated with the relevant departments to apply measures to identify and control compliance risk:

Promulgate, amend and updated regulations on management, internal controls suitable with changes in business environment.

Set up processes, operating apparatus with mutual cross-checking between departments and individuals to strengthen internal supervision, inspection and soon detect errors.

Build Standards of professional ethics and apply to all employees in the PAN system. Constantly raise compliance awareness of staff through periodic professional training, disseminating internal management regulations promulgated.

Build a self-assessment mechanism of internal control efficiency of each department and provide timely feedback.

Employees in charge of risk management regularly attend training courses on internal control system as well as update the applicable international rules.

Apply strict discipline for violations of the provisions of the Company.

In 2017, members of the Risk Management Board in cooperation with the Supervisory Board inspect and supervise the observance of laws and procedures, internal regulations promulgated. The control is done regularly and irregularly in departments and focused more on the departments where there was higher possibility of violation. Control results are reported directly to the Board of Directors, Executive Committee, which helps departments to review and modify business processes to fit the changes in laws and business situation to limit the risk.

II. Human resource management risk

Human resource management risk is the risk arising from acts of omission, wrongful acts of employees or inefficiencies in human resources management, lead to a shortage of employees, unsatisfactory quality of staffs.

Solutions to minimize risks

PAN identified that personnel is always the most important





factor in the success of the Company. Plans to attract talented personnel combined with training, expanding human resources are decisive factors to ensure the sustainable development of the company in the future.

PAN pays special attention to human resources management to ensure the maintenance and development of high-quality human resources with flexible and effective organizational structure, optimize operating costs; focus on recruiting and training of the full competence, a high profession with occupational ethics. Simultaneously, the company continuously researches to improve the remuneration policy, ensure internal fairness and competition in the market and create a professional working environment for staffs to develop.

Due to the appropriate personnel risk management policy, PAN has built a team of adequate capacity, good specialized skills that follow labor disciplines and meet job requirements in accordance with expanding scale of the Company.

G. LEGAL RISK

Legal risk occurs to PAN during law observance due to changes in regulations, non-compliance with regulations or emergence of legal disputes... from partners in the production and business operations.

PAN is currently the listed company on Ho Chi Minh Stock exchange, business operations of PAN are governed by Enterprise Law and the legal documents on securities, commerce, tax, ... In addition, the operations of member companies of PAN are governed by policies on agriculture, fisheries, as well as import and export regulations, competition of Vietnam and foreign countries.

Legal documents and related guidelines are currently in the process of development and completion; therefore, all changes and interpretations may result in unexpected consequences and cause adverse effects to the business operations of PAN and the member companies.

Solutions to minimize risk

PAN has built and developed Department of Law and Compliance including experienced consultants and lawyers. This department is responsible for updating changes in law and any legal impacts on PAN’s business for timely reported to the Board of Directors; studying effects of legal documents that are in drafting stages and

about to be issued on the operation of PAN for proper and early preparation. In addition, the Department of Law and Compliance is also responsible for reviewing the contracts of PAN to limit the relevant legal risks.

In 2017, PAN did not record any cases of litigation and complaints from partners and was not sanctioned by any authorities for violating provisions of law during the course of operations.

H. CREDIT RISK

Credit risk is the risk arising when one party of a financial instrument or contract concluded between the parties does not perform its financial obligations, resulting in financial losses to the other party. Credit risk directly affects business operations (mainly customer receivables) and financial operations of PAN, including bank deposits, foreign exchange transactions and other financial tools.

Solutions to minimize risk

To effectively control credit risk, PAN periodically considered, evaluated the decline in credit quality of customer receivables, deposits, financial instruments. PAN also focused on maintaining strict control over outstanding customer receivables and had credit control staff to reduce risk. PAN approved a list of customers with credit evaluation based on the financial situation and the payment history of customers on quarterly and yearly basis.

Moreover, credit risk of deposit balances at the banks was managed by treasury department under policies of PAN. Only trusted partners who are large banks with high profile shall be chosen to place deposits and maintain payment accounts. A system of continuously reporting and risk warning is maintained to closely monitor these operations.

I. LIQUIDITY RISK

Liquidity risk occurs when PAN faces difficulties in implementing financial obligations due to capital shortage. Liquidity risk of the Company primarily arises when due dates of financial assets and financial liabilities mismatch.

Solutions to minimize risk

PAN assesses that this risk is low because the company always have plan to effectively manage the cash flow as well as a healthy financial situation at the parent company

and the member companies: ABT, NSC, PAN Services, ... The goal of PAN and its subsidiaries is to ensure the balance of the cash flows and that the financial commitments are settled upon maturity.

To prevent and minimize this risk, PAN has developed and applied several measures to prevent and cope with liquidity risk through the tight management of cash flow, maintaining the reasonable amount of cash and deposits, arranging the short-term and long-term credit contracts from the banks and other financial resources to ensure the loans will be repaid after PAN completes financial plans, maintains the liquidity indexes at a healthy level and reasonable, balanced rate between assets and liabilities. Every month, cash flow and liquidity position statements of PAN are made by the relevant departments and timely reported to the Executive Board.

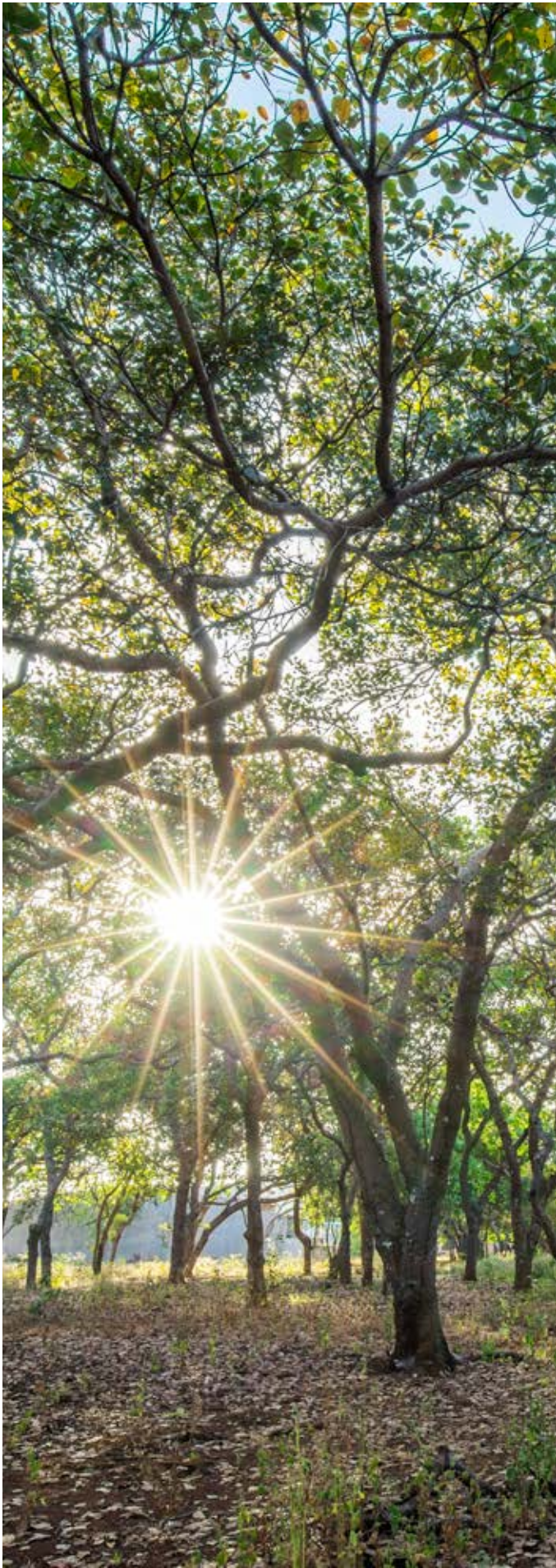
K. OTHER RISKS

In addition to the risk factors mentioned above, PAN also identified a number of non-systematic risk factors, such as fire, natural disasters, war or serious diseases on the large scale. These risks are rare, but if they happen, there will be really serious consequences, causing immediate and long-term impacts on production, business and development of the Company.

Solutions to minimizing risk

PAN has assessed the probability of risk for each field of operations and damage level arising when risks occur. Simultaneously, determine type of insurance service available for the type of risk and insurance cost. On that basis, the company decided to have self-insure or buy insurance suitable for each type of risk.

In 2017, PAN has bought insurance for systematic and unsystematic risks in most member companies in agriculture and fisheries sectors like NSC, SSC, ABT, whose production and business activities are more potential to be affected by risks related to natural disasters, weather and disease.







RISK MANAGEMENT PLAN IN 2018



In 2018, PAN continues implementing risk management under established process, and improving risk management system towards the international standards and in accordance with the local application in Vietnam, including improvements in human resource, necessary processes, software and equipment to ensure the best performance of risk management objectives for current business operations and the projects that will be implemented:

- Building, recruiting and training personnel of risk management with proper knowledge and skills in specific areas, closely follow the process of risk management in the intensive field they are in charge.
- Improving the efficiency of risk management system

(policies, procedures, processes and reporting system) and control system for each specific operation at the parent company and its subsidiaries (such as regulations on investment management, information disclosure, financial management, internal management, ...), from which developing response plans to prevent and handle these risks appropriately and effectively.

- Continually updating regulations and control procedures in accordance with the provisions of law and in accordance with the actual changes of the market.
- Promoting investments in tools, automation software to upgrade the risk management operations







# 2017 BUSINESS RESULTS

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- BUSINESS OPERATIONS IN 2017
- ORGANIZATIONAL STRUCTURE AND HUMAN RESOURCES
- SUBSTANTIAL INVESTMENT AND PROJECTS EXECUTION
- FINANCIAL PERFORMANCE
- SHAREHOLDER STRUCTURE AND CHANGES IN EQUITY
- REPORT AND ASSESSMENT ON THE COMPANY'S ENVIRONMENTAL AND SOCIAL IMPACTS





# 2017 BUSINESS RESULTS



In 2017, The PAN Group continuously enhance and expand its key business in Agriculture and Food. On the one hand, PAN continues to realize its goal of becoming a leading regional company in Agriculture and Food through consecutive acquisitions of shares or increasing of ownership in leading firms in Agriculture and Food, thereby building up a full value chain in the industry. On the other hand, PAN has restructured the current basis and invest in new potential sectors based on existing advantages, and cooperation with partners.

Although, business of The PAN Group’s key members encounter difficulties due to negatively affect by climate change, 2017 consolidated business result still achieved good result, all factors remarkably grow in comparison with 2016. **Consolidated revenue and net income after tax reached VND 4,075 billion and VND 503 billion, respectively. All revenue, net income before tax and after tax, net income of shareholder of PAN Parent has grown. Consolidated EPS was reported at VND 3,163/share compared to VND 2,160/share in 2016. The detail results are as follows**

## 2017 BUSINESS RESULT VS. 2016 BUSINESS RESULT

In 2017, PAN has continuously has carried out the business transformation, restructuring and reorganization of the Company’s main business segment in order to optimize the operation management and production efficiency. Currently, the PAN core businesses include:

*(i) Agriculture segment:* conducted through PAN FARM JSC which includes National Seeds JSC (NSC) and PAN-SALADBOWL JSC; and indirect subsidiary: Southern Seed JSC.

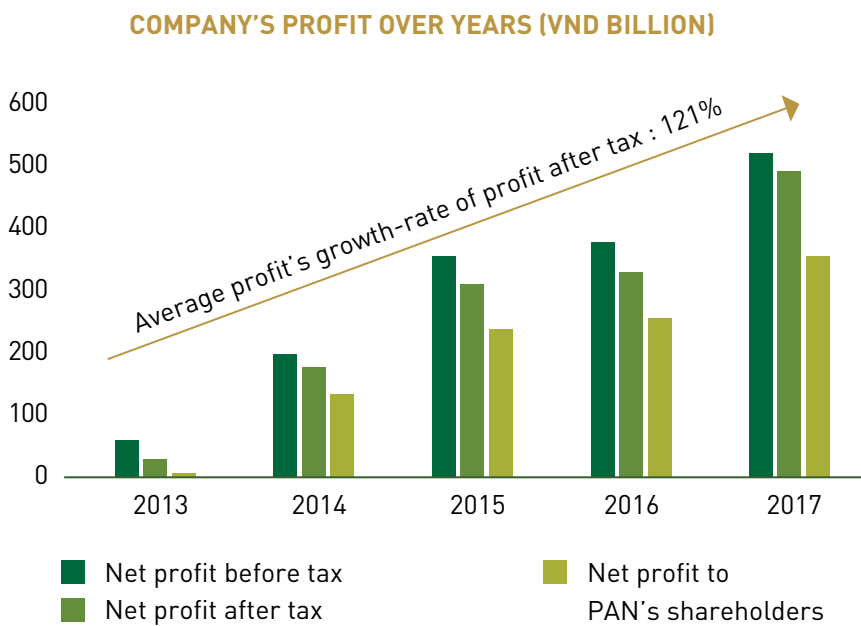
*(ii) Food segment* - managed and coordinated by PAN Food JSC (PAN Food) and PAN Food Manufacturing, this segment includes the main business areas: **Confectionery**, conducted through PAN Food Parent, PFM and BBC; **Fishery**, lead by AQUATEX Ben Tre (ABT) and Sao Ta Foods JSC (\*); Fish sauce lead by 584 Nha Trang (\*) and **Food processing**, lead by LAF.

(iii) Besides the business results of the PAN were also contributed by other income from utility services segment (PAN Services), financial activities, dividends, etc.

(\* ) 584 Nha Trang is an associate of PAN Food – PAN Food owns 31.86% of 584 Nha Trang’s chartered capital, FMC is an associate of ABT with ownership rate of 20.1%; PAN Services is an associate of The PAN Group. Therefore, 584 Nha Trang, FMC and PAN Services were not consolidated into the income statements of PAN but the profit was added to the consolidated profit by the equity method.

No	Indicator	2017 Actual	2016 Actual	% 2017 Actual Vs. 2016 Actual
1	Consolidated net revenue	4,075	2,753	148%
2	Consolidated profit before tax	544	385	141%
3	Consolidated profit after tax	503	336	150%
4	Net profit to PAN’s shareholders	372	257	145%
5	EPS (VND/share)	3,163	2,160	146%

Unit: VND billion







## ANALYSIS OF BUSINESS RESULTS IN 2017 VS. PLAN

### 2017 BUSINESS RESULTS (PLAN VERSUS ACTUAL)

2017 is an unstable year and continued to be a challenging and difficult year for agriculture. The weather was complicated with 16 hurricanes, 4 tropical depressions, heavy rain, floods, etc. which widely happened in the whole country with serious consequences.

The PAN Group's key subsidiaries (NSC, SSC, ABT) are affected by above climate changes as they major in agriculture and food sectors.

However, business result of PAN and these companies still achieve great grow in comparison to same period of 2016,

- Consolidated revenue reached VND 4,075 billion, in which, consolidated revenue of PAN Food and PAN Farm contributed VND 2,555 billion (63%) and VND 1,520 billion (37%) respectively. In comparison with year 2016, consolidated revenue grew by 48% in which PAN Food's revenue increased by 88%, PAN Farm's revenue increased by 15%. This impressive growth came from good business operation in both farm and food sectors: Lafooco promoted cashew nut sale aggressively to utilize market condition and PAN Food consolidated revenue of BBC from Quarter III.2017.

- In 2017, Net income after tax of PAN's shareholders reached VND 372 billion, increased by 45% compared to 2016. In which, PAN Food's profit after tax significantly increased by 252% thanks to revaluation investment in BBC when BBC became a subsidiaries from an affiliate and in farm sector, NSC's maintained good business result with profit growth rate of 22%. In addition, good business result in The PAN Group is due to:

- (i) well cost management;
- (ii) investment in R&D for new productions, focus on products contains high portion of technologies and added value with good profit margin;
- (iii) Investment in technology innovation, equipment to enhance operational efficiency, reduce cost, improve products' quality;
- (iv) Focus on market research and loyalty customers;
- (v) Focus on new potential project, such as: PAN FOOD's projects, Food project in PAN Food, NSC's melon project, etc.

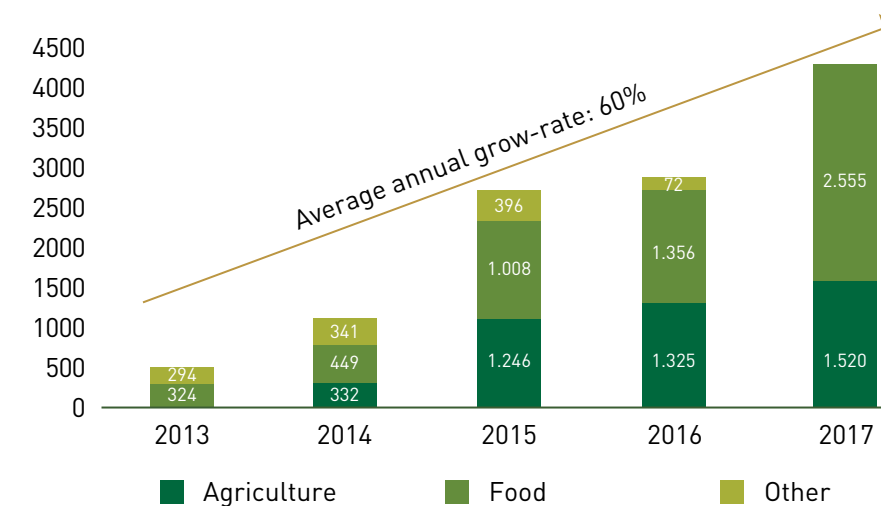
Unit: VND billion

NO	INDICATORS	2017 PLAN	2017 ACTUAL	% PLAN ACHIEVED
1	Consolidated net revenue	3,080	4,075	132%
2	Consolidated profit before tax	320	544	170%
3	Consolidated profit after tax	280	503	180%
4	<b>Net profit to PAN's shareholders</b>	<b>190</b>	<b>372</b>	<b>196%</b>
5	EPS (VND/share)	1,861	3,163	170%

### REVENUE STRUCTURE AND GROWTH OVER YEARS

Average growth rate of consolidated revenue from 2013 to 2017 was reported at 60%.

#### REVENUE STRUCTURE AND GROWTH (VND BILLION)



(\*) PAN Food's revenue is from 03 Segments: Confectionary (PAN Food Parent), Fishery (ABT) and Food Processing (LAF)

(\*) PAN Farm's revenue is mainly from NSC

#### REVENUE STRUCTURE AND GROWTH-RATE OF RECENT 2 YEARS

Segment	2016 Actual	2017 Actual	Growth-rate
Agriculture – PAN Farm	1.325	1.520	15%
Food – PAN Food	1.356	2.555	88%
Others	72	0	-100%
Total	2.753	4.075	48%

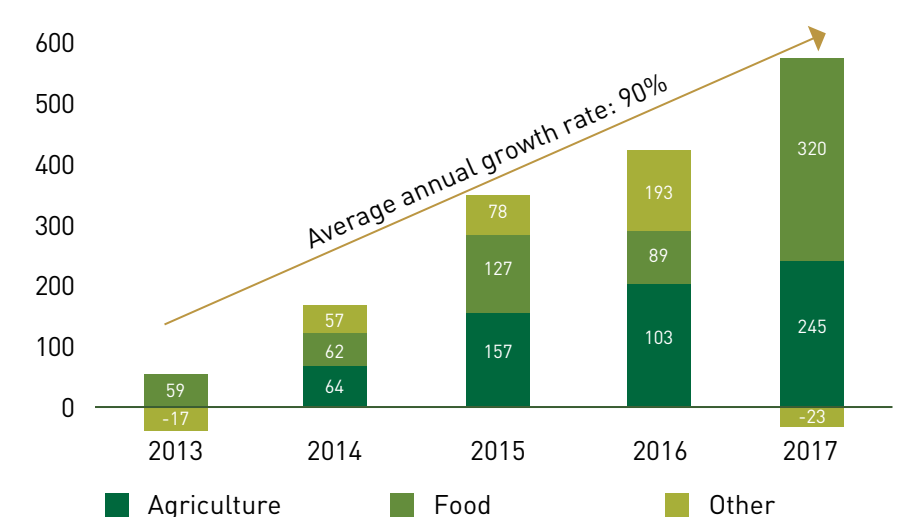
Unit: VND billion

The revenue structure of PAN in 2017 as compared to 2016 shows a clear shift in business development which was focus primarily on the agriculture and food segment, especially the growth-rate of food sector's revenue was 88%. In the same time, liquidation transaction at PAN Services in quarter I.2016 made other revenue (mainly from utility cleaning services) remarkably reduced.

### CONSOLIDATED PROFIT BEFORE TAX

From 2013 to 2017, PAN has maintained a sustainable growth in consolidated profit before tax with an average annual growth rate of 89%, in which the profit structure tends to shift to the core business segments: Agriculture and Food. The contribution to consolidated profit before tax for by segment for the period 2013-2017 is as follow:

#### PROFIT BEFORE TAX STRUCTURE, BY SEGMENT (VND BILLION)







MAIN BUSINESS SEGMENTS

Agriculture

Advantages:

- Vietnam macroeconomic and microeconomic stability. Both NSC and SSC have strong patented seed, corn with high quality and resistance to climate changes.
- NSC and SSC have adequate facility. Especially, NSC’s processing plant and seeds storage at Dong Van - Ha Nam which has capacity of 10,000 tons/year was put into operation in the end of 2015 to better serve the business of the company. This factory is considered as the most modern seed one in Vietnam and has significantly contributed to NSC’s growth in production scale.
- In 2017, NSC and SSC maintained patented products portion of over 80%, then these companies are eligible to enjoy tax incentives for high tech enterprises.
- PAN Farm is well supported by domestic and foreign partners in agriculture, they have strong experiences in operational organization, R&D, market and have good relationship network.

Disadvantages:

- Heavy rainfall on a large scale causes flooding, landslides, etc. in some northern provinces; Flood came early and quickly, making troubles for seed insemination in Mekong Delta; moreover, the average temperature is higher than in recent years, causing many diseases to affect the cultivation plan and the growth, development and productivity of the crops.
- Climate change, extreme weather, late crops, decreasing cultivated land (reduced by 3% in comparison of 2015) made agricultural operating suffer many obstacles.
- From 2015, the exemption of corporate income tax for high-tech agriculture Company of NSC has expired. The Company is subject to normal tax rate of 5% from 2015.

*The business and production in the agriculture sector are conducted through PAN FARM JSC which was founded in July 2016, including 2 subsidiaries: National Seed JSC (NSC) and PAN-SALADBOWL JSC which was established in February 2016.*

*NSC is a leading company in plant seeds industry in Vietnam with a healthy financial situation and steady and sustainable growth. In 2016, NSC established Ha Nam High-Tech Agriculture Development and Investment JSC to pursuit NSC’s development strategy for period from 2016-2020. The goal of this company is to trade and transfer technologies for premium melon and vegetable planting for domestic and foreign markets. At the same time, large-scale intensive and high tech farming are formed based on cooperation with farmers. In 2017, Ha Nam Hitech Company’s business has stabilized and mastered the technology, the Company built up distribution network contains: 350 supermarkets, clean food chains in urban areas: Hanoi, Thanh Hoa, Vinh, Hai Phong. With strong R&D and production capabilities, NSC has continued to maintain business growth and dominantly contributed to the overall business results of the The PAN Group in 2017 (37% of revenues and 45% of profit before tax).*

*In 2017, PAN-SALADBOWL focus on planting and exporting flowers as well as increasing greenhouse area; the area for flower is expected to increase to 200 ha in next 5 years, including contract farming. Recently, the Company concentrates on Chrysanthemum and Carnation to export to Japan. Moreover, Company is in trial stage for premium vegetable and plans to produce in large scale in the future.*



Food

Confectionary Segment

Advantage:

- Confectionary Segment in Vietnam is still very potential. Vietnam population is young and confectionary consumption rate is only 2kg per capita per year in comparison with average consumption rate of 3kg per capita per year over the world.
- Nation-wide distribution system has been expanded, especially in suburban area.
- R&D and new product development activities are effective and help producing many good products.

Disadvantages:

- Fierce competitive market when the foreign companies with huge capital and resources, participate in Vietnam confectionery industry.
- Don’t have a strong modern distribution channels (supermarkets, hotels, restaurants)

**Confectionary Segment was conducted through: PAN Food Parent, PFM and BBC.**

*PAN Food Parent: In 06/2016, PAN Food established PAN Food Manufacturing JSC (PFM) with chartered capital of VND 200 billion (PAN Food owns 99.96% shares of PFM). Objectives of PFM is consolidating resources, R&D activities from PAN Food’s members. Since 11/2017, PFM has launch its first products; these products have been distributed through PAN Food’s channels and contributed to PAN Food’s revenue since 11/2017 (VND 25 billion).*

*In 2017, PAN Food continue to concentrate on building up new food distribution channels and via these channels, launched several products from R&D team such as: Rosio cake, Gummy candy Huro, PAN Food Moon cakes, Snack Funnutz, Bon Ami biscuits, Ban Mai rice, etc.*

*BBC: The BBC’s business performance in 2017 were strong while after tax profit has reached beyond the plan by 13% (at VND 118 billion). In 09/2017, BBC officially became PAN Food’s subsidiaries. In the next period, PAN Food will support BBC to accelerate the marketing activities and distribution of products by modern channels in order to maximize the growth potential of the Company.*





Fishery

Advantages:

- Subsidy policies of the State in many aspects: low cost capital, technology supports are maintained and applied to the fishery business.
- The Company's Board of Director and key management positions have extensive experiences in the industry and long-term commitments.
- Thanks to the stability and high quality of products, the Company has maintained a loyal customer set with stable sales volumes order while the market is in the down trend.

Disadvantages:

- Fishery in 2017 suffers many obstacles because of complicated and extreme weather.
- Several quality management policies of the State has been announced and applied in a short notice and then have bad influence to the purchasing of raw materials of the Company when the suppliers & farmers cannot adapt timely to those policy changes.
- The increase of technical barriers of main export market like EU and USA for domestic market protection.
- An increase in the production of the alternative products: salmon, pollock, etc.

Fishery Segment was conducted through ABT and FMC

In 2017, ABT faced many difficulties, revenue and profit before tax were VND 384 billion and 33 billion respectively. However, since Quarter IV, due to the significant increase in both selling price of Pangasius and in production capacity, ABT has had a good result in business results with net sales of VND 99 billion, grew by 4% over the same period, after-tax profit this quarter reached VND 11.6 billion, increased by 52% over the same period last year. Moreover, ABT maintained good financial position with high liquidity, cash balance as of 31 December 2017 was reported at VND 208 billion. In 2017, ABT will continue concentrate on technology innovation to meet the market demand, creating competitive advantages and flexibility to market changes.

In 2017, FMC became an affiliate of ABT with ownership rate of 20.1%. Business of FMC in 2017 achieved good result, revenue and profit before tax were VND 3,249 billion and VND 125 billion respectively, profit before tax growth rate was 28%. In the coming year, FMC will continue to focus on improving the quality of products and firmly developing production, step by step actively manage clean materials through large-scale farming.

Fish sauce

Advantages

- Although, traditional fish sauce fiercely competes with industrial one, consumers gradually aware of danger effect if using fish sauce which contains additives and preservatives in the long term.
- Besides, consumers pay more attention to clean and quality food for healthy purpose. 584 Nha Trang product is one of the few traditional fish sauce company have all following characteristics: prestige, quality, distribution network, and investment capacity to meet the higher and higher demand of consumers

Disadvantages

- Most of Fish Sauce Company are SME, operational and financial management is limited.
- Distribution channel is limited as Companies produce merely fish sauce.
- The competition for input material is increasingly aggressive due to shortage of dry anchovy, in addition, fishery resources are gradually exhausted as a result of uncontrolled exploiting. It requires tight management policy of authorities in exploitation fishery resources.

In 2017, PAN Food increased its ownership in 584 Nha Trang from 22.4% to 31.86% shares of 584 Nha Trang Seaproduct JSC. 584 Nha Trang's revenue and profit before tax was reported at VND 270 billion and VND 14 billion respectively. The Company has exported the its products to Canada for the first time in November 2017.



Food Processing - Cashew nuts

Advantages:

- Demand for cashew and cashew products in the world is in an upward trend from 2015 to 2020, which is a big advantage for the production and sales of LAF.
- The leading position of LAF in the industry is maintained, no strong competition(s).
- New management team with experiences and excellent management skills.

Disadvantages:

- Low portion of added value products in the product mix led to relatively low overall profit margin. The restructuring of the products mix requires extensive investments.
- Raw materials are dependent to the import, the domestic material market can only provide approximately 30% of the Company's demand.
- Exchange rate fluctuations affect import-export activities..

The traditional key activities of Lafooco are cashew nut processing and added value producing. In 2017 LAF's revenue reached 1,300 billion, increased by 48% compared to the same period last year as company aimed to expand market. However, due to 2017 is a bad havest year for cashew sector, making price of input material considerably increased while export price had slower increasing speed, affecting company's profit, profit after tax was only VND 4 billion (in 2016, profit after tax was: VND 25 billion).





# ORGANIZATIONAL STRUCTURE AND HUMAN RESOURCES

## INTRODUCTION OF MANAGEMENT TEAM

List of management team:

No.	Position	Full name	Tenure of office	Ownership rate 2017 (%)
1	Chief Executive Officer	Nguyen Khac Hai	11/2016 – now	0,17%
2	Chief Financial Officer	Nguyen Tuan Anh	08/2015- now	0,04%
3	Business Devel-opment Director	Nguyen Viet Hung	08/2015 - now	0,04%
4	Human Resources Director	Nguyen Hoang Yen	05/2016 - now	0,01%
5	R&D Director	Nguyen Trung Anh	03/2016 - now	0,01%
6	Legal Director	Nguyen Quan Minh	01/2017 - now	0,01%
7	Chief Accountant	Vu Thi Lan Anh	01/2016 – now	0,01%

### 1 – Mr. Nguyen Khac Hai – CEO

Nguyen Khac Hai is the CEO of The PAN Group, a leading Agriculture and Food Group in Vietnam. Prior to joining The PAN Group, he was Deputy CEO of SSI Asset Management (SSIAM), a prestigious and leading asset manager in Vietnam.

From 2007 to 2010, he was Director of Legal and Compliance of SSIAM. Prior to joining SSIAM, Mr. Hai worked for Bank for Foreign Trade of Vietnam as a senior legal counsel. He has also been member of Board of Directors of a number of listed companies in Vietnam including Vinaseed (NSC), Bibica Corporation (BBC), Aquatex Bentre (ABT) and ELCOM (ELC).

Mr. Hai’s expertise is in finance and banking, particularly finance and banking laws. He has extensive knowledge and experience in advising and structuring deals for leading securities companies, fund managers, financial institutions as well as policy makers. He also has deep experience and expertise in managing and helping restructure leading agriculture and food companies in Vietnam.

Mr. Hai studied in Japan and completed a LL.M on Comparative Law at Nagoya University. Mr. Hai also holds a BA in Business Law from Hanoi National Economics University.



### 2 – Mr. Nguyen Tuan Anh – CFO

Mr. Tuan Anh was appointed to be CFO since August 2015. He is a Member of the Supervisory Board at Vinaseed (NSC) as well. Prior to this, Mr. Tuan Anh was a senior financial analysis and Member of the Supervisory at PAN Services Hanoi (HOSE: PAN) (former name of The PAN Group). From 2010 to 2013, Mr. Tuan Anh worked for *Vinaconex Joint Stock Corporation*. Mr. Tuan Anh has 5 years of experience in auditing at *Ernst & Young Vietnam Ltd.* (2007-2010) and *A&C Auditing and Consulting Co., Ltd.* (2005-2007). Mr. Tuan Anh completed 3 levels of the CFA program.



### 3 – Mr. Nguyen Viet Hung – Business Development Director

Mr. Hung is currently Director of Business Development, in charge of coordination and development of new projects of PAN as well as CEO of PAN Farm and DCEO of PAN-SALADBOWL. In December 2015, he was appointed to become Director of The PAN Group’s Hanoi Branch. Prior to joining PAN, Mr. Hung has many years of experience in senior positions at domestic and foreign Group, Financial investment fund, Securities company, Commercial bank such as Director of Analysis & Investment, Assistant of General Director at a leading commercial bank in Vietnam before joining PAN. Mr. Hung has a Bachelor of Economics at The University of Technology Sydney (Australia), Master of Applied Finance at Macquarie University (Australia), and is a member of ACCA.



### 4 – Ms. Nguyen Hoang Yen – Human Resources Director

Ms. Hoang Yen joined The PAN Group since May 2016 as Human Resources Director of TPG. Ms. Hoang Yen has significant year experience in human resources management and talent development for foreign owned organizations as Suntory Pepsico Beverage Vietnam, Vine Quality Hospitality Group, Prime Development Co. Ltd. Prior to that, Ms. Hoang Yen has worked for projects under World Bank, UNIDO. Ms. Hoang Yen graduated from Hanoi Foreign Trade University and completed Master of Business Administration from La Trobe University, Australia.







5 – Mr. Nguyen Trung Anh – R&D Director

Mr. Trung Anh joined The PAN Group since March 2016 as R&D Director of TPG. Mr. Trung Anh received an engineering degree in food technology from the Hanoi University of Technology. Then, he obtained a summa cum laude Master degree and Doctoral degree in Bio-science engineering from the Catholic University of Leuven (Belgium). After his PhD, Mr. Trung Anh worked for the “Flanders Centre of Postharvest Technology” (Belgium). In 2007, he came back to Vietnam and worked as a senior consultant and then a project leader for Dutch companies, Fresh Studio Innovations Asia and The Fruit Republic. He also worked as a Sustainable Markets Senior Advisor for the Netherland Development Organization (SNV) prior to joining The PAN Group.



6 – Mr. Nguyen Quang Minh - Legal Director cum Secretary to the BOD

Mr. Quang Minh joined The PAN Group since Jan 2016 as Legal Director cum Secretary to the BOD. Before joining PAN, Mr. Quang Minh worked as a lawyer in a leading local law firm in Hanoi. He was in charge of intellectual property services and then the legal services. Mr. Quang Minh is a member of Hanoi Bar Association, Vietnam Lawyers Association, Vietnam Intellectual Properties Association. He graduated from Legal Department of Vietnam National University.



7 – Ms. Vu Thi Lan Anh – Chief Accountant

Ms. Vu Thi Lan Anh was appointed to Chief Accountant of TPG from Jan 2016. She is in charge of all accounting transaction and compliance and financial report announcement under the prevailing regulations. Prior to the joining The PAN Group, Ms. Lan Anh has five - year experience in auditing and tax consultant for Ernst & Young Vietnam and nearly 4 year working for Masan Resources Joint Stock Co. She graduated from the Hanoi University, major in Finance Management and gained other professional certifications.



CHANGES IN MANAGEMENT TEAM

In 2017, there is change in Management Team as follows:  
• Mr. Nguyen Quang Minh was appointed to the position of Director of Legal since 4 Jan 2017.

PERSONEL STRUCTURE

During 2017, The PAN Group has grown rapidly in asset size through new M & A, as well as invested in optimizing manufacture process, renovating production and processing machinery, and continually restructuring human resources in subsidiaries to adapt business plan. Number of employees increases much higher than 2016 and this leads to the following changes in the personnel structure.

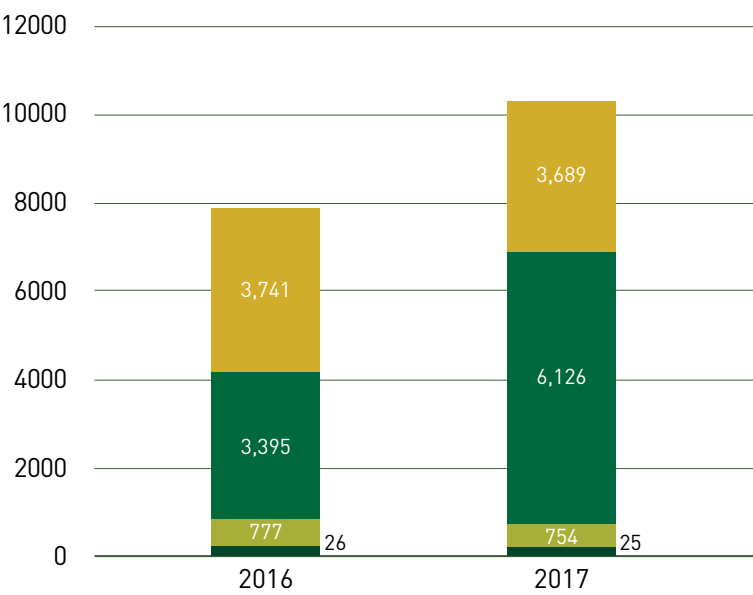
- In 2017, SAO TA FOODS JSC. (FMC) joined The PAN Group through M&A transaction and this leads to the significant increase of total numbers for PAN employees, reach to the figure of 10,594 as of the end of Dec 2017, equivalent to 25% increase compared to 2016.

- In Food processing, overall number of workforce increase sharply 80% compared to 2016 (because of FMC joining). Separately, PAN Food employee number remarkably increases approximately 105%, from 125 to 256.

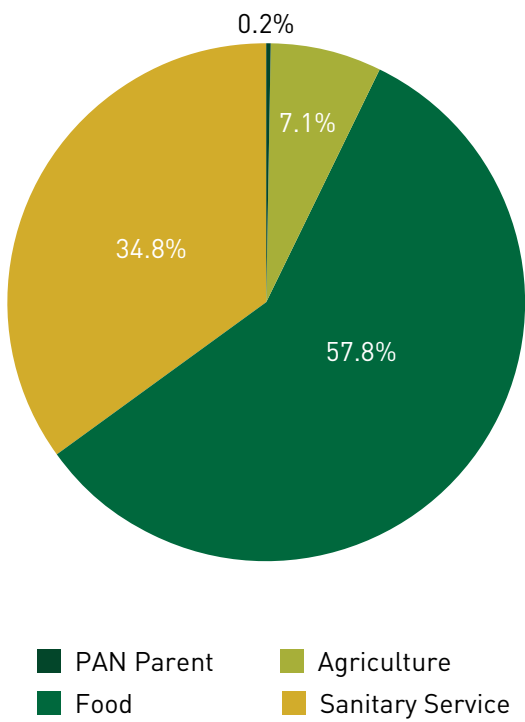
- Besides, in Agriculture Production, overall number of employees decline slightly 2.96% compared to 2016. This comes from restructuring human resources to improve general productivity.

- Staffs of subsidiaries and affiliates company count for the majority with 99.8% of total personal resources. Meanwhile employees of PAN - the parent company accounted for only 0.2%, thus maintain a relatively

PERSONEL STRUCTURE THE PAN GROUP 2016-2017 (PERSON)



PERSONEL STRUCTURE THE PAN GROUP 2016-2017 (%)

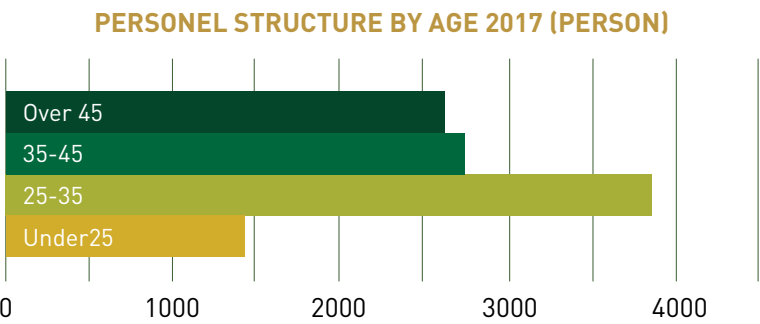




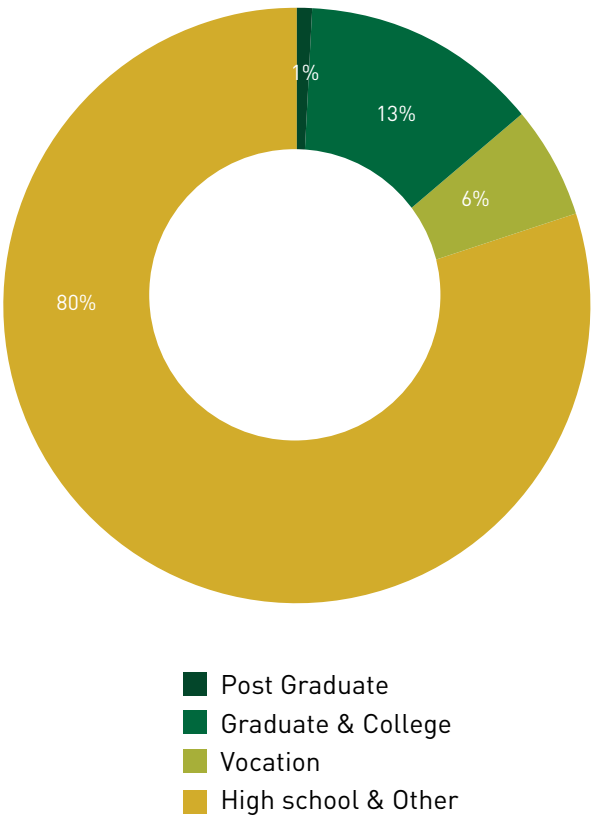


compact and efficient workforce and all departments support vetically for subsidiaries.

- In The PAN Group, 100% of staffs have high education from Graduate/College to Post Graduate. A major number of subsidiaries and affiliates companies' staffs are vocational graduated or farmer, a common practice in Agriculture and Food industry. Staffs at higher level education mostly are at management or back office departments. Improving qualification of management staffs is the priority task of PAN and its members to meet the development demand and common target model of The PAN Group.
- Average labor age is popularly under 35, reaching at 8,003 persons, earning nearly 50% total number of employees, in which 25-35 age account for highest rate at 36%.



**PERSONEL STRUCTURE BY EDUCATION (%)**



**RECRUITMENT**

Talent development, experienced candidate attraction and investment in internal training are significant elements of The PAN Group in 2017. Recruitment plan is built paralelly with business plan to ensure that human resources well adapt to business goals. Candidates with good experiences, experts from famous companies, new graduates with distinction from prestigious domestic or foreign universities and well-skilled staffs/workers are our goal to recruit.

Recruitment process is accomplished to adapt changes in actual activities. The PAN Group's recruitment is always implemented transparently and objectively through building and strictly complying with procedures and regulations from announcing the recruitment, screening resumes, testing and interviewing to choose the most appropriate candidate for each position. By strict adherence to these processes, the recruitment is fairly, professionally and efficiently implemented at The PAN Group, this also affirms the belief in the sustainable development with the real values of The PAN Group for new personnel in particular and all employees in general.

**TRAINING**

Training objectives of The PAN Group is to enhance the internal and external training quality for the staff to enhance their professional capabilities and work efficiency which contributes to efficiency of the company's human resources. In 2017, The PAN Group has organized and registered many training courses on management, specialization for officer team and program for significant human resources recruitment and training to set basis for management generation in the future.

In this year, PAN created and organized successfully a long- term high quality training program on management to key officers in PAN and members. The program was highly appreciated by Board of Directors and members joining.

Besides, PAN continues accomplishing program of talent training and development (Farm Management Trainee Program at PAN-SALADBOWL, which was built and implemented since 2016, with the purpose of supplying high-quality and commitment human resources for the next management generation in the future. This

program is also the the first talent development program of agriculture companies, which are organized professionally.

Here are some remarkable training programs implemented in 2017 as follows:

- Training program for leaders and senior officers in PAN and its members by Dale Canergie
- Training Specialized skills for important officers to insure sustainable development.
- Management Trainee Program 2017 by The PAN Group and corporated with training courses in Japan to supply high qualified workforce for organization in the future.
- Global Integration Course: Trans-Pacific Strategic Economic Partnership Agreement (TPP) and new Free Trade Agreement (FTA).
- Internal training: Quality Management ISO 9001:2015; Professional foreman; Waste water control and operation; advanced HACCP; retraining production procedures, labor safety for 605 workers; food safety training for 445 workers by NAFIQAD in Aquatex Ben Tre.
- Coaching 5,341 farmers on seed production by value, standization of production process from seeding to havesting in NSC.
- Training on chrysanthemum plantation according to Japanese standards in PAN-SALADBOWL.
- Training 5S and Learn 6 Sigma to improve production productivity.

The PAN Group's orientation in training activities in the next period is to implement professional training for senior leaders, to focus on improving expertise, management ability, and to standardize middle managers to meet the development goals of sustainable human resources to optimize the business strategies.

**WAGE AND REWARDS**

The PAN Group's wage policy is strictly implemented which absolutely comply with of The PAN Group's wage procedures and regulations as well as the law provisions. All employees of The PAN Group are paid in accordance with their job titles and in equivalence with the work capacity.

To increase the cohesion of employees and focus on developing professional capacity and strive to create new value, PAN has built and improved the wage and reward policy based on the following elements:





- Build the wage scale system in accordance with the actual situation of the company and as prescribed by law
- Update and complete job description library
- Assign job goals periodically for the staff to understand the purpose and objectives while developing planning skills to accomplish individual goals and contribute to the overall goals of the company
- Build and accomplish performance management system and evaluate accurately the effectiveness of the implementation of each individual target. This result is an effective tool to help individuals and managers identify the appropriateness of the objectives and the basis for the adjustments, planning and development for the next period. Besides, the performance of any individual is the most important factor to consider the adjustment of the wage level every year to ensure that all employees are paid in accordance with their work capacity and efficiency.
- Beside the performance and capacity based wage policy, The PAN Group also developed appropriate reward system

for each individual or group such as: best performing staff, year-end KPI evaluation result. The period for rewarding includes the probation period, extraordinary bonus for individuals with outstanding achievements, the 13rd month salary, year-end bonuses to encourage the employees to devote and strive hard for the fast and sustainable development of The PAN Group.

WELFARE POLICY

In addition to wage and reward policy, The PAN Group also developed and implemented a number of welfare policies such as:

- All the employees are insured to join periodically comprehensive medical check-up, additional health insurance from world’s leading insurance companies (apart from the compulsory health insurance under the law of social insurance) and life insurance after sign the official labor contract.
- Employees can participate in cultural activities and sports in the special events of the company.
- Employees are entitled to benefits, gifts in holidays and special occasions, rewards to employees’ children with excellent study performance, sick visits, wedding, allowances for staff in difficult circumstances, Year-end party, team building, pension, employee training, maintenance activities of culture, art, sport and association.
- Labor Union plays important role in procedures obedience according to law as well as ensure highest profit for labors. Along with the company, Labor Union organized activities and implemented policies to care labors’ life.

PROMOTION POLICY

In 2017, personel rotations were implemented to adapt the need of high quality human resources in PAN and subsidiaries and to make condition for employees to achieve their private career development.

The PAN Group developes promotion policies and creates a professional, friendly and equal work environment for all the employees to maximize their professional capacity simultaneously with the improvement of soft skills in line with each position for comprehensive development. Open promotion policy with first priority to the company’s staff in case they are qualified. The personnal assessment and successor planning also draws special attention. Mentoring, fostering and

detecting potential employees are also implemented in a specific roadmap to create opportunities for all skilled personnel. Talent development program, which is implemented and gradually duplicated, attracts young labor force with high capability and trains them to accelerate plan of human resource development in the corporation.

CORPORATE CULTURES

Along with the way we have gone, 2017 is the year that PAN continually builds up and enhance our unique corporate culture.

People is the most valuable in an organization. In PAN, we appreciate all contributions from whoever or whichever position to mutual success. For that reason, we bring all PANers an energetic and fair, professional and friendly environment, in which every staff has chance to work, practice, develop his career forward to success and to accomplish his ethics. Every success, even small, is well recognized. We bring a system of various and suitable solutions to help every staff get mature and build up his career in PAN, as well as have opportunity to contribute helpful activities for society and mutual environment. All these solutions are developed and connected tightly on organization’s vision and typical PAN culture.

In 2017, PAN continues building corporate culture by team activities (PAN Gala and meeting, sight- seeing among PAN and its members), with a message to each staff about PAN’s core values. The PAN Group’s core values bring everlasting and influential belief for any decision of the members in the company. Those have shaped membership of The PAN Group and are the pride of every employee, the strong foundation for the company’s continuous improvement and sustainable development in the future.

5 core values include:

- Integrity      - Innovation      -Effectiveness & Efficiency
- Solidarity      - Dedication

*Integrity* lis the most important factor and also is a prerequisite for us to work together to build PAN become the reputed financial investor in the market. We are committed to strictly comply with the ethical standards of the company as well as the law provisions.

We together work, share the knowledge, experience and different skills to create the highest value. With *team spirit and solidarity* , we complement each other, together create added value from the resonance value for the







company and the shareholders.

We actively seize the economic situation of the market and customer needs and continuously *improve and innovate* to explore the discrete agricultural values to connect them and make them perfect. The shareholder’s satisfaction is The PAN Group’s mission for the lasting development.

Each member of The PAN Group believes that all values must be created over time and are the result of the hard work. We are determined to perform our mission with the spirit of hard work, *dedication* and science. We want to share the value created and accumulated with each new member of the company, the community, shareholders to build Vietnam’s leading company in agricultural and food products and become the world’s largest safe and stable food suppliers.

Along with the growth of The PAN Group, the core value’s platform will be the guideline for all activities of the company, which will bring *sustainable efficiency* for The PAN Group and the difference with other companies and truly become the trusted choice for the investors.

In 2015, The PAN Group has built and continued to improve the Code of Conduct (COC) for 2017:

The PAN Group is an organization whose mission is to create and increase value through the integration of value chain in Agriculture and Food sectors. With the characteristics of these two sectors, we have set the internal code of conduct in the company. The PAN Group expects the employees at all levels to understand and implement the COC on a voluntary basis for the benefit of companies, employees and social community.

*For shareholders, investors, customers and partners*, The PAN Group always respect the parties with economic relations. The company always promotes the transparency and equality, which does not accept any bribery or bias toward somebody for individuals or group’s interest to ensure the fair competitiveness.

*For colleagues*, The PAN Group’s employees respect personal freedom and differences in ethnicity, culture and religion of different regions. No harassment, victimization, discrimination, contempt in any form is accepted for any reason. Seriousness and sincere in working relationship with target to the transparency, equality, justice and proper behaviors which are consistent with Vietnam

culture and labor regulations have been promulgated and approve by the company.

*For work*, The PAN Group’s employees should adhere to local law provisions and other mandatory requirements from the stakeholders and simultaneously oppose and prevent any violations of these requirements. They have to protect tangible and intangible assets for the company, respect the possession and privacy rights of other parties. Employees are not allowed to reveal any secrets relating to the insider trading as well as acts of profiteering that may affect the company.

*For sustainable development and social responsibility*, The PAN Group’s employees should be aware of the appropriate behavior with the sustainable development requirements of the company including economic development, environmental protection, safety and social security, which represent the personal responsibility for the community.







# SUBSTANTIAL INVESTMENTS AND PROJECTS IN 2017



## INVESTMENT IN 2017

### 1. INVESTMENTS OF THE PAN PARENT COMPANY:

With the corporation model in which the parent company acts as a company that in charges of managing capital, coordinating business and production, distribution among subsidiaries, investment activities in the parent company, PAN, mainly consist of financial investment activities through M&A to increase the ownership rates in the subsidiaries or establishment new platform to restructure the Group. M&A deals or new entity establishment of PAN are all considered and scrutinized for effectiveness and ensure compliance with the strategic development of production and business in Agriculture and Food .

### 2. THE FINANCIAL INVESTMENTS (M&A) OF THE PAN PARENT COMPANY AND SUBSIDIARIES AS FOLLOWS

#### 2.1. investments of PAN Farm and ABT:

##### M&A Sao Ta Foods JSC (FMC)

*Reasons for implementation*

- Sao Ta Foods Joint Stock Company (FMC) is a big and long-standing brand in the field of raising and processing export value-added shrimp. The company is one of the three leading companies that export products to big markets and strict stand-ards such as Japan, Europe, America and have been consumed in the great restaurant and distribution system.
- FMC has achieved many achievements in the improvement and development of refined products with high-profit margins and strong competitiveness, which have become the main field of FMC’s product development strategy.
- Shrimp is considered as a high nutritional source of food and the world trend is turning from land to underwater protein and vegetable protein, so the demand for shrimp is going up trend in the next period.
- The investment of The PAN Group in FMC is expected to develop strengths together with FMC to invest in high-quality seafood products, contribute to diversifying product portfolio of FMC in particular and The PAN Group in general, expanding the funda-mental for Food sector at the Group.

*Method &Progress*

- In 2017, PAN Group through its two subsidiaries, PAN Farm and ABT, made a purchase to increase its stake in FMC, as follows:
- In November 2017: PAN Farm bought 1,833,333 shares of FMC, equivalent to 4.7% of charter capital with the total investment of VND 42 billion. Funding: capital of PAN Farm.
  - November, 2017: ABT bought 7,839,000 shares of FMC, equivalent to 20.1% of the charter capital of FMC with total investment of VND 180 billion. Funding: ABT’s own capital.
  - In December 2017, PAN Farm continued to register for public bid-ding of 11,887,200 shares of FMC to raise its stake in FMC from 4.7% to 35.17% with own funds of PAN Farm. Transaction Period: December 2017 to Jan 2018.

*Investment result*

- As of 31/12/2017, The PAN Group through PAN Farm and ABT owns 9,672,333 shares of FMC, equivalent to 24.8% ownership with a total investment of VND 222 billion. FMC has officially become an affiliate of the PAN Group.
- In January 2018, PAN Farm completed the public offering of 11,494,667 FMC shares (equivalent to 29.5% of chartered capital) with a total investment of VND 264 billion. After the tender offer, PAN Farm owns 13,328,000 shares of FMC equivalent to 34.17% of chartered capital FMC. Through the two subsidiaries, PAN Farm and ABT, PAN Group officially owns 54.3% of chartered capital at FMC and put FMC from an affiliated company into a subsidiary in 2018.
- In 2018, as a subsidiary of the Group, FMC is expected to achieve good results and contribute significantly to the consolidated profit of The PAN Group.





2.2. Investment in PAN-SALADBOWL JSC  
Investment in Greenhouse system in PAN-SALADBOWL JSC.

<b>Reasons for implementation</b>	<ul style="list-style-type: none"><li>- PAN-SALADBOWL is considered the legal entity implementing vegetable and flower production in the Agricultural Platform of the PAN Group, providing for domestic market and export.</li><li>- Because of the successful cooperation between PAN-SALADBOWL and Japanese partner, PAN-SALADBOWL needs to extend the area of Green house with top technologies in Vietnam to plant and export flowers to Japan market.</li></ul>
<b>Method &amp; Progress</b>	<ul style="list-style-type: none"><li>- In 2017, PAN-SALADBOWL continues to sign contracts with prestigious greenhouse contractors to continue building new greenhouses at Lam Ha Farm. The construction was completed in the fourth quarter of 2017.</li></ul>
<b>Investment result</b>	<ul style="list-style-type: none"><li>- At the end 2017, the completed greenhouse area of PAN-SALADBOWL is over 8ha, including modern greenhouse model and traditional greenhouse model suitable for each product line has been used.</li><li>- The total value of greenhouses invested in PAN-SALADBOWL is 55 billion VND.</li></ul>

2.3. Investment in PFM’s new projects in 2017  
Invested in Food processing factory at PAN Food Manufacturing (PFM)

<b>Reasons for implementation</b>	<p>To expand PAN Food’s production base with a cluster of food processing plants with international standards, serving PAN Food’s strategy to become a leader in the packaged food industry, bringing the Brand products, traceability; Safe nutrition, natural from Vietnam for the world.</p>
<b>Method &amp; Progress</b>	<p>In 2016, PFM has completed the land lease of 10 ha in Vinh Loc II Industrial Park - Long An and is promoting the construction of food processing factory (confectionery, snack). In 2017, the first phase of project was finished with the Sponge Cake line.</p>
<b>Investment result</b>	<p>With the completion of first Phase of the PAN Food Processing Plants - Sponge Cake line, PFM released Rosio Cakes production from the fourth quarter of 2017 was received a good signal from market.</p> <p>Investment value until December 31, 2017: VND 430 billion.</p>

2.4. M&A at PAN Food  
Invested to increase ownership in BIBICA Corporation – BBC

<b>Reasons for implementation</b>	<ul style="list-style-type: none"><li>- BBC is the leading enterprise (TOP 3) on Confectionery manufacturing in Vietnam with nearly 15%.</li><li>- Confectionery manufacturing capacity in particular and packaged foods generally are considered as solid foundation for the development of food business under long-term strategy of the company.</li><li>- Nationwide distribution system of BBC is a big advantage to fulfill supply chain concept of “from farm to table”.</li><li>- The growth of BBC’s revenue and profit is stably steady over the years.</li></ul>
<b>Method &amp; Progress</b>	<p>In 2017, PAN Food continued to buy more shares to increase ownership rate in BBC, specifically:</p> <ul style="list-style-type: none"><li>- In August-2017: Acquired 997.647BBC shares, equivalent to 6.5% of charter capital through public offer with the total investment value VND 113 billion. Funding source: own capital of PAN Food.</li></ul> <p>After this acquisition, Bibica became a subsidiary of The PAN Group.</p>
<b>Investment result</b>	<ul style="list-style-type: none"><li>- As of 31.12.2017, PAN Food owned 7,720,577 shares of BBC with ownership rate of 50.07%, and total investment value VND 477 billion.</li><li>- In 2017, contributed significantly to the consolidated profits of PAN Food.</li></ul>

Invested to increase ownership in 584 Nha Trang Seaproduct JSC (584 Nha Trang)

<b>Reasons for implementation</b>	<ul style="list-style-type: none"><li>- The company was established in 1977, is one of the leading brands in the traditional fish sauce industry in Vietnam. 584 Nha Trang product is in the traditional fish sauce segment, especially high protein fish sauce, with emphasis on food safety as well as high quality.</li><li>- With the products in line with the general strategy of the PAN Group, especially with the advantage of owning a long-standing traditional fish sauce brand, 584 Nha Trang is considered as a small business platform, but can contribute to PAN Food’s category a good product, typical of Vietnam.</li></ul>
<b>Method &amp; Progress</b>	<p>In 2017, PAN Food invested VND 16,8 billion to acquire from 22.4% to 31.86% of 584 Nha Trang charter capital. Funding source: own capital of PAN Food.</p>
<b>Investment result</b>	<p>With ownership of 31.86% of 584 Nha Trang , PAN Food has 1 affiliate which increased contributed portion to consolidated profit of PAN Food in 2017.</p>





SUBSIDIARIES AND ASSOCIATES

There are 2 direct subsidiaries of PAN Group: PAN Farm (Agriculture Sector) and PAN Food (Food Sector) with holding percentage of 99.99%. In addition, currently 2 direct associates: Xuyen Thai Binh Company Limited (PAN Services Ho Chi Minh) and Lien Thai Binh Company Limited (PAN Services Hanoi).

The financial position and business results of PAN’s subsidiaries and associates in 2016 were as follows:

IN THE AGRICULTURE SEGMENT  
NATIONAL SEED COMPANY JSC - NSC  
CONSOLIATED FINANCIAL OVERVIEW

Unit: VND million

CONSOLIDATED RESULT					
INCOME STATEMENTS	2013	2014	2015	2016	2017
Net Revenue	597,814	712,909	1,248,623	1,331,783	1,512,603
Gross profit	235,480	246,662	455,412	499,065	560,719
Profit from business operation	97,220	12,237	168,563	213,045	252,235
Profit after tax	96,110	124,028	157,108	192,460	234,615
Net income to NSC’s shareholders	95,460	122,758	141,629	175,206	210,797
EPS (VND/share)	9,518	8,293	9,261	10,316	13,792
<b>Profit margin</b>					
Gross profit margin	39%	35%	36%	37%	37%
Net profit margin	16%	17%	13%	14%	16%
BALANCE SHEET					
Short term assets	347,081	470,989	824,451	802,640	872,047
Total assets	439,523	953,008	1,557,689	1,486,530	1,561,421
Liabilities	112,319	202,337	555,038	400,855	502,150
Short term liabilities	112,238	202,298	461,746	358,187	461,449
Owners’ equity	322,997	744,946	805,256	890,840	924,517
Non-controlling interest	4,207	5,726	197,395	194,836	134,754

THE BUSINESS RESULTS VS. THE ANNUAL TARGET

Unit: VND billion

No,	Indicators	2017 Plan	2017 Actual	%Achieved
1	Net Sales	1,514	1,513	100%
2	Net Income to NSC’s shareholders	195	211	108%

**Business performance:** NSC’s revenue reached VND 1,513 billion, achieved 100% of plan, Net income to NSC’s shareholders was VND211 billion, meet 108% annual plan.  
In 2017, EPS was VND 13,792.

Compared to 2016, in 2017, Revenue grew by 14%. Net income to NSC’s shareholders was VND 211 billion, equivalent to growth-rate of 21%. The growth in revenue and profit in 2017 in comparison with 2016 thanks to: good market activities, focus on patented products which have high gross profit margin and meet the market’s demand, bringing high business efficiency.

**Profit margin:** For period from 2013 to 2017, NSC remained much higher profit margin than companies in same industry, the average annually gross profit margin is 37%, average annually net profit after tax margin is 16% thank to sale boosting process with growth rate of 38% along with developing new patented product with higher net income margin.

**Asset:** As of 31/12/2017, NSC’s total asset was VND 1,591 billion. For period from 2013 to 2017, average annual growth-rate of asset is 65% per year, that rate of owner equity is 47% per year. There is increase trend in inventories, fixed asset and goodwill, which is in line with company’s strategy of business expanding and development through M&A. Inventory balance as of 31/12/2017 is VND 327 billion, decreased by VND 17 billion than the balance at the beginning of the year.

**Liquidity:** NSC has remained strong liquidity and financial position over years thanks to reasonable asset structure, cash management and liability management.

Prominent business activities of the Company in 2017:

- *Manufacturing activities:* NSC had planned a stable production area, in association with a large sample field as well as organized safety production practices for the Company’s products of varieties.
- *R&D and transfer of scientific and technical progress activity:* this is the main activity which help promote the motivation for the NSC’s development, enhance competitiveness and create product differentiation, therefore ensuring sustainable development of the Company. Through the transfer of exclusive varieties from research institutes, universities, authors, the Company has conducted the testing, evaluation and recognition of trial production of rice, corn, vegetables, high-quality seed, which meet the market requirements.
- *Development of new products:* The company has developed and successfully applied new rice and corn seeds of high economic value, and are increasingly recognized as the best in quality such as Thien Uu 8, RVT, the corn HN88, HN68, the hybrid vegetable product lines. All of these has contributed to the restructuring of the Company’s product mix, increasing production of patented seeds, which bring high economic efficiency for the Company.
- Ha Nam High-Tech Agricultural Development & Investment JSC was established in 2016. The company has built distribution network of 350 supermarkets, Grocery store, Fresh store in some of the big cities such as Ha Noi, Thanh Hoa, Vinh, Hai Phong, Vinh Phuc, Bac Ninh,etc. Their products are now available in a lot of supermarkets such as Big C, Fivimart, Coopmart, Citimart, Lotte, Hapro food, Tmart, Unimart,etc. and fresh food chains such as Biggreen, Soi Bien, Luon tuoi sach, Fuju fruits, etc.
- *Strengthen the development of human resources:* the objectives of developing a dynamic, innovative and professional workforce has been successfully achieved through a system of a good remuneration policy and the remuneration for workers (creating opportunities for promotion, training, and education of staffs in the company).
- *Improve the regulation system of the Company:* NSC has built and completed an advanced, transparent management system which synchronized to the international standards. The system is being seriously implemented and regularly adjusted to fit the actual business situation.





PAN-SALADBOWL JSC  
FINANCIAL OVERVIEW

Unit: VND Million

FINANCIAL OVERVIEW		
INCOME STATEMENT	Năm 2016	Năm 2017
Net sales	2,896	8,047
Gross profit	882	2,122
Profit from business operation	(1,163)	(2,971)
Profit after tax	(1,160)	(3,116)
<b>Profit margin</b>		
Gross profit margin	30%	26%
Net profit margin	N/A	N/A
Short term assets	18,850	17,869
Long term assets	17,089	52,618
Total assets	35,939	70,488
Liabilities	8,952	46,617
Short term liabilities	3,953	35,708
Owners' equity	26,986	23,871

PAN-SALADBOWL was established in Quarter I-2016 based on the cooperation of 2 shareholders: PAN Farm (owns 64% Company's chartered capital) and Japanese Partner- Saladbowl (owns 36% Company's chartered capital). In 2017, Company mainly focus on building greenhouse system for chrysanthemum planting to export to Japan. Hence revenue and profit of the company in 2017 is not significant.

12/2017, The PAN Group has signed contract cooperation with HULIC Group (Japan) in the field of hi-tech agriculture in Vietnam. It's expected that HULIC's investment will support PAN-SALADBOWL to expand its range of vegetables and flowers products, which is branded and high-quality, also meets the demands of the export market.

In 2018, PAN-SALADBOWL's revenue, profit and assets will see a significant growth over the same period when the investment operation is completed and production is stable.



In the Food segment

PAN FOOD JOINT STOCK COMPANY – PAN FOOD

PAN Food is a subsidiary 99.99% owned by PAN Group, which is a holding company and the in-charge for development of production platform for Food segment. The Food segment currently has main business areas as follow:

- Confectionery produced by The PAN Group and an associate, Bibica JSC (BBC);
- Aquaculture Aquatex Ben Tre JSC (ABT) – a subsidiary and 2 associates 584 Nha Trang Seaproduct JSC and Sao Ta Foods JSC (FMC)
- Food processing performed by Long An Food Processing JSC (LAF) – a subsidiary;

Business result of PAN Food in 2017 mainly from above subsidiaries.

CONSOLIDATED FINANCIAL OVERVIEW

Unit: VND Million

CONSOLIDATED BUSINESS RESULTS			
INCOME STATEMENT	2015	2016	2017
Net Revenue	1,011,526	1,355,626	2,555,359
Gross Profit	152,109	137,856	361,750
Profit from business activities	107,513	84,216	310,948
Consolidated profit after tax	126,123	84,613	301,324
Net income to Parent company's shareholders	92,731	65,793	262,450
<b>Profit Margin</b>			
Gross profit Margin	15%	10%	14%
Net profit Margin	12%	6%	12%
<b>BALANCE SHEET</b>			
Short term assets	974,522	933,744	1,703,075
Total assets	1,574,350	1,723,614	3,550,554
Liabilities	332,717	480,997	1,426,885
Short term liabilities	332,710	471,140	1,067,876
Owner's equity	1,056,734	1,095,273	1,346,811
Non-controlling interest	184,898	147,344	776,858

THE BUSINESS RESULTS VS. THE ANNUAL TARGET

Unit: VND billion

No.	Indicators	2017 Plan	2017 Actual	% achieved
1	Net consolidated revenue	1,533	2,555	167%
2	Consolidated profit before tax	97	320	330%
3	Consolidated profit after tax	89	300	337%
4	Net income to PAN Food's shareholders	68	262	385%

**Business Performance:** PAN Food's revenue and profit growth exceeded the target, met 167% and 337% business plan. The main reason for the high growth in revenue was due to the promotion of cashew sales at LAF to take advantage of market conditions and consolidate Bibica sales from the third quarter of 2017. The consolidation of the BBC also brought strong profit-growth by re-evaluating investment in the BBC when the BBC became a subsidiary of The PAN Group from an affiliate.

**Profit margin:** In 2017, the business result of the subsidiaries is affected by the negative impact of climate change and the market, however PAN Food still has gross profit margin and net profit after tax rate of 14% and 12%, respectively.

**Assets:** As of 31/12/2017, the total assets of PAN Food reached VND3,551 billion. Particularly, the asset structure is heavily contributed by cash and cash equivalents, inventories and long term investment.

**Liquidity:** PAN Food achieved good liquidity and a healthy financial status, current ratio: 1.6 times, and the balance of cash and cash equivalents at 31/12/2017: VND 1,035 billion.





Prominent activities of the Company in 2017:

- *Investments in Construction:* In 2017, PAN Food JSC finished the first phase of PAN Food Manufacturing factory (PFM) and started to supply products to the market from the mid of fourth quarter. PFM will be the focus of PAN Foods’ food manufacturing and R&D platform and resources
- *M&A activities in 2017:* Pan Food continued to increase ownership at BBC, 584 Nha Trang Seaproduct JSC and ABT- a subsidiary company of PAN Food successfully purchased 20.1% of shares in Sao Ta Foods JSC. Therefore, as of 31/12/2017, the ownership of PAN Food with the Subsidiaries and associates are as follows:
- *PAN Food’s projects:* In 2017, PAN Food concentrated on building new distribution system and through it, launching new products which PAN Food produced like Huro gummy candy, PAN Food moon cake, Snack Funutz, Bon Amin cookies, Ban Mai rice, and other Tet, festival products. These are high quality, safe and traceable food products under the PAN Food brand.

No	Company	Relation	Ownership	Total Invest-ment (VND bn)
1	PFM	Công ty con	99.96%	275
2	ABT	Công ty con	72.82%	344
3	LAF	Công ty con	80.52%	152
4	BBC	Công ty con	50.07%	474
5	584 Nha Trang	Công ty liên kết	31.86%	31
6	FMC	Công ty liên kết	20.1%	181
Total				1,457

FINANCIAL SITUATION AND BUSINESS PERFORMANCE OF PAN FOOD’S SUBSIDIARIES AND ASSOCIATES:  
BIBICA JSC - BBC



Unit: VND million

FINANCIAL OVERVIEW

INCOME STATEMENT	2013	2014	2015	2016	2017
Net revenue	1,052,963	1,126,714	1,171,783	1,263,433	1,289,893
Gross profit	331,699	391,184	407,052	445,389	409,253
Profit from business activities	58,505	91,759	106,382	104,704	118,070
Profit after tax	44,880	57,793	85,815	81,281	97,329
EPS (VND/share)	2,910	3,748	5,287	4,878	5,996
<b>Profit margin</b>					
Gross profit margin	32%	35%	35%	35%	32%
Net profit margin	4%	5%	7%	8%	8%
<b>BALANCE SHEET</b>					
Short term assets	450,597	572,945	723,052	789,310	817,412
Total assets	808,294	893,127	1,006,902	1,041,148	1,119,459
Liabilities	213,413	251,950	301,304	288,291	300,011
Short term liabilities	211,942	240,574	281,964	267,551	279,141
Owners’ equity	594,881	641,177	705,598	752,857	819,448

THE BUSINESS RESULTS VS. THE ANNUAL TARGET:

Unit: VND Billion

No.	Indicators	2017 Plan	2017 Actual	% achieved
1	Revenue	1,400	1,290	92%
2	Profit before tax	104	118	113%
3	Profit after tax	86	97	113%

**Business performance:** in 2017, BBC revenue and net profit after tax was VND 1,290 billion and VND 97 billion respectively, achieved 92% of revenue plan and exceeded 13% of net profit after tax plan. EPS was reported at VND 5,996 per share. On average for the 2013-2017 period, although revenue grew only by average 6% per year, profit after tax has witnessed an impressive growth by 21% per year.

These positive results in profit mainly due to the fact that BBC had advantage of main raw material management (sugar, starch, butter, etc.) along with the promotion of the consumption of new products with high margin.

**Profit margin:** thanks to better management of costs, boosting R&D activities to develop and distribute new products with high margin (Hura, Goody, etc.) in the 2013-2017 period, the Company’s gross profit margin and net profit margin has been in a sustainable growth trend.

**Assets and liquidity:** Total assets as at 31/12/2017 of BBC reached VND 1,139 billion, grew by 9% in comparison with 2016, in the whole period from 2013 to 2017, total assets had average annual growth rate of 10%/year. In particular, as of 31/12/2017, the cash and deposits reached VND 395 billion (Accounted for 35% of total assets), maintaining very good liquidity: current ratio: 2.8 times; Inventory slightly increased to VND 104 billion. The ratio of debt/total assets was relatively low, at 27%.

Prominent activities of the Company in 2017:

- The production and cost management: thanks to the forecast of purchase price and the privilege import mechanism of raw material, the BBC’s production and business efficiency in 2017 have had a good growth-rate.
- Development of new products: by promoting investment in R&D, in 2017 the BBC has successfully launched several new products which are well conceived from the market.





BEN TRE AQUAPRODUCT IMPORT AND EXPORT JSC- ABT  
FINANCIAL OVERVIEW

Unit: VND Million

FINANCIAL OVERVIEW

INCOME STATEMENT	2013	2014	2015	2016	2017
Net revenue	534,534	448,861	474,007	422,105	383,695
Gross profit	102,439	100,877	117,589	74,525	48,114
Profit from business activ-ities	83,942	87,256	77,639	54,528	32,898
Profit after tax	73,929	77,505	68,885	47,671	28,225
EPS (VND/share)	6,540	6,740	5,713	4,011	2,453
<b>Profit margin</b>					
Gross profit margin	19%	22%	23%	18%	13%
Net profit margin	14%	17%	14%	11%	7%
<b>BALANCE SHEET</b>					
Short term assets	595,663	567,334	499,684	573,159	371,422
Total assets	688,269	656,658	584,656	649,276	634,346
Liabilities	273,455	240,949	177,164	233,570	230,224
Short term liabilities	273,455	234,019	171,771	229,104	226,554
Owners' equity	414,814	415,709	407,492	415,707	404,122

THE BUSINESS RESULTS VS. THE ANNUAL TARGET:

Unit: VND Billion

No.	Indicators	2017 Plan	2017 Actual	% achieved
1	Net revenue	500	384	77%
2	Profit before tax	60	32	53%

**Business performance:** in 2017 the company plans to achieve net sales of VND 500 billion, while planed profit before tax was set at VND 60 billion. Actual revenue and profit before tax in 2017 was VND 384 billion and VND 32 billion, met 77% planned revenue and 53% planed profit before tax.

ABT did not meet business plan because of following reason: in 2017, the fisheries sector in general and ABT in particular continued to face many difficulties due to complicated weather, and quality management policy of the governing body which was applied in short period, affecting domestic raw materials purchasing, the technical barriers to major import markets have been tightened, and the increase of smilar products makes competitiveness of export pangasius production more aggressive.

Therefore, 2017 revenue is equivalent to 90% of 2016 revenue and due to higher cost (increased raw material costs from farming activities affected by mangroves, from 2016), business efficiency was affected.

2017 net profit after tax reached VND 28 billion, reduced by 42% compared to 2016, EPS reached VND 2,453.

**Asset structure and liquidity:** in which the assets structure shifted gradually to current assets with high balance of cash and short-term financial investments. These things helped ABT to increase the liquidity and soundness of the financial situation of the company, limit debts and interest expenses incurred. This was considered as a special advantage of the ABT in the manufacturing process as well as investment for business expansion to new business models.

As at 31/12/2017, the cash balance ABT was VND 208 billion, equivalent to 33% of total assets, the current ratio was: 1.6 times.

Prominent activities of the Company in 2017:

- **Farming activity:** In 2017, Company implemented the innovation activities with catfish farming method towards industrialization, high density and technical improvements.

- **Processing Activity:** ABT implemented many improvements in the processing of clams and pangasius include:

- *Clams:* Continue to improve the process of soaking the clams, increase the competitiveness of the product and maintain the quality of products.

- *Pangasius:* make improvements in microbiological quality and improvement of sensory quality, improve product quality.

- **Sales Activity:** In 2017, the Company maintained and expanded its market by offering its products to some new supermarkets and develop value added products in the future. For clams, the consumption situation remained stable in EU, USA, Australia and Canada.

LONG AN FOOD PROCESSING EXPORT JSC - LAF  
FINANCIAL OVERVIEW

Unit: VND Million

FINANCIAL OVERVIEW

INCOME STATEMENT	2013	2014	2015	2016	2017
Net revenue	537,590	691,442	877,348	875,734	1,300,358
Gross profit	38,800	44,064	46,932	55,326	21,844
Profit from business ac-tivities	6,397	11,541	25,120	21,414	(5,686)
Profit after tax	33,606	11,644	24,389	24,779	4,095
EPS (VND/share)	3,748	791	1,656	1,682	278
<b>Profit margin</b>					
Gross profit margin	7%	6%	5%	6%	1,7%
Net profit margin	6%	2%	3%	3%	0,3%
<b>BALANCE SHEET</b>					
Short term assets	106,178	151,258	230,779	278,717	394,732
Total assets	188,794	240,187	305,095	346,005	455,761
Liabilities	73,682	113,435	153,953	170,104	275,765
Short term liabilities	73,657	113,405	149,339	165,036	272,199
Owners' equity	115,112	126,753	151,142	175,901	179,996

THE BUSINESS RESULTS VS. THE ANNUAL TARGET:

Unit: VND Billion

No.	Indicators	2017 Plan	2017 Actual	% achieved
1	Revenue	900	1,300	144%
2	Profit before tax	27	6	22%
3	Profit after tax	26	4	15%





**Business performance:** in 2017, LAF’s net sale reached VND 1,300 billion and net income after tax reached VND 4 billion. The revenue sharply increased compared to the same period of 2016, however, due to the fluctuation in raw material prices and import barriers, the company had to increase production cost, as a result efficiency of its cashew business is affected.

**Profit margin:** Since 2013, LAF has begun to seriously and completely restructure the business and production in order to improve the business efficiency and gradually offset the accumulated losses. However, in 2017, the cashew industry faced many difficulties due to the fluctuation of raw material market and the company suffered from such as contract cancellation, late delivery, ... Affected by the lack of raw materials due to suppliers’ contract violation, the Company had to buy materials in the domestic market with the high prices, negatively affecting the rate of return, the gross profit margin in 2017 is only 1,7%.

**Assets:** As of 31/12/2017, the total assets of LAF reached VND 456 billion, rising by 32% compared to the beginning of the year. Ending inventory balance was approximately VND 181 billion, went up by 108 % compared to 2015. Cash and cash equivalent of LAF reached VND 166 billion, rised by 21% compared to 2016.

**Prominent activities of the Company in 2017:**

- Manufacturing activity: in 2017, the company is actively seeking new customers, boosting value-added products with high profit margins.
- In 2017, the Company restructured its personnel and salary system, set up a KPI indicator system, and reorganized some departments to conduct the test. LAF has completed the production process optimization project, and began to apply the practice in the company.
- The company has constructed new factory to meet the market demand.

Sao Ta Foods JSC – FMC  
FINANCIAL OVERVIEW

Unit: VND Billion

FINANCIAL OVERVIEW					
INCOME STATEMENT	2013	2014	2015	2016	2017
Net revenue	2,184,393	2,880,762	2,876,721	2,252,175	3,248,594
Gross profit	133,603	227,955	271,851	175,707	272,493
Profit from business ac-tivities	34,987	78,148	95,555	98,839	125,331
Profit after tax	32,738	62,790	97,363	94,316	122,321
EPS	2,946	4,936	3,967	2,696	3,296
Profit margin					
Gross profit margin	6%	8%	9%	8%	8%
Net profit margin	1%	2%	3%	3%	4%
BALANCE SHEET					
Short term assets	621,372	999,102	1,091,370	1,237,868	1,384,650
Total assets	741,771	1,189,902	1,343,959	1,538,256	1,705,769
Liabilities	506,278	800,607	998,927	1,037,525	1,150,530
Short term liabilities	505,748	793,200	992,657	1,030,979	1,143,230
Owners’ equity	235,493	389,295	345,032	500,731	555,239

THE BUSINESS RESULTS VS. THE ANNUAL TARGET:

Unit: VND Billion

No.	Indicators	2017 Plan	2017 Actual	% achieved
1	Revenue	3,375	3,249	96%
2	Net income before tax	100	125	125%

**Business Performance:** In 2017, the business activities of the company exceeded 25% before-tax profit target in the context of global economic situation is extremely complex, exporters have subjected to many pressures and potential risks. The company had actively exported raw shrimp materials to the fastidious markets such as Japan, USA, Europe, etc. In addition, the team experienced leaders, made timely decisions, accurate prices and being flexible in buying raw materials from foreign helping to stabilize the production and maximize the capacity of the factory.

**Profit Margin:** In 2017, FMC maintained a stable profit-margin, gross profit margin reached 8% and profit after tax reached 4%.

**Short-term assets:** In 2017, short-term assets increased by 12%, accounted for 81% total assets and current ratio increased by 1.2 times.

**Investment and Capital expenditure**

The company completed the construction of Tin An factory at an investment cost of about 80 billion VND and was tested in the fourth quarter of 2017. The plant is expected to come into operation in January 2018.







584 Nha Trang seaproduct JSC  
FINANCIAL OVERVIEW

Unit: VND million

FINANCIAL OVERVIEW				
INCOME STATEMENT				
	2014	2015	2016	2017
Net revenue	166,070	174,009	213,332	269,568
Gross profit	32,231	37,772	46,384	52,257
Profit from business activi-ties	6,176	10,341	13,766	13,376
Profit after tax	6,814	9,173	12,211	11,690
Profit margin				
Gross profit margin	19%	22%	22%	19%
Net profit margin	4%	5%	6%	4%
BALANCE SHEET				
Short term assets	62,436	72,296	81,111	124,903
Total assets	87,477	87,477	96,474	142,875
Liabilities	45,721	54,013	55,786	78,406
Short term liabilities	44,950	51,347	53,901	76,520
Owners' equity	30,189	33,463	40,687	64,470

In 2016, PAN Food rised from 22.4% to 32% of 584 Nha Trang Seaproduct JSC ownership which specializes in high quality traditional fish sauces. This is a long-established company with good potential growth and high reputation in the market, which is in line with PAN Food's strategy.

THE BUSINESS RESULTS VS. THE ANNUAL TARGET:

Unit: VND million

No.	Indicators	2017 Plan	2017 Actual	% achieved
1	Revenue	289,198	269,568	93%
2	Net income before tax	16,375	13,998	88%



**Business Performance:** In 2017, the company achieved 93% and 88% target in revenue and net income before tax; revenue reached by 27% compared to 2016. In the year the company increased investment to improve production capacity, purchase raw materials to increase costs in 2017, while the products have been consumed in 2018.

**Profit margin:** In 2017, 584 Nha Trang maintained a stable rate of return, gross profit margin was 19%, net income after tax margin was 4%.

**Current asset:** In 2017, current asset increased by 53%, accounted for 87% total asset, current ratio was 1.6 times.

**Investment and Capital expenditure:** The company has completed the construction in Ca Na and Phan Ri, installed and tested the equipment for raising nitrogen in Nha Trang, building the office of the branch in Phan Ri and Ca Na to improve the facilities and working conditions for employees.







# FINANCIAL PERFORMANCE

## FINANCIAL PERFORMANCE

General information about financial performance – The PAN Group

Financial performance of Parent company and consolidated accounts of the PAN Group in 2017 as compared to 2016 is summarized as follows:

Unit: VND million

Indicators	Parent company			Consolidated		
	31/12/2016	31/12/2017	+/- (%)	31/12/2016	31/12/2017	+/- (%)
Total Assets	2,237,904	2,213,181	-1%	3,760,695	5,982,459	59%
Liabilities	2,222,794	2,194,877	-1%	2,318,828	2,716,667	17%
Net Sales	1,285	18	-99%	2,753,366	4,074,940	48%
Profit from financial activities	157,370	14,600	-91%	119,968	284,316	137%
<b>Profit from business activities</b>	<b>135,481</b>	<b>-24,654</b>	<b>n/a</b>	<b>379,833</b>	<b>543,891</b>	<b>43%</b>
Other income	-71	-668	n/a	5,319	392	-93%
Profit before tax	135,410	-25,322	n/a	385,151	544,283	41%
Profit after tax	112,666	-22,283	n/a	336,401	502,922	50%
Net income to PAN's share-holders	n/a	n/a	n/a	256,987	372,282	45%
Dividends rate	n/a	n/a	n/a	15%	(*)	n/a

(\*) In the year 2017, PAN's business and investment activities have significant improvement on both direct production expansion - completing the construction of Phase 1 of the PAN Food Processing Plant and M&A activities - increasing its stake in BBC, 584 Nha Trang JSC and Sao Ta Foods JSC (FMC). These results laid the groundwork for the acceleration phase in PAN's operations with many opportunities from the market. Therefore, PAN needs to focus its resources to meet the need to expand its business and capture the potential M&A opportunities in 2018. As a result, the Board of Directors ("the Board") respectfully propose General Shareholders' Meeting to approve the plan of not paying dividend in 2017.



Details about the structure of equity, assets, liabilities and obligation to the State budget of the Company in 2017 (in comparison with 2016) are as follows:

### A. REPORT OF CHARTER CAPITAL, WORKING CAPITAL AND THE USE OF CHARTER CAPITAL, WORKING CAPITAL

Capital structure of the Parent company in 31/12/2016 and 31/12/2017

Unit: VND million

Indicators	Parent company		
	31/12/2016	31/12/2017	Difference
<b>Liabilities</b>	<b>15,110</b>	<b>18,304</b>	<b>21%</b>
<b>Short-term debt</b>	<b>15,110</b>	<b>18,304</b>	<b>21%</b>
Short-term loan and debt	-	-	-
Payables to sellers	311	536	72%
Prepayment from buyers	208	208	0%
Tax and other liabilities to State Budget	350	269	-23%
Payables to employees	13	8	-40%
Expense payables	1323	1,473	11%
Other short-term payables and debts	4,084	3,141	-23%
Remuneration and welfare	8,822	12,670	44%
<b>Long-term debt</b>	<b>0</b>	<b>-</b>	
<b>Owner's equity</b>	<b>2,222,794</b>	<b>2,194,877</b>	<b>-1%</b>
<b>TOTAL CAPITAL</b>	<b>2,237,904</b>	<b>2,213,181</b>	<b>-1%</b>

Structure of consolidated Capital at 31/12/2016 and 31/12/2017

Unit: VND million

Indicators	Consolidated		
	31/12/2016	31/12/2017	Difference
<b>Liabilities</b>	<b>838,019</b>	<b>1,816,510</b>	<b>117%</b>
<b>Short-term debt</b>	<b>757,804</b>	<b>1,382,645</b>	<b>82%</b>
Loan and short-term debts	476,290	681,935	43%
Payables to sellers	109,827	266,412	143%
Prepayments from buyers	46,953	110,428	135%
Tax and other liabilities to state budget	15,430	33,177	115%
Payables to the employees	41,938	58,158	39%
Expense payables	9,933	161,195	1523%
Unearned revenue	71	338	375%
Other short-term payables	27,136	31,226	15%
Remuneration and welfare	30,226	39,776	32%
<b>Long-term debt</b>	<b>80,215</b>	<b>433,865</b>	<b>441%</b>
<b>Owner's equity</b>	<b>2,318,831</b>	<b>2,716,667</b>	<b>17%</b>
<b>Benefits of the minority of share-holders</b>	<b>603,848</b>	<b>1,449,282</b>	<b>140%</b>
<b>TOTAL CAPITAL</b>	<b>3,760,695</b>	<b>5,982,459</b>	<b>59%</b>





## Structure of Parent company's assets at 31/12/2016 and 31/12/2017

Unit: VND million

Indicators	Parent company		
	31/12/2016	31/12/2017	Difference
<b>SHORT-TERM ASSETS</b>	<b>215,983</b>	<b>188,282</b>	<b>-13%</b>
Cash and cash equivalent	103,125	7,914	-92%
Short-term financial investments	-	-	-
Short-term receivables	111,460	179,801	61%
Other short-term assets	1,398	566	-60%
<b>LONG-TERM ASSETS</b>	<b>2,021,921</b>	<b>2,024,900</b>	<b>0%</b>
Fixed assets	10,393	10,753	3%
Long-term financial investments	2,009,255	2,009,255	0%
Other long-term assets	2273	4,892	115%
<b>TOTAL ASSETS</b>	<b>2,237,904</b>	<b>2,213,181</b>	<b>-1%</b>

## Structure of consolidated assets at 31/12/2016 and 31/12/2017

Unit: VND million

Indicators	Consolidated		
	31/12/2016	31/12/2017	Different
<b>SHORT-TERM ASSETS</b>	<b>2,015,038</b>	<b>3,021,964</b>	<b>50%</b>
Cash and cash equivalent	557,790	1,118,787	101%
Short-term financial investments	443,715	511,594	15%
Short-term receivables	435,351	618,035	42%
Inventories	548,575	720,160	31%
Short-term assets	29,607	53,388	80%
<b>LONG-TERM ASSETS</b>	<b>1,745,657</b>	<b>2,960,495</b>	<b>70%</b>
Fixed assets	668,384	1,712,324	156%
Unfinished long-term assets	27,530	168,357	512%
Long-term financial investments	464,020	296,079	-36%
Other long-term investments	167,457	269,801	61%
Commercial advantage	418,266	513,934	23%
<b>TOTAL ASSETS</b>	<b>3,760,695</b>	<b>5,982,459</b>	<b>59%</b>

**B. PAYMENTS OF DUE DEBTS :** The Company has paid the due debts on time.

**C. PAYABLES ACCORDING TO THE LAW:**

The Company fulfilled the obligations with the State and other payables under the law. At the end of the reporting period, balance of tax and payables to the State of the company are as follows:

Unit: VND million

Indicators	Parent company		Consolidated	
	31/12/2016	31/12/2017	31/12/2016	31/12/2017
Value added tax	-	-	474	11,284
Corporate Income Tax	-657	-	8,960	17,661
Personal Income Tax	350	267	5,465	2,849
Other fees payable	-29	-29	531	1,383
<b>TAX AND PAYABLES TO STATE BUDGET</b>	<b>-336</b>	<b>240</b>	<b>15,430</b>	<b>33,177</b>

**D. FUND APPROPRIATION ACCORDING TO THE LAW:**

The company has appropriated its profit to funds in accordance with the Charter and the law

*Fund appropriation*

Unit: VND million

Note	Parent company		Consolidated	
	31/12/2016	31/12/2017	31/12/2016	31/12/2017
Investment and development funds	11,514	11,514	95,275	128,227

Development funds are made to extend the investment scale of production, business or intensive investment of the Company.

**E. TOTAL BORROWING:**

As of 31/12/2016 and 31/12/2017, The PAN Group does not have any outstanding loans. At the same time, the company has no overdue debt and guarantees debt.

Unit: VND million

*Consolidated short-term and long-term loans during years*

Note	Consolidated	
	31/12/2016	31/12/2017
<b>Short-term debts and loan</b>	<b>476,290</b>	<b>681,935</b>
Short-term bank loans	476,290	607,020
<b>Long-term debts and loan</b>	<b>12,207</b>	<b>236,161</b>
Long-term bank loans	12,207	236,161





## KEY FINANCIAL INDICATORS

### FINANCIAL INDICATORS

Financial indicators

Unit: VND million

Indicators	Parent company			Consolidated		
	31/12/2015	31/12/2016	31/12/2017	31/12/2015	31/12/2016	31/12/2017
<b>1. Indicators of solvency</b>						
Current ratio	15.83	14.29	10.29	2.41	2.66	2.19
Quick ratio	15.83	14.29	10.29	1.56	1.94	1.66
<b>2. Indicators of capital structure</b>						
Debt/Total assets	0.004	0.007	0.01	0.26	0.22	0.30
Debt/Owner's equity	0.004	0.007	0.01	0.46	0.36	0.67
<b>3. Indicators of operational capacity</b>						
Inventory turnover	-	-	-	3.73	2.45	4.95
Net sales/Total assets	0.002	0.0006	0.00001	0.72	0.73	0.68
<b>4. Indicators of profitability</b>						
Consolidated profit after tax/ Net sales	2353%	8767%	-123794%	11.90%	12.2%	12.3%
NI to PAN's shareholders/ Owner's Equity	-	-	-	10.20%	11.1%	13.7%
Consolidated profit after tax/ Total assets	5%	5.00%	-0.01	8.50%	8.9%	8.4%
Profit from business activities/ Net income	2,505%	10,542%	-136,967%	13.30%	13.8%	13.3%
Earnings per share (EPS)	-	-	-	2,513	2,160	3,163

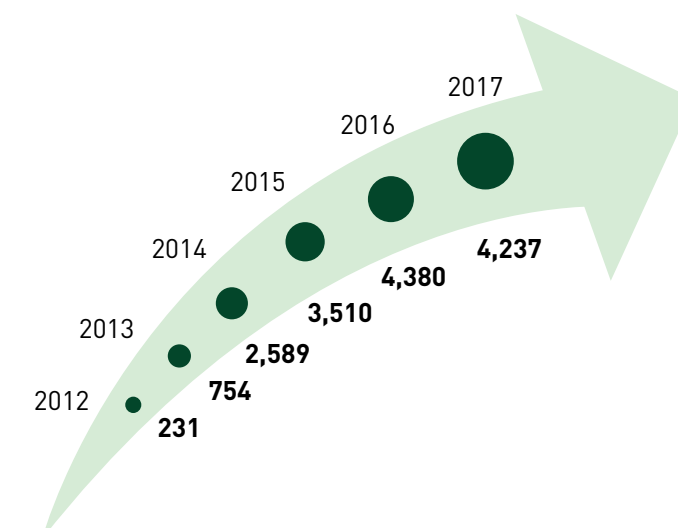
The detail analysis of financial situation as well as financial indicators of The PAN Group is presented in the section REPORT OF BOARD OF MANAGEMENT.

## SHAREHOLDER STRUCTURE –CHANGES IN EQUITY

### SHARE INFORMATION

- Company's charter capital: VND 1,177,236,300,000
- Par value per share: VND 10,000
- Total listed shares: 117,723,630 shares
- Total outstanding shares: 117,693,630 shares
- Treasury shares: 30,000 shares
- Market capitalization: VND 4,237 billion (31/12/2017)

Market capitalization over years (VND billion)



### SHAREHOLDING STRUCTURE

Unit: VND million

No.	Categories of shareholders	Domestic shareholders		Foreign shareholders		
		No. of shares held	% of ownership	No. of share holders	No. of shares held	% of ownership
1	Substantial shareholders (+5%)	35,875,077	30.48%	3	34,391,394	29.21%
2	Others	27,862,188	23.68%	884	19,564,971	16.63%
<b>Total</b>		<b>63,737,265</b>	<b>54.16%</b>	<b>887</b>	<b>53,956,365</b>	<b>45.84%</b>

### OWNERSHIP PERCENTAGE OF SUBSTANTIAL SHAREHOLDERS

No.	Shareholders	No. of shareholders	% of ownership
1	Tael Two Partners	24,327,673	20.66%
2	Saigon Securities Incorporation (SSI)	16,107,383	13.68%
3	NDH	12,673,954	10.77%
4	Mutual Fund Elite (Non-Ucits)	10,063,721	8.55%
5	SSI Asset Management (SSIAM)	7,093,740	6.03%
<b>Total</b>		<b>70,266,471</b>	<b>59.69%</b>

### RESTRICTED SHARES INFORMATION

	No. of restricted shares	No. of free float shares	Total
Total	0	117,693,630	117,693,630
Rate (%)	0%	100%	100%





## SHAREHOLDER STRUCTURE

Shares of The PAN Group JSC (“The PAN Group”, “PAN”) are listed and traded on the Ho Chi Minh Stock Exchanges with ticker code PAN. PAN shares are in concentrated custody at the Vietnam Securities Depository - Ho Chi Minh City Branch.

**Shares:** As at 31/12/2017, PAN’s charter capital is VND 1,177,236,300,000 divided into 117,723,630 ordinary shares with par value of VND 10,000. The company does not issue share classes other than ordinary shares.

- Total trading days: 250

- Traded volume (shares): 2,425,050

- Traded value (VND): 89,197,010,000 VND

- Average daily traded volume (shares): 9,800

**Treasury shares transaction in year: No.**

### SHAREHOLDER STRUCTURE AND OWNERSHIP:

Shareholder	No. of shares	Ownership (%)	No. of shareholders	Structure (*)	
				Institution	Individual
<b>State-owned shareholder</b>	-	-	-	-	-
<b>Founding/FDI shareholders</b>	<b>2,221,340</b>	<b>1.89%</b>	<b>3</b>	-	<b>3</b>
Domestic	2,221,340	1.89%	3	-	3
Foreign	-	-	-	-	-
<b>Substantial shareholders (own &gt; 5% of to-tal shares)</b>	<b>70,266,471</b>	<b>59.69%</b>	<b>5</b>	<b>5</b>	-
Domestic	35,875,077	30.47%	3	3	-
Foreign	34,391,394	29.21%	2	2	-
<b>Company Union</b>	-	-	-	-	-
Domestic	-	-	-	-	-
Foreign	-	-	-	-	-
<b>Treasury shares</b>	<b>30,000</b>	<b>0.03%</b>	-	-	-
<b>Shareholders with preferred shares (if any)</b>	-	-	-	-	-
<b>Others</b>	<b>45,205,819</b>	<b>38.20%</b>	<b>1,014</b>	<b>48</b>	<b>966</b>
Domestic	25,640,848	22.94%	881	28	853
Foreign	19,564,971	15.26%	133	20	113
<b>TOTAL</b>	<b>117,723,630</b>	<b>100%</b>	<b>1,022</b>	<b>53</b>	<b>969</b>
In which:					
- Domestic	63,767,265	54.17%	887	31	856
- Foreign	53,956,365	45.83%	135	22	113

### SHAREHOLDER STRUCTURE BY TYPE OF OWNERSHIP:

Shareholder	No. of restricted shares	No. of free traded shares	Total	Ownerships (%)
1	2	3	4=2+3	5
<b>I. Special shareholders</b>	-	<b>3,115,101</b>	<b>3,115,101</b>	<b>2.65%</b>
Board of Directors	-	2,813,571	2,813,571	2.39%
Board of Management	-	195,500	195,500	0.17%
Supervisory Board	-	40,250	40,250	0.03%
CFO	-	52,900	52,900	0.04%
Chief Accountant	-	12,880	12,880	0.01%
Information Disclosure In-charge	-	-	-	-
<b>II. Treasury shares</b>	-	<b>30,000</b>	<b>30,000</b>	<b>0.03%</b>
<b>III. Company’s Union</b>	-	-	-	-
<b>IV. Shareholders with preferred shares (if any)</b>	-	-	-	-
<b>V. Others</b>	-	<b>114,578,529</b>	<b>114,578,529</b>	<b>97.33%</b>
1. Domestic	-	60,622,164	60,622,164	51.50%
1.1 Individual	-	6,214,059	6,214,059	5.28%
1.2 Institution	-	54,408,105	54,408,105	46.22%
In which State-owned:	-	-	-	-
2. Foreign	-	53,956,365	53,956,365	45.83%
2.1 Individual	-	3,082,032	3,082,032	2.62%
2.2 Institution	-	50,874,333	50,874,333	43.22%
<b>TOTAL</b>	-	<b>117,723,630</b>	<b>117,723,630</b>	<b>100.00%</b>

(\*) Authorized person to disclose information is CEO of the Company.

## CHANGES IN EQUITY

**Dividend payment by Stock with the ratio of 15% in 2017**, in Third Quarter, pursuant to Resolution No 01-04/2017/NQ-ĐHĐCĐ of General Meeting of Shareholders, PAN has completed the issuance of 15,351,133 shares for stock dividends payment with ration of 15%. Outstanding Shares of PAN after this issuance was 117,693,630 shares. New shares are free-transferred.

**2017 ESOP Issuance:** In Fourth Quarter, pursuant to Resolution No 01-04/2017/NQ-ĐHĐCĐ of the General Meeting of Shareholders, PAN has conducted the issuance of 2,530,000 common shares for the Employee Stock Option Plan (ESOP). As at 31 December 2017, this issuance hasn’t been completed. Total outstanding shares as at 31December was 117,693,630 shares.





SHAREHOLDER WHO ARE IN BOARD OF DIRECTORS

No	Name	Relation with internal shareholders	No, of shares	Ownership (%)
1	Nguyen Duy Hung	Chairman	1,260,400	1.07%
2	Nguyen Thi Tra My	Vice Chairwoman	410,531	0.35%
3	Ha Thi Thanh Van	Member of BOD	138,000	0.12%
4	Nguyen Van Khai	Member of BOD	822,940	0.70%
5	Tran Dinh Long	Member of BOD	93,150	0.08%
6	Le Thi Le Hang	Member of BOD	71,300	0.06%
7	Michael Sng Beng Hock	Member of BOD	-	-
8	Dang Kim Son	Member of BOD	17,250	0.01%
9	Nguyen Quoc Khanh	Head of Supervisory Board	-	-
10	Nguyen Duy Hung	Member of Supervisory Board	23,000	0.02%
11	Nguyen Thi Thanh Ha	Member of Supervisory Board	17,250	0.01%
12	Nguyen Khac Hai	General Director	195,500	0.17%
13	Nguyen Tuan Anh	Chief Financial Officer	52,900	0.04%
14	Vu Thi Lan Anh	Chief Accountant	12,880	0.01%

SUBSTANTIAL SHAREHOLDERS

Shareholders who own more than 5% of total shares

No	Shareholder	No. of shares	Ownership %
1	TACL Two Partners	24,327,673	20.66%
2	Saigon Securities Inc., (SSI)	16,107,383	13.68%
3	NDH Invest Ltd.,	12,673,954	10.77%
4	Mutual Fund Elite (Non-Ucits)	10,063,721	8.55%
5	SSI Assets Management Ltd., (SSIAM)	7,093,740	6.03%

Shareholders who own from 0.5% to 5% of total shares

No	Shareholders	No. of shares	Ownership (%)
1	CSC Vietnam JSC	5,763,618	4.90%
2	Duong Mat Troi Invest	5,845,445	4.97%
3	Government of Singapore (GIC Private Limited)	5,743,822	4.88%
4	International Finance Corporation	5,577,500	4.74%
5	Sai Gon Dan Linh Real Estate Company Ltd.,	3,703,335	3.15%
6	Nguyen Sai Gon Company Ltd.,	2,714,094	2.31%
7	KAN CHAN HONG CHRISTOPHER	1,690,500	1.44%
8	Nguyen Duy Hung	1,260,400	1.07%
9	LIONGLOBAL VIETNAM FUND	1,172,839	1.00%
10	Hoang Van Luong	990,529	0.84%
11	Nguyen Van Khai	822,940	0.70%
12	Marco Breu	785,496	0.67%

REPORT AND ASSESSMENT ON THE COMPANY’S ENVIRONMENTAL AND SOCIAL IMPACT

EVALUATION OF BOARD OF DIRECTORS ON SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Agriculture and food section are the strength of Vietnamese economy. To be favored by nature in resource and climate, Viet Nam is striving to develop its potentials to thrive on the business sector. However, the trend of responsible business production and sustainable development requires the balance between economic benefit and environment protection, community health and safety and social responsibility... As the vision, mission and development strategy statement, PAN is pursuing the sustainability policy and expanding to member companies with clear performance principles, routine monitoring program and making report. 2017 is an important year when the Environmental and social policies of PAN have been agreed and followed strictly by member companies. This success contributed to establish the consistent performing structure of The PAN Group.

ENVIRONMENT

At mother company level, environment protection activities were impulsed through the establishment of sustainable production principles. Documents and training programs were prepared to orient activities of member companies. In 2017, a lot of projects aiming at sustainable production, high-tech implementation and environmentally friendliness were carried out in ABT such as improving fish transportation method to comply with US agricultural law ( Farm Bill) and improve the working condition for workers and mitigate the stress status of fish; Application of Biofloc technology in treating pond water to improve water quality and reduce diseases; Successful applying and expanding Recirculating Aquaculture systems (RAS) as well as production of pangasius in green house reduce 90% of water for production, minimize the total water usage and reduce energy consumption. Moreover, The Group has been continuously improving the procedure of raising fish without using anti-biotic to better protect the costumers’ heath; The project of building new factory of PAN Food with well energy consumption monitoring and high-tech agriculture project of NSC and PAN-SALADBOWL; Project of upgrading factory of Lafooco (continue); Project of converting the use of DO to gas to reduce pollution at Bibica’s factories The PAN Group doesn’t only state and set polices but actively and practically progress the environmental protection activities related and authorized by PAN.





Recirculate Aquaculture System and green house applied in pangasiusfarming

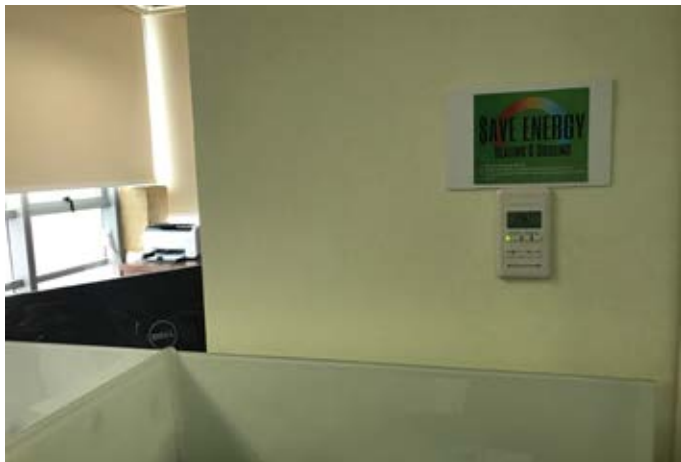


Pangasius harvesting according to Farmbill standard

Environment protection, energy saving activities at office and training are also performed well to raising up awareness of all staffs



At Bibica office



At The PAN Group office

At mother company level, in 2017, PAN's BOD took part in many domestic as well as oversea environment and food safety seminars and forum about such as IFC Vietnam food safety project , Launching ceremony and discussion on Vietnam sustainability index of HOSE, program of ranking sustainability companies of HOSE and many training program to update information about sustainable development. In 2017, PAN and Ministry of Agriculture and Rural development have organized successfully an international conference with the theme of "Sustainable development of Viet Nam's cashew sector engaging with the global value chain workshop" an directly chaired by Minister Nguyen Xuan Cuong.



Mr Nguyen Khac Hai – CEO of PAN was giving a speech of The PAN Group overview at IFC Vietnam food safety project on July 1st 2017



Mr Nguyen Khac Hai took part in the talk about the Sustainability Index of HOSE on March 23rd 2017



Minister Nguyen Xuan Cuong (at the center) chaired the "Sustainable development of Viet Nam's cashew sector engaging with the global value chain workshop" and Chairman of PAN – Mr Nguyen Duy Hung (on the right)





SOCIETY AND COMMUNITY

In addition to the environment, The PAN Group and subsidiaries also pay a lot of attention to social issues by. Nowadays, labor, income, welfare, discrimination, social responsibility, product liability issues have become essential criteria in global investment and corporation. The concern of the community on social security requires the production and business activities to change to a more positive way and pay more attention to social impacts.

Social impacts of The PAN Group and member companies are significant due to the wide scale activities in all Vietnamese area, employment of many workers and the close interaction with surrounding environment. Our priority is to comply with the Vietnamese law. Besides, PAN considers the management of social impact as an indispensable responsibility in performing the business. PAN also encourages and supports member companies to implement the international social responsibility (BSCI, SEDEX, Fairtrade, ...) to well control social issues. We expect that by 2020, about 80% of companies in the Group will implement and be certified one of these standards.



PAN is the only business partner of GRI in the “Corporate Sustainability and Reporting for Competitive Business” program deployed in six countries including Vietnam

While those activities of mother companies are quite simple because almost are office activities, staffs have stable living condition and income, the member companies have more complications due to the large number of workers, mainly manual workers with low income and hard working conditions. However, all companies are performing well to ensure the income, human right, working condition and equity for labor.

Grievance mechanism for staffs and community is also the priority to ensure the right of any parties. All member companies established a Trade Union, follow the Collective Bargaining Agreement like Youth’s Union, Women’s Union, War veteran’s Union... This mechanism is implemented democratically and answers all questions and feedbacks of all parties.

Charity and community programs are also part of PAN’s annual plan and members companies to carry out social responsibility and contribute to the community. Especially in the area where performing a lot of activities, the support to local area and indigenous people are more important to make benefit to all parties and build the long-term cooperation relationship.



NSC supported flood victims in Mu Cang Chai district - Yen Bai province



Bibica’s charity programs are regularly held throughout the country





All Environmental and Social activities of the Group follow the consistent principles from PAN to member companies, through “PAN Production Principles”. This document introduces the principles developed by The PAN Group to address the core issues of sustainable development such as quality, food safety occupational safety, and responsibility to stakeholders and the community. In 2017, this document was introduced to related parties for reference as well as consultations to improve.

To ensure the Environmental protection and social responsibility, The PAN Group set a periodic monitoring reporting mechanism for each company in order to evaluate the results for improving and promoting the compliance. The 2018 Annual Environmental and social audit of The PAN Group was carried out from January 8th 2018 to February 1st 2018 at all member companies. Detail of the program is available on The PAN Group’s website in the following link:  
<http://thepangroup.vn/tap-doan-pan-thuc-hien-chuong-trinh-danh-gia-thuong-nien-moi-truong-xa-hoi-2018-vi176666.htm#.Wp-UEX8Uq00>.

Through the active Environmental and social performance in 2017, The PAN Group has demonstrated the determination and effort to in minimize the negative impact to environment and society. This provides the foundation for sustainable economic growth and affirms the consistent strategy of the Group.

Today, people in the world are facing serious issues which directly affect to all aspects of life such as natural disaster, environment pollution, depletion of natural resource, globalization, livelihood, social conflict... In this context, sustainability strategy is the best solution to develop with the harmony of all parties. Board of Directors of The PAN Group are completely aware of these issues and affirmed their continued pursuit of sustainable development strategy.

For more detail information and data on the Environmental and Social impacts, please kindly see the Sustainability report 2017 of The PAN Group.







OVERALL BUSINESS PERFORMANCE OF 2017

FINANCIAL PERFORMANCE

IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE, POLICIES AND MANAGEMENT SYSTEM

BUSINESS PLAN IN 2018





# OVERALL BUSINESS PERFORMANCE OF 2017

## OVERALL BUSINESS PERFORMANCE OF 2017

### 1. OVERVIEW

2017 is the fifth year since The PAN Group shifted its strategy to focus on agriculture and food, pursuing the goal to become the leading supplier of agricultural products and packaged food with high quality, safeness, and traceable origin, not only in domestic but also regional and international markets, while adhering to its core value chain that is **Farm – Food – Family**.

In 2017, The PAN Group continued to implement said strategy by (i) establishing PAN Farm to reconstruct the Group’s agriculture business; (ii) establishing two new company in flower and vegetable sector – PAN-SALADBOWL, and in nutrition food sector – PAN Food Manufacturing (PFM), to focus current resources on potential business opportunities; (iii) investing in M&A to increase control over subsidiaries in food sector, therefore creating added value chain through effective financial management, standardized operational system and enterprise management, as well as valuable experience in branding, marketing, sale and distribution. With its strengths, the Group’s core business has been growing steadily over recent years.

### 2. CHANGES IN EQUITY

In 2017, as approved by the General Meeting of Shareholders, the Group successfully raised capital by paying dividend by share for the fiscal year 2016. After issuing, The PAN Group charter capital increased from VND 1,023,724,970,000 to VND 1,177,236,300,000 as of 31 December 2017. Besides, the Group issued 2,508,000 shares through the employee stock ownership plan (ESOP) following the permission of the General Meeting of Shareholders. More particular, the Group issued 2,478,000 new shares and re-issued 30,000 treasury stocks, this issuance completed in January, 2018.

### 3. INVESTING AND M&A

With a group structure, in which the parent company manages capital and coordinates co-operation and distribution among subsidiaries, The PAN Group continues to grow through M&A and by increasing holdings in subsidiaries.

In food sector, new projects and M&A in increasing holdings in subsidiaries are carried out by PAN Food. In September 2017, PAN Food raised its shares in Bibica from 43.7% to 50.07%, making Bibica to be one of the Group’s subsidiaries. This movement has been asserted the goal of the Group: preserving and building the high quality confectionery brand of Vietnam. In 2017, PAN Food also increased the portion of its ownership of 584 Nha Trang Seafood JSC to 32%. In addition, Sao Ta Foods JSC became one member of The PAN Group when the subsidiary of PAN Food – Aquatex Ben Tre (ABT) successfully completed its public bid with 20.1% FMC stakes.

In 2017, to develop its agriculture business, NSC – one of the PAN Farm member continued investing in SSC with 74,9% ownership, compared with 68.34% in 2016. In this year, PAN Farm owned 4.7% Sao Ta Foods JSC (FMC) stakes. PAN Farm later processed public acquisition of Sao Ta Foods JSC, started in January 2018, aiming to control FMC with the shares of ABT’s holding.

Investments in subsidiaries and affiliates of The PAN Group as at 31 December 2017:

No	Name	Relationship	Ownership	Investment (VND billion)
1.	PAN Farm	Subsidiary	81.9%	999.9
2.	PAN Food	Subsidiary	99.99%	999.9
3.	PAN Services	Affiliate	20%	9.5
Total				2,009.3

Investments in subsidiaries and affiliates of PAN Food as at 31 December 2017:

No	Name	Relationship	Owner-ship	Investment (VND billion)
1.	PFM	Subsidiary	99.96%	275
2.	ABT	Subsidiary	72.82%	344
3.	LAF	Subsidiary	80.52%	152
4.	BBC	Subsidiary	50.07%	474
5.	584 Nha Trang	Affiliate	31.86%	31
6.	FMC	Affiliate	20.1%	181
Total				1,457

Investments in subsidiaries and affiliates of PAN Farm as at 31 December 2017:

No	Name	Relationship	Owner-ship	Investment (VND billion)
1.	NSC	Subsidiary	75%	921
2.	PSB	Subsidiary	64%	18
3.	FMC	Affiliate	4.7%	42
Total				981





FINANCIAL RESULTS

1. FINANCIAL RESULTS VERSUS PLAN:

In a challenging market of 2017, the Group managed to maintain good business results in agriculture and food sectors. Its subsidiaries and affiliates all had stable growth in revenue and profit. As a result, the financial results successfully meet and exceed the plan of the General Meeting of Shareholders.

Unit: VND billion

No	Item	2017 Plan	2017 Actual	% completion
1	Consolidated net income	3.080	4.075	132%
2	Consolidated profit before tax	320	544	170%
3	Consolidated profit after tax	280	503	180%
4	Profit attributable to parent company	190	372	196%

**Consolidated net income:** The Group’s consolidated net income for 2017 is VND 4,075 billion, achieved 132% of its plan, this huge pace of change was driven by the fast growth rate of 2 main sectors of the Group: Agriculture and Food. In 2017, Food sector gained by 48% compared with 2016 thanks to LAF’s Cashew Business, consolidated revenue of BBC in Quarter 3 of this year and Agriculture sector increased 15%.

**Consolidated profit before tax:** Consolidated profit before tax and profit attributable to parent company was respectively VND 542 billion and VND 320 billion, equal to 169% and 195% of annual plan. This impressive result in profit thanked to the increased profit margin at NSC, SSC; also the strict control of cost of production, costs and boosting up concentration to Food distribution channels (PAN Food). Last but not least, these effective M&A projects of the Group were a huge contribution to revenue and earnings in this year.

2. FINANCIAL RESULTS VERSUS LAST YEAR:

Unit: VND billion

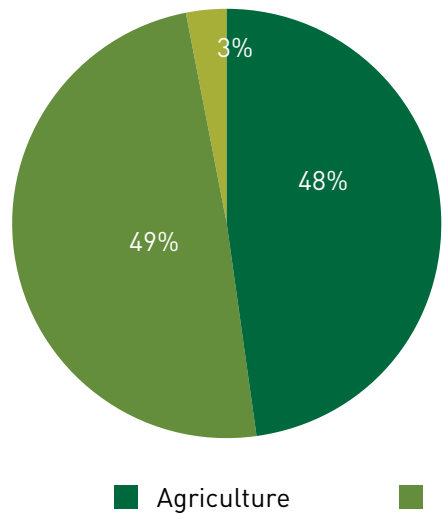
No	Item	2017	2016	% 2017 vs. 2016
1	Consolidated net income	4,075	2,753	148%
2	Consolidated profit before tax	544	385	141%
3	Consolidated profit after tax	503	336	150%
4	Profit attributable to parent company	372	257	145%
5	Earning per share (VND/share)	3,163	2,160	146%

Although facing many challenges, thanks to investing in high technology and weather resistant products, and focusing on core business values, consolidated revenue and profit after tax of the Group still increased in comparison with 2016: revenue increased 48%, profit after tax increased 50% and profit attributable to parent company increased 45%, EPS grew by 46%.

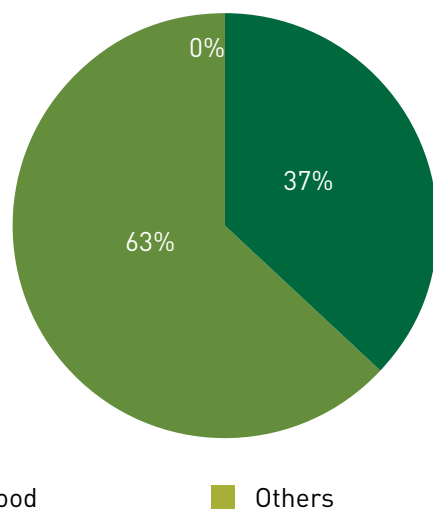
PAN’ revenue structure in 2017 was clearly shown that the business strategy focuses on Agriculture and Food sectors with the main proportion was 37% and 63%, respectively. Two main sectors brought up to 100% profit after tax of the Group, compared to just 76% in year 2016. In 2017, extraordinary profit from Bibica Company’s revaluation investment was given to consolidated profit of VND 240.6 billion.

3. REVENUE STRUCTURE:

STRUCTURE OF REVENUE 2016



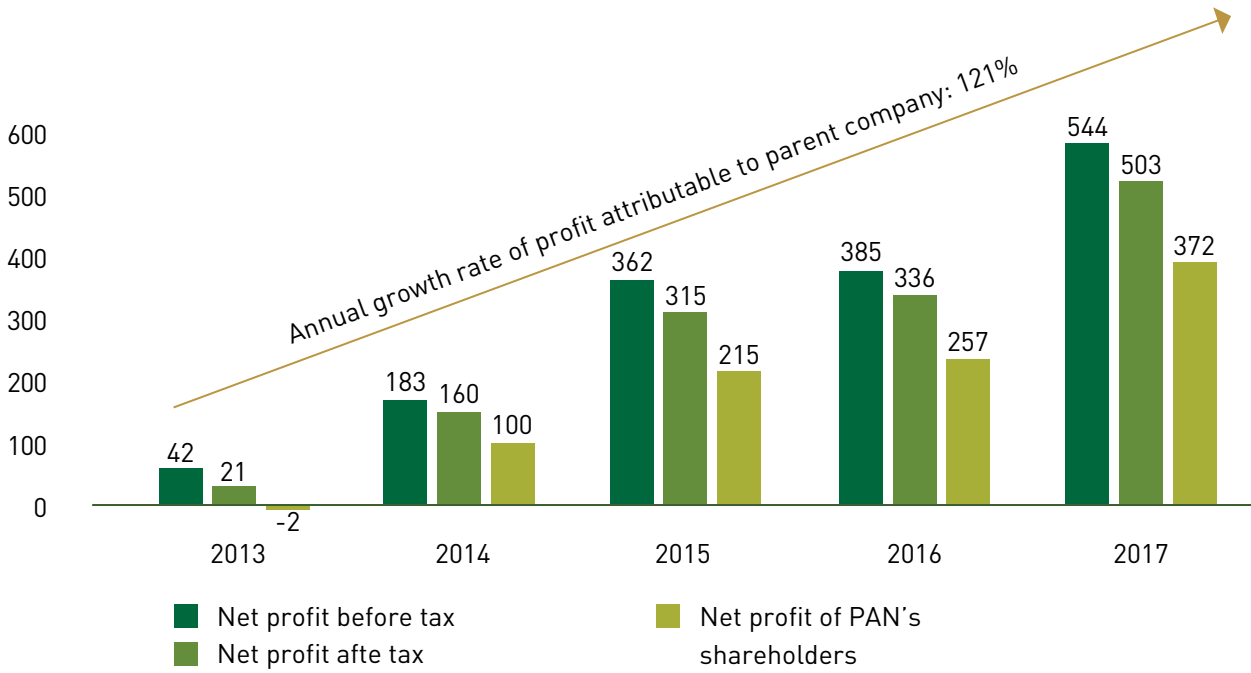
STRUCTURE OF REVENUE 2017



From 2013 to 2017, profit attributable to parent company has been growing at an average rate of 121% per annum, of which profit structure shifted towards agriculture and food fields.

4. PROFIT IN RECENT YEARS:

PROFIT IN RECENT YEARS (VND BILLION)







## FINANCIAL RESULTS OF CORE BUSINESS LINES



In 2017 The PAN Group has continued on transforming its business focus, restructured and reorganized its core businesses in order to optimize management and production efficiency. Currently the main business lines include:

(i) Agriculture - implemented through PAN FARM with 2 direct subsidiaries: National Seed JSC (NSC) and PAN-SALADBOWL.

(ii) Food - managed and coordinated by PAN Food, which covers the following key business areas: Confectionery (PAN Food, PFM and BBC); Seafood area: Aquatec Ben Tre (ABT) and Sao Ta Foods JSC (FMC); Fish sauce (584 Nha Trang) and Food processing for export (LAF);

(iii) Utility Services – operated by PAN Services, which is now an affiliate company.

(iv) In addition, PAN Group's business results are also contributed by other income such as income from utilities services (PAN Services), financial income, dividends, office rental ...

**I. AGRICULTURE:**

Business activities in the agricultural sector are carried out mainly through its subsidiary, National Seed Joint Stock Company (NSC) and PAN-SALADBOWL.

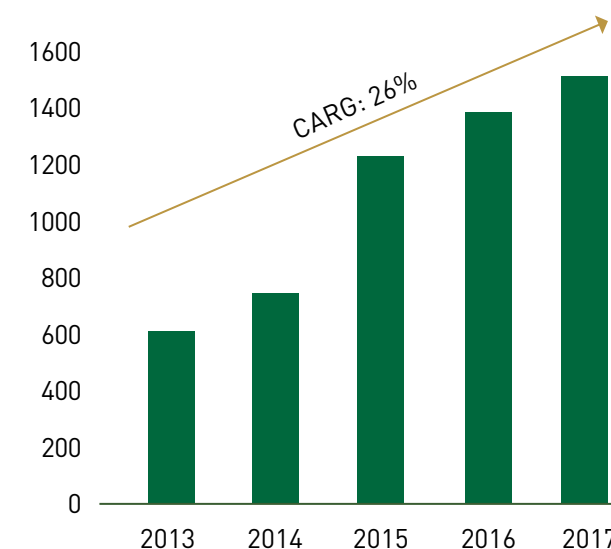
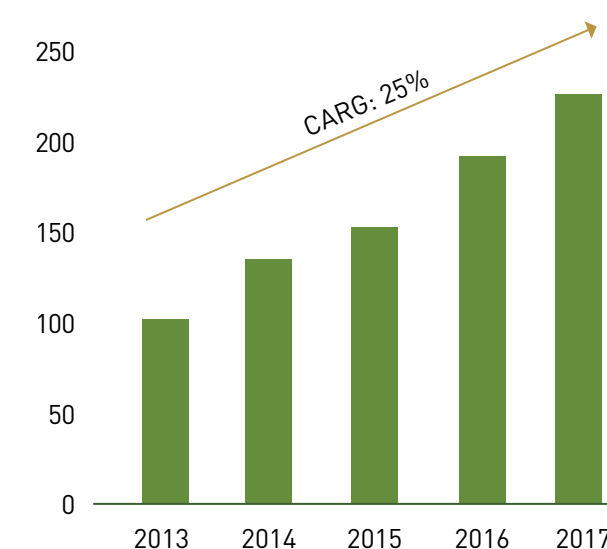
**1. National Seed Joint Stock Company - NSC**

NSC is a leading company in Vietnam in the field of plant seeds with a healthy financial status and sustainable production and business activities.

**Financial results of 2017:**

Unit: VND million

ITEM	2017	2016	% Growth rate
Net income	1,512,603	1,330,783	14%
Gross profit	560,719	499,065	12%
Net profit from operating activities	252,235	213,045	18%
Consolidated profit after tax	234,615	192,460	22%
Profit attributable to parent company	210,797	175,206	20%
Earning per share (VND)	13,792	10,316	34%

**Income and profit in recent years:****CONSOLIDATED INCOME (VND BILLION)****PROFIT AFTER TAX (VND BILLION)**

In 2017, NSC retains steady growth in sales and profitability due to the development of patented seeds with high returns and trans-seasonal crop seed that meet the needs of the market.

**2. Flower Business Sector – PAN-SALADBOWL**

Unit: VND Million

ITEM	2017	2016	% Growth rate
Net Income	8,046	2,896	178%
Gross Profit	2,122	882	141%
Net profit from operating activities	(2,971)	(1,163)	N/A
Consolidated profit after tax	(3,116)	(1,160)	N/A

PAN-SALADBOWL Company was established in 2016. PAN-SALADBOWL's revenue in 2017 was VND 8 billion, increased 178% compared to 2016. This year, the Company carried on investing in advanced Hi-tech Greenhouse to grow and export chrysanthemum and carnation flower to Japanese Market, incurring huge investment cost, then the profit was not as expected.



**II.FOOD:**

Food business is carried out by PAN Food and its member companies. In 2017, PAN Food's financial results were largely contributed by ABT, LAF, BBC, 584 Nha Trang, FMC.

Main business areas include confectionery, seafood, fish sauce, export food processing (cashew nut).

**Financial results:****Confectionery – PAN Food parent and BBC:**

Unit: VND million

Item	2017	2016	% Growth rate
<b>PAN FOOD</b>			
Net income	79,323	60,866	30%
Gross profit	13,591	7,792	74%
Profit from operating activities	17,204	18,604	-8%
Profit after tax	17,087	18,604	-8%
<b>BBC</b>			
Net income	1,289,893	1,263,433	2%
Gross profit	409,253	445,380	-8%
Profit from operating activities	118,070	104,704	13%
Profit after tax	97,329	81,281	20%
EPS (VND)	5,996	4,878	23%

**Fishery – ABT and FMC:**

Unit: VND million

Item	2017	2016	% Growth rate
<b>ABT</b>			
Net income	383,695	422,105	-9%
Gross profit	48,114	74,525	-35%
Profit from operating activities	32,898	54,528	-40%
Profit after tax	28,225	47,671	-41%
EPS (VND)	2,453	4,011	-39%
<b>FMC</b>			
Net income	3,248,594	3,041,629	7%
Gross profit	272,493	253,368	8%
Profit from operating activities	125,331	98,839	27%
Profit after tax	122,321	94,316	30%
EPS (VND)	3,296	2,696	22%

**Fish sauce – 584 Nha Trang:**

Unit: VND million

Items	2017	2016	% Growth rate
Net income	269,568	213,332	26%
Gross profit	52,257	46,384	12%
Profit from operating activities	13,377	13,766	-3%
Profit after tax	11,690	12,211	-4%

**Export food (cashew nut) – LAF:**

Unit: VND million

Item	2017	2016	% Growth rate
Net income	1,300,358	875,734	48%
Gross profit	21,844	55,326	-61%
Profit from operating activities	-5,686	21,414	N/A
Profit after tax	4,094	24,779	-83%
EPS (VND)	278	1,682	-83%





**REVIEW OF FINANCIAL RESULTS:****Confectionery business is operated in PAN Food parent, PFM and BBC:****At PAN Food parent:**

- In 2017, PAN Food achieved revenue of VND 79 billion, a remarkable growth and 30% higher than the same period of 2016 because the company focused on building distribution system and launching nutritional food products such as Huro candy, Bon Ami cookies, Funnutz cashew nuts, PAN Food moon cake and Ban Mai rice.

- PAN Food after tax profit reached VND 17 billion, down 8 percent over the same period of last year due to the development of distribution system and the large expenses of building industry at Vinh Loc 2.

- In November, 2017, PAN Food Manufacturing (PFM) has launched its first products which have been distributed by PAN Food system. PFM being the unit to focus resources on production and R&D of food products

**At BBC:**

- Compared with the same period of 2016, BBC business results in 2017 reached a high level before-tax profit of VND 118 billion that exceeded 13% of plan. In September, PAN Food increased to 50.07% ownership of BBC, BBC officially became a subsidiary of PAN Food.

- In 2017, BBC's revenue grew by 2% over the same period of 2016. BBC maintains good business performance, with the majority of revenue are: Cake: 5.2%; Hura: 25.7%, Cookies: 22.6%; Candy: 31.2%; Nutritional products: 4.4%, other products: 10.9%. In 2017, as Company cost was well maintained and selling expense reduced by 15%, net income increased by 20% compared to 2016.

- By 2018, BBC will continue to see steady growth, although raw material prices tend to increase, thanks to increased focus on management, cost savings and sales promotion of new product.

-In the coming period, PAN Food will continue to support BBC to promote its marketing and distribution activities to maximize its growth potential.

**Fishery – ABT & FMC:****At ABT**

- The business situation of ABT in 2017 is difficult in the first half-year due to: affection from salt water intrusion in 2016; lack of fish material in first half of 2017, input prices increase; technical barriers from the US market increased; unfair competition in the clam market. As a result, cost and profit were affected.

- In 2017, the company achieved sales of VND 384 billion and profit before tax of VND 33 billion, fulfilling 77% of revenue target and 55% of targeted profit.

- Compared to the same period of 2016, ABT's revenue and gross profit decreased by 9% and 35%. However, since Forth Quarter, ABT had a good business result with net sales was VND 99 billion, increased by 4% and after-tax profit reached VND 11.6 billion, up 52% compared with last year. The reason for this growth was the significantly increase in Pangasius selling price and also in production capacity.

- In 2017, FMC is an affiliate of ABT with ownership rate of 20.1%

**At FMC:**

- It is the first year of FMC became a member of The PAN Group - an affiliate company of ABT.

- FMC achieved a remarkable business results in 2017: Revenue was reported at VND 3,249 billion increased by 7% over the same period last year. Especially, there was a significant growth in revenue in Europe and America Market by 88% and 74%, respectively. Profit after-tax reached VND 122 billion, went up by 30% compared to 2016.

- The good business thanks to the management collected and updated Market situation timely, properly assessing supply and demand of Shrimp Market and also preparing flexible solutions for market situations.

**Fish sauce – 584 Nha Trang:**

- 584 Nha Trang is an affiliate company of PAN. In 2017, PAN Food raised its shares in 584 Nha Trang to 31.86%. In 2017, the business results of 584 Nha Trang was maintained its efficiency, more details: revenue reached VND 270 billion, increased by 26%, over the same period of 2016. However, Profit after tax only reached VND 11 billion, falling by 10% compared to 2016, due to the investment in production capacity plus high raw material prices.

- This was the first time the company exported Fish sauce production to the Canada Market which is one of the biggest market with high standard in import. Company plans to export its products to American and Asian markets in the future.

- Lastly, the production, management, sales, input costs of the company is controlled and managed well to increase production efficiency.

**Export food (cashew nut) – LAF:**

- In 2017, LAF reached VND 1,300 billion of net income and VND 4.0 billion of after tax profit, increased sharply by 48% due to the expansion market plan of the company. This year, Lafooco boosted its exports to Europe and the US, which is the world's two largest grain consumption markets, with an impressive 90% increase.

- In 2017, due to lean harvest of the whole cashew sectors, input material extremely rised, while the price of cashew exports went up much slower, negatively impacting on company business result.





# FINANCIAL PERFORMANCE

## CONSOLIDATED ASSETS

As at 31/12/2017, the total consolidated asset of the Company reached VND 5,982 billion, increased by 59% compared to the end of 2016 and rose by 5.6 times compared to the end of 2013, the main reasons are: in the period of 2013-2017, The PAN Group has continuously implemented the capital increase for the investment of M&A activities of potential companies in agriculture and food industry, resulting in the consolidation of business result and financial position of new companies to The PAN Group, which in turn made the total assets rise sharply.

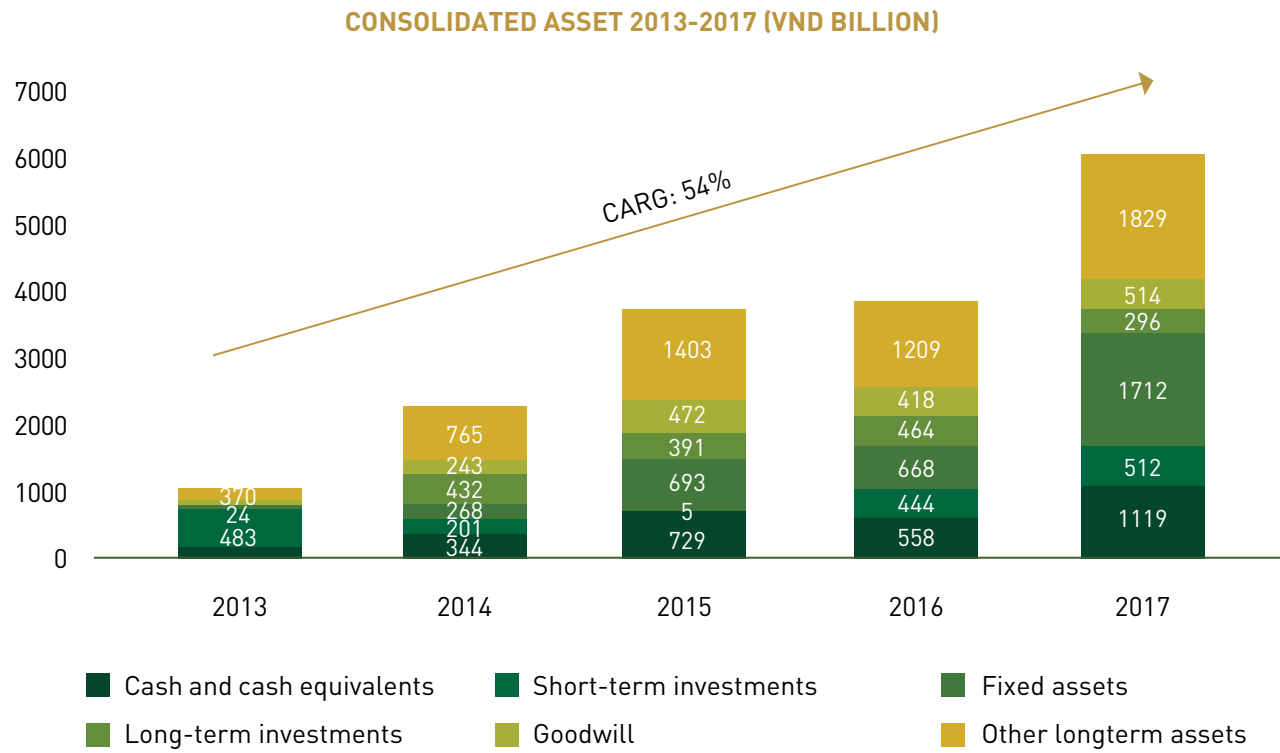
Through the consolidation of good companies with financial strength and stable financial structure in agriculture and food from 2014 to 2017, the cash and cash equivalent, trade receivables, inventories and fixed assets balance at the end of 2017 accounted for a significant proportion of total assets in the assets structure. In addition, the consolidation of the companies like NSC, SSC, BBC with relatively high market capitalization compared with the book value also increased the proportion of goodwill at PAN to VND 514 billion, equivalent to 8.6% of total assets.

### Consolidated assets and equity structure:

Unit: VND billion

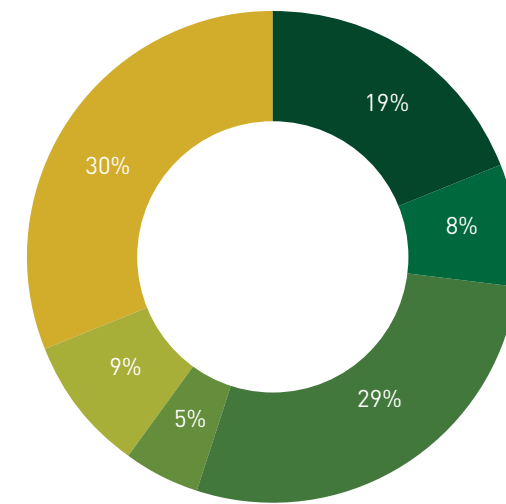
No,	Indicators	2017		2016		Difference %
		Value	Proportion	Value	Proportion	
1	Short-term assets	3,022	51%	2,015	54%	50%
2	Long-term assets	2,960	49%	1,746	46%	70%
<b>A</b>	<b>Total assets</b>	<b>5,982</b>	<b>100%</b>	<b>3,761</b>	<b>100%</b>	<b>59%</b>
1	Liabilities	1,816	30%	838	22%	117%
	Short-term liabilities	1,383	23%	758	20%	82%
	Long-term liabilities	434	7%	80	2%	443%
2	Owner's equity	2,717	46%	2,319	62%	17%
3	Benefit of non-executive share-holders	1,449	24%	604	16%	140%
<b>B</b>	<b>Total capital</b>	<b>5,982</b>	<b>100%</b>	<b>3,761</b>	<b>100%</b>	<b>59%</b>

### Growth of consolidated assets over years:

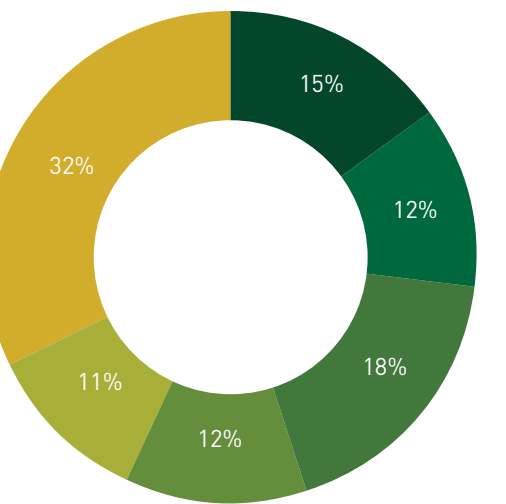


(\*) Other assets mainly consist of accounts receivable, inventories which are sharply increased from consolidated business results of the subsidiaries in the year.

### CONSOLIDATED ASSET STRUCTURE 2017



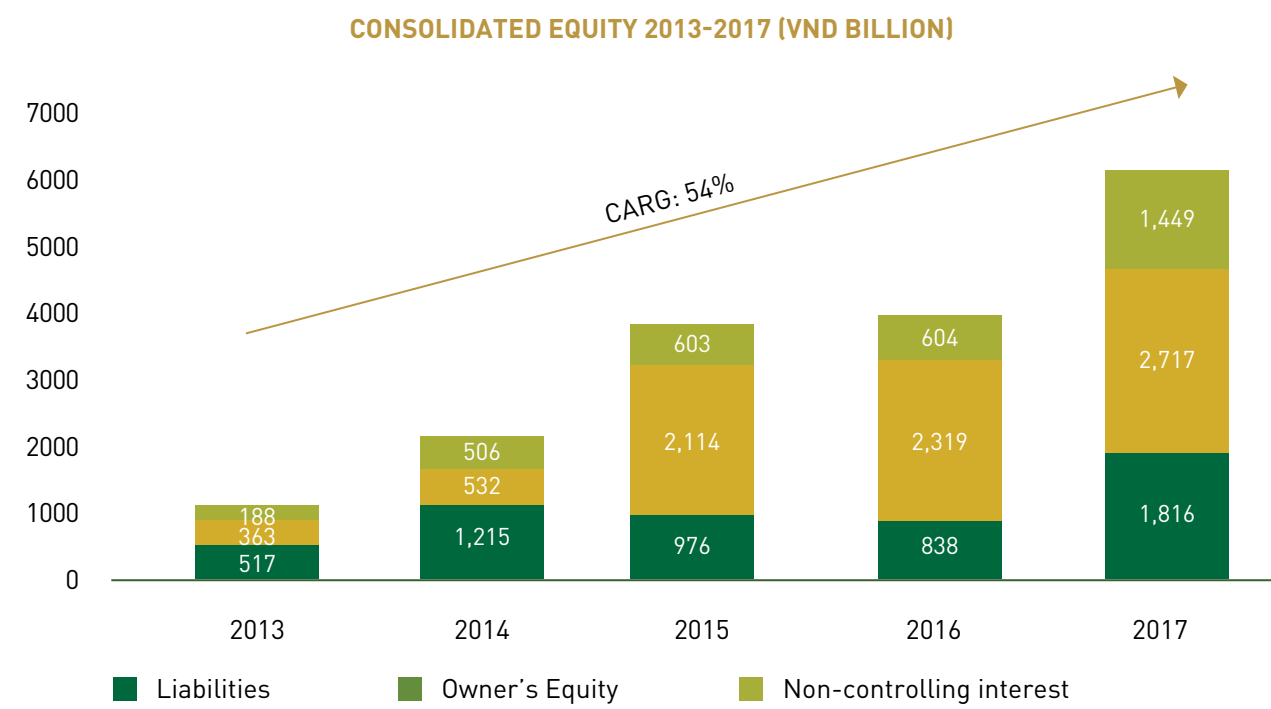
### CONSOLIDATED ASSET STRUCTURE 2016



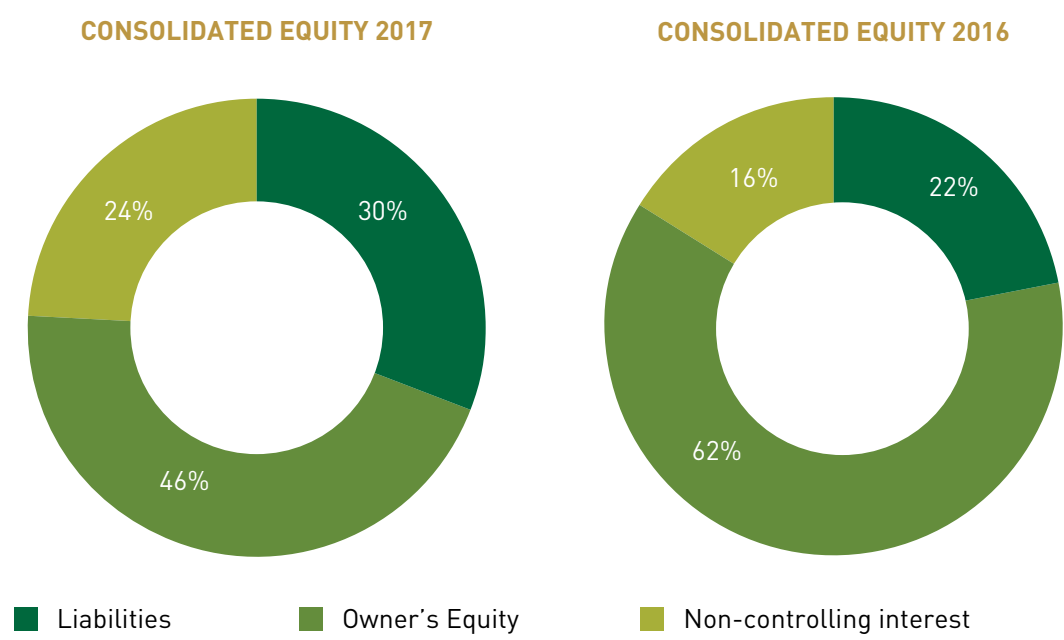




Growth of consolidated equity over years:



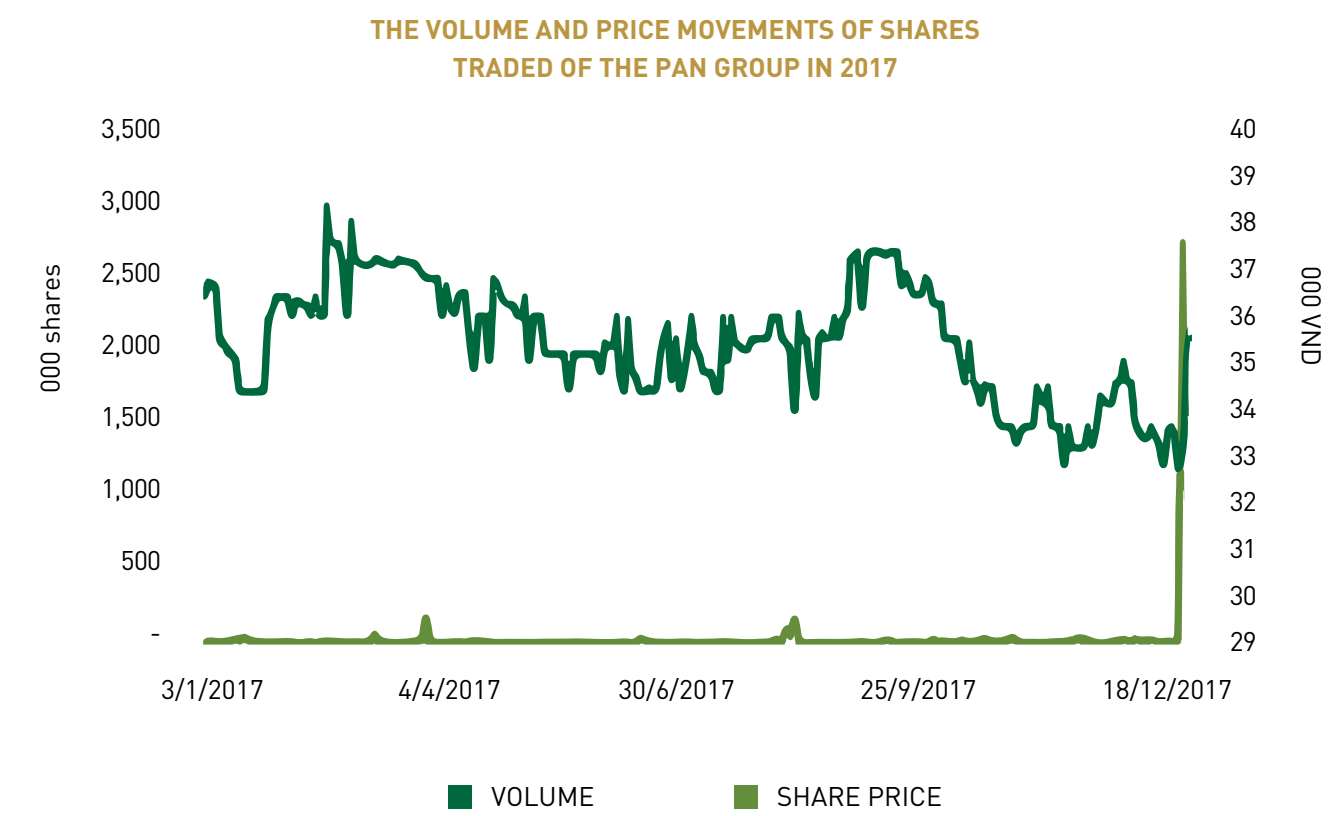
Comparison of consolidated capital structure in 2016 and 2017:



INCREASE OF CHARTER CAPITAL

Following the plan approved by the General Meeting of Shareholders, in 2017, Company completed 2016 dividend payment by shares. After this issuance, charter capital rose from VND 1,023,724,970,000 billion to VND 1,177,236,300,000 billion as at 31/12/2017.

As of 31/12/2017, market capitalization of PAN was reported at VND 4,238 billion.





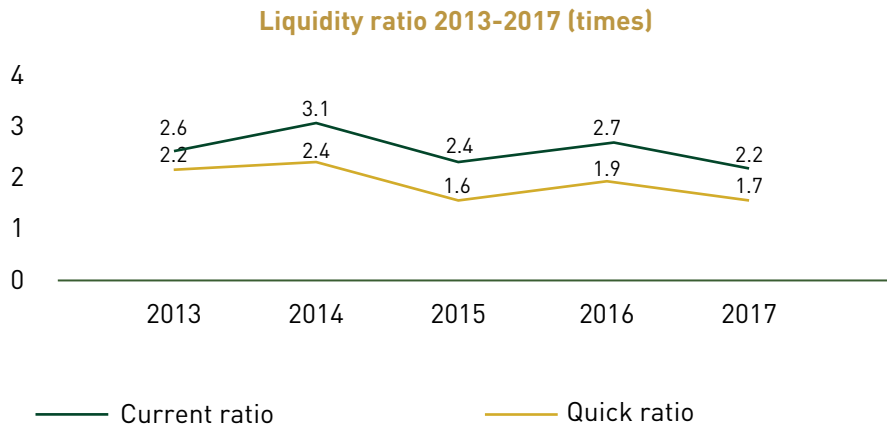


LIABILITIES AND LIQUIDITY POSITION

**LIABILITIES:**  
In 2017, total debt/total assets ratio and total debt /owner’s equity ratio were 30% and 67% respectively. These ratios increased in comparison with previous years due to mainly due to financing activities for the Group’s business. In 2017, short-term and long-term loans/Total assets ratio was 12%, leverage ratio remains relatively low compared to other companies in the same industry. Overall, low debt /asset ratio and low leverage ratio have ensured a healthy financial structure for PAN with low liquidity risk and enabled the Company to have a better working capital management.

Indicators	Unit	2017	2016
Debt structure			
Total debts/Total assets	%	30%	22%
Total debts/Owner’s equity	%	67%	36%
Short-term and long-term loan/Total assets	%	12%	13%
Short-term and long-term loan/Owner’s equity	%	22%	21%

**LIQUIDITY:**  
The liquidity ratios of The PAN Group tend to gradually decrease in the period of 2013-2017 which reflects a shift from the traditional buildings service business and financial investments to the focus on the investment in business activities of agriculture and food sectors.



In 2017, liquidity ratio slightly decreased in comparison with 2016, remaining at a high level which showed the high liquidity ability of the company due to the high balance of net cash from key operating activities like agriculture, food, confectionery, etc. Those business activities have always generated stable cash flow to meet short-term and long-term payment requirements.

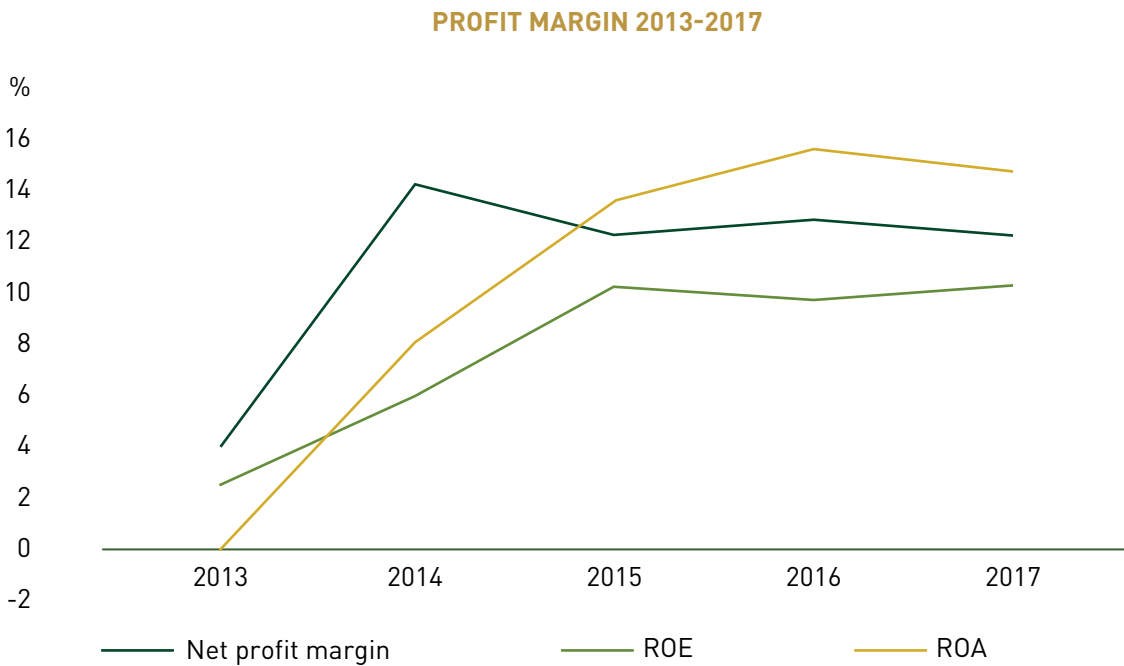
Indicators	Unit	2017	2016
Liquidity			
Current ratio	Times	2.2	2.7
Quick ratio	Times	1.7	1.9
Cash ratio	Times	1.2	1.3
Cash and cash equivalent	VND billion	1,119	558

PROFITABILITY

In 2017, profit margin slightly fluctuated compared to 2016. In which, the margin of net operating profit, net profit before tax, net profit after tax and ROE increased in comparison with 2016.

Indicators	Units	2017	2016
Gross profit margin	%	23.0	23.3
Net profit from key business operations/Net sales	%	13.3	13.8
Consolidated profit before taxes/Net sales	%	13.3	14.0
Consolidated net profit/Net sales	%	12.3	12.2
ROE	%	15.5	15.2
ROA	%	10.3	9.0

For the 05-year period from 2013 to 2017, The PAN group continuously achieved good profitability ratios. Since 2014, key sectors such as agriculture and food began to contribute to PAN’s consolidated profit with higher and higher proportion, leading the stable growth of profit ratio in this period.







# ASSESSMENTS OF BUSINESS PERFORMANCE AND FINANCIAL POSITION OF THE PAN

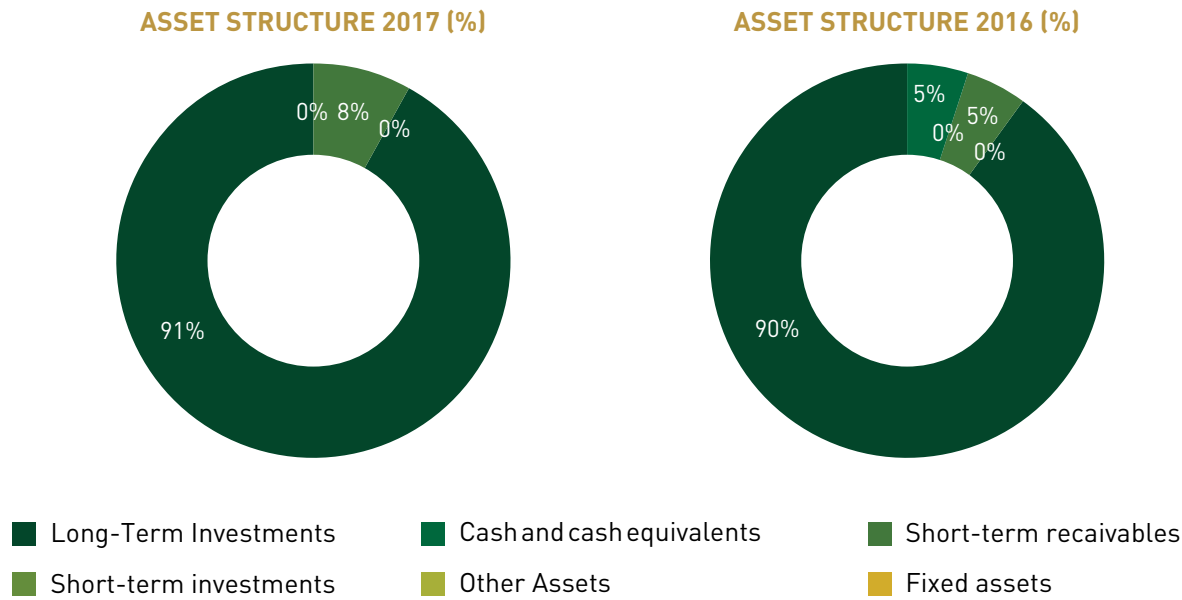
## BUSINESS PERFORMANCE

At the PAN Parent Company, profit is mainly from dividends paid by subsidiaries and associates; interest on bank deposits and liquidation of investments. In the period from 2013 to 2016, after-tax profit of the Parent company has continuous growth at high rate with a CAGR of 78%. However, in 2017, due to subsidiaries and affiliates haven't paid dividend yet, PAN parent generated revenue from dividend. As the result, PAN parent have a loss of VND 25.3 billion.

## PARENT COMPANY'S ASSET STRUCTURE

Parent Company's assets during the period of 2013 to 2017 has continuously growth at an average rate of 43%/year through capital raising and the M&A deals of the companies in agriculture and food industries, reflecting the trend of shifting the focus to agriculture and foods industry through the acquisition of shares in the target companies. By this trend, the share of long-term financial investments, including the investments in subsidiaries and affiliates continued to increase in recent years: respectively reached VND 1,968 billion, VND 2,009 billion and VND 2009 billion, equivalent to 93% and 90% and 91% of the total assets of the parent company in 2015, 2016 and 2017.

Comparison of Parent company's asset structure in 2016 and 2017:

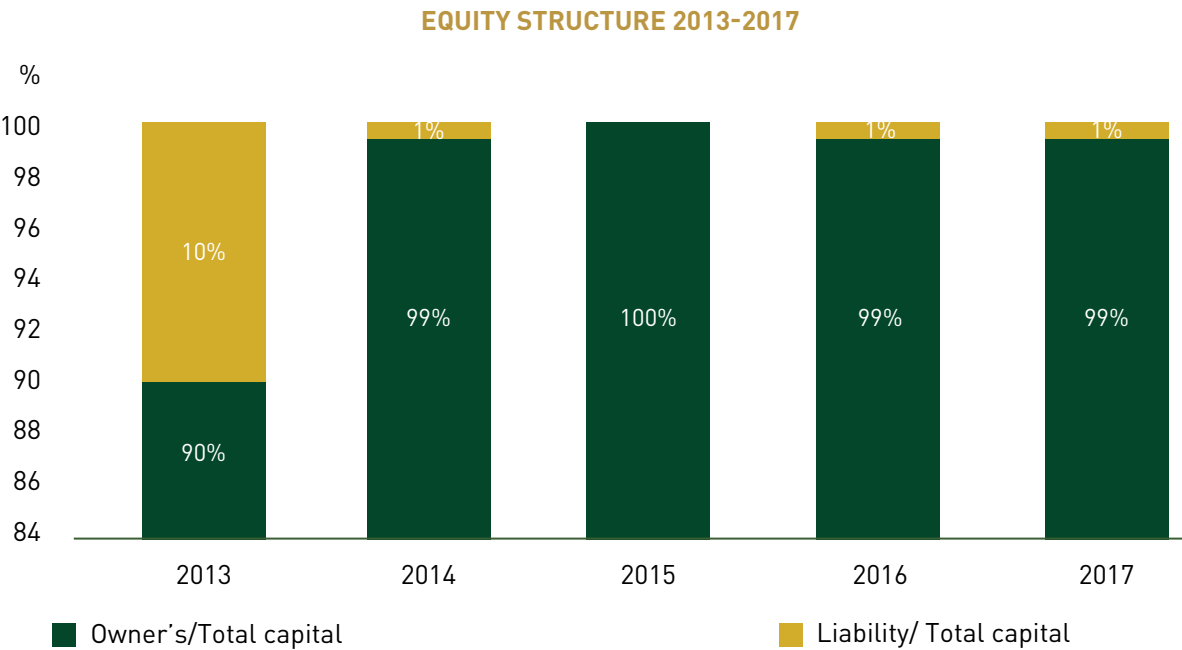
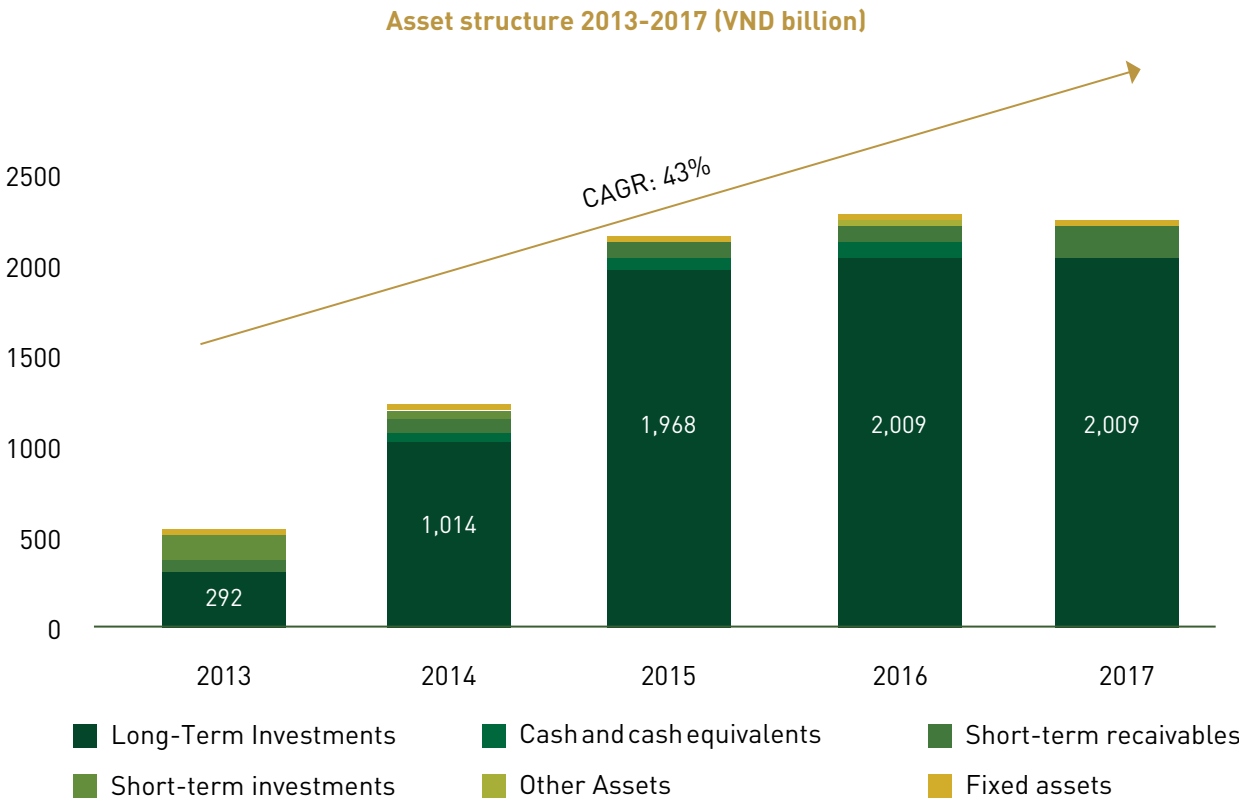


**Liabilities position:** Due to the fact that The PAN Group does not directly carry out the production, the balance of receivables and payables were very low and no provision for bad debts. In 2017, short-term receivables was mainly from loan for PAN Food JSC. with maturity date of 29 June 2018.

Effects of difference in foreign exchange rate and loan interest: at The PAN Group, the cash flow from dividends, fund raising, as well as for M&A activities (main activity) are denominated in VND with no transactions and foreign currency balance; therefore, there is no exchange rate risk. In addition, loan debts are not raised in the PAN Parent Company, therefore PAN Parent Company is not influenced by the interest rate.

## Equity structure and liquidity:

Main activity of the Parent company is to make fund raising to implement investment transactions in subsidiaries and associates. The owner's equity accounted for a large proportion of total equity: approx. 99% as at 31/12/2017.

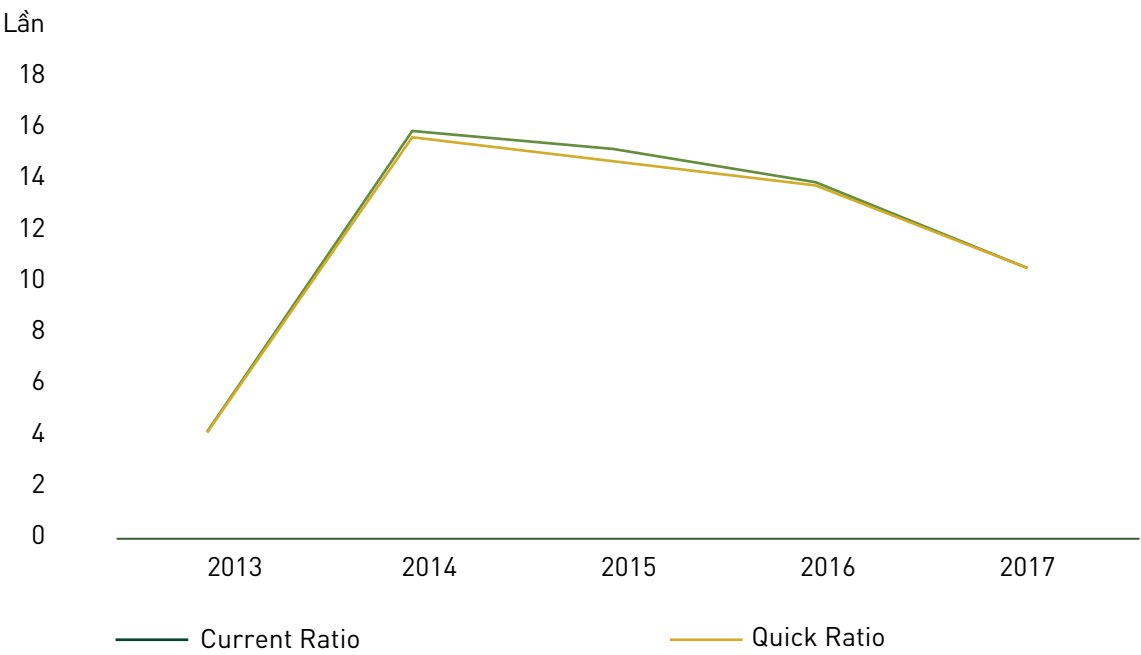






In the past years, The PAN Group maintains good liquidity thanked to high cash balances from continuous fund raising activities and dividends received from other investments. This has helped the Parent company to be active in implementing the strategic acquisition of ownerships of the target companies as well as to provide financial support for production and business activities of the subsidiaries companies when required.

LIQUIDITY - PAN PARENT 2013-2017



# IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE, POLICIES AND MANAGEMENT SYSTEM

In line with the next phase of The PAN Group with a growing scale, in 2017, the Group implemented a series of improvements in organizational structure, management system and policy to ensure higher efficiency and flexibility:



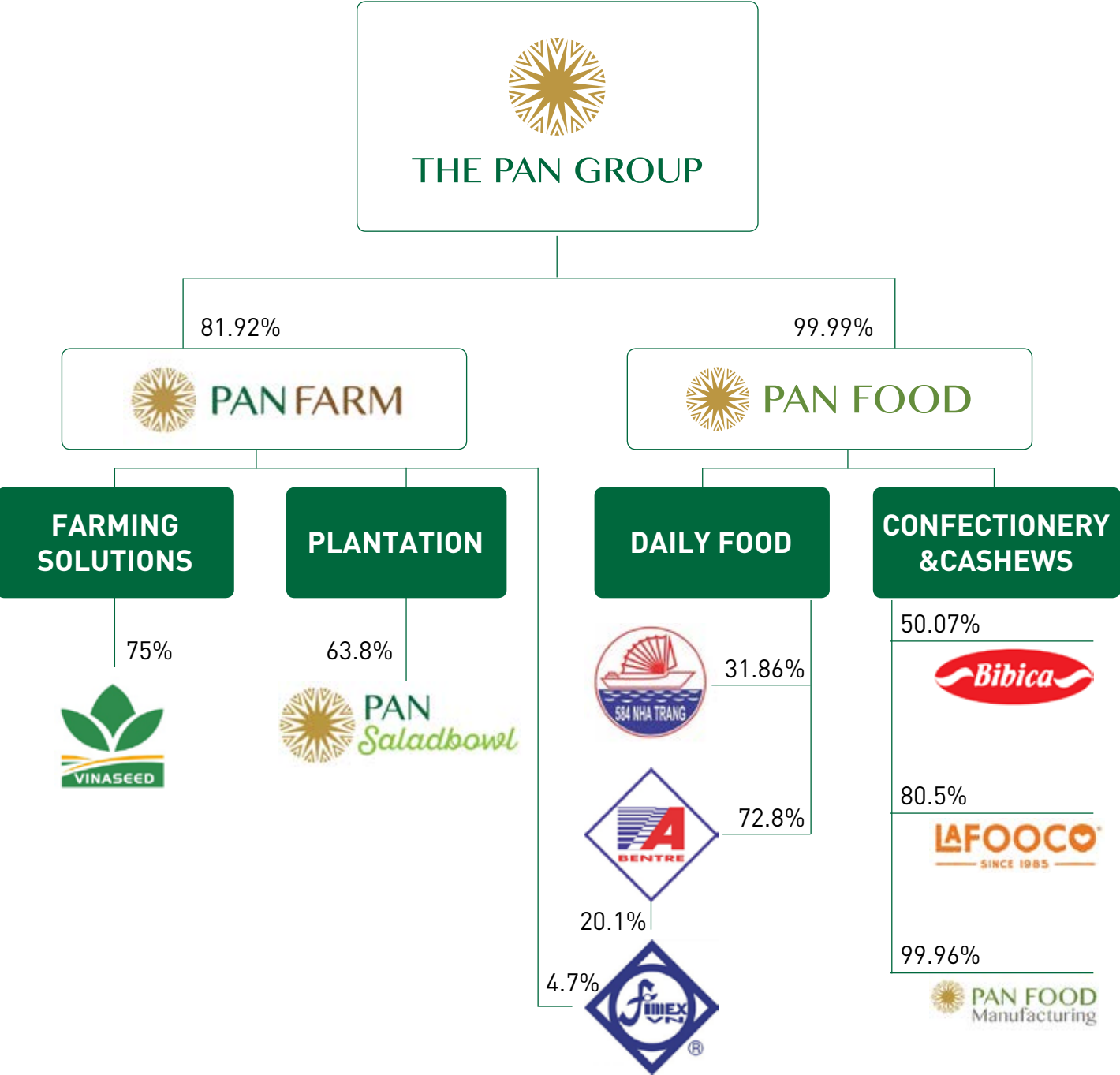




COMPLETE THE STRUCTURE OF PAN FARM AND PAN FOOD, OPENING UP NEW DEVELOPMENT OPPORTUNITIES FOR BOTH THE AGRICULTURE AND FOOD SECTOR OF THE GROUP

PAN Food was established to manage the food business, while creating new PAN Food branded products to meet customer’s needs and accomplished the production – supply chain in the food sector of The PAN Group.

After increasing the direct and indirect ownership ratios in the leading companies in the Seed business, together with the joint venture with Japanese partner to set up an advanced vegetable and flower production in early 2016, in August/2016, The PAN Group established PAN Farm (VND 1,000 billion of Chartered Capital) with the same mission of PAN Food: Managing and Developing the Group’s Agriculture business.



Immediately after the establishment of PAN Farm, the Company attracted the attention of domestic and foreign prestigious investors who are interested in The PAN Group’s agriculture sector and wish to accompany The PAN Group to promote Agriculture to be commensurate with the potentials of Vietnam. In September 2016, PAN Farm started to mobilize funds from potential strategic investors such as IFC and Daiwa.



REVIEW, SYNCHRONIZE THE STATUTES, REGULATIONS ANDGUIDELINEIN LINEWITHTHEMODELDEVELOPMENT OF THE PAN GROUP, ON THE BASIS OF ENSURING THE INTERACTION AND COORDINATION BETWEEN PARENT COMPANY AND MEMBER COMPANIES

In the direction of strengthening the foundation and management system, in 2017, The PAN Group reviewed and supplemented the significant statutes, regulations, processes and guideline. In details:

- Supplement and adjust the Charter of The PAN Group Joint Stock Company in line with the business model, scale and actual business performance.
- Review and promulgate some contents of the Financial Regulations in line with the new operation model of The PAN Group.
- Complete the Production Principles at The PAN Group, which acts as the guide for all the member companies.

THE PAN GROUP IS PIONEERING IN ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL SOCIO-ENVIRONMENTAL STANDARDS

Having one year of preparation, consultation from all parties involved, The PAN Group officially issued The PAN Production Principles in March 2017. This document does not simply represent our internal regulation but affirms the sustainability strategy of The PAN Group conforming to the international standards. Establishing Socio-environmental standards, The PAN Group set the official principles to ensure all activities of PAN or its authorized parties must be considered for compliance with business responsibility and ethics. PAN is one of the first companies in Vietnam actively establishing the internal Socio-Environmental standards conforming with international rules. The implementation and compliance are strictly monitored through annual audit at all member companies and periodical reports.





# BUSINESS PLAN IN 2018

VND billion

No,	Indicator (Consolidated figures)	Actual 2017	Plan in 2018 (*)	% Plan vs, Actual 2017
1	Consolidated revenue	4,075	8,786	216%
2	Consolidated profit before tax	544	626	115%
3	Consolidated profit after tax	503	538	107%
4	PAN's shareholder's profit	372	293	79%

(\*) Target plan in 2018 is subjected to the approval of the BOD and the Annual General Meeting of Shareholders

## FUNDAMENTAL FOUNDATIONS OF 2018 BUSINESS PLAN

**REVENUE TARGET:** is based on expected revenue approved by the BOD and the General Meeting of Shareholders of the existing subsidiaries and affiliates. These targets are set based on the market assessment, competitiveness and business strategies of each company in 2018. Detail assessment of each business segments are as follows:

### Agriculture sector – Performed at PAN Farm:

In 2018, the ownership structure of PAN Farm will change dramatically when NSC makes a public offering to increase its stake in SSC to 100%, while FMC has become a subsidiary of The PAN Group after PAN Farm successfully conducted the public offering of 11,494,667 shares of FMC (equivalent to 29.5% of charter capital) in January 2018. Therefore, with consolidation of FMC's business result into PAN Farm in 2018, sales of PAN Farm will increase significantly compared to 2017 with a growth rate of 228%. PAN Farm's revenue will contribute 60% of the total consolidated revenue plan in 2018.

### Food Sector – Performed at PAN Food:

In 2017, PAN Food increased its ownership in BBC and BBC officially became a subsidiaries of PAN Food, at the same time PAN Food completed the first phase of PAN Food Manufacturing factory at PFM JSC. In 2018, PAN Food expects to continue strategic M&A deals with potential companies as well as increasing the ownership percentage in the current companies with good profitability. Thanks to the growth rate of core business revenue of Company's members (BBC, LAF, ABT) and sales of PAN Food Manufacturing factory with full capacity of the 1st stage of production line, 2018 plan is expected to increase by 36%.

**Profit Targets:** are consolidated based on business result targets of the Parent company and its subsidiaries on the basis of the current ownership percentage and M&A plan. Parent Company's expense plan is based on operating plan.

Compared to the same period in 2017, 2018 planned profit before tax and profit after tax are 14.3% and 6.4% respectively. However, profit of PAN's parent shareholders is 78% compared to 2017 because in 2017, The PAN Group recorded extraordinary income from revaluation of investment in BBC after increasing ownership rate to 50.07% and BBC became PAN Food's subsidiaries. Regarding the profit of core business in Agriculture and Food, 2018 profit after tax target are expected to increase by 29% compared to 2017.



## Profit distribution plan in 2018

The expected dividends, compensation and welfare fund; Remuneration of the BOD, Supervisory Board and Executive Board are being presented to General Meetings of Shareholders 2017 as follow:

VND billion

No.	Indicator	Ratios/amount of money
1	Dividends	10% of par value of share
2	Operation cost, remuneration of BOD and Supervisory Board	VND 2,000,000,000 (two billion VND)
3	Bonus and welfare funds	5% profit after tax of the Parent company





# REPORT OF THE BOARD OF DIRECTORS ON BUSINESS PERFORMANCE IN 2017

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GENERAL ASSESSMENT ON BUSINESS PERFORMANCE IN 2017

MONITORING REPORT ON BOARD OF MANAGEMENT'S PERFORMANCE

PLAN AND ORIENTATION OF BOARD OF DIRECTORS IN 2018





# GENERAL ASSESSMENT ON BUSINESS PERFORMANCE IN 2017

In 2017, after restructuring the core business of the Company and improving the business foundation system, The PAN Group continued to increase ownership in companies in food sector which have strong and sustainable business as well as to form new business based on opportunities for business development, clearly shifting the business to agriculture and food sector. For Company members, PAN has been actively involved in the finishing process, improved production and financial management and built up strategy development to jointly implement the highest goal of PAN: to become a pioneer company in the field of Agriculture and Food packaging, provide safe products of high-quality and traceability for domestic and international markets.



## REMARKABLE GROWTH IN 2017 BUSINESS RESULT COMPARED TO 2016

Unit: million VND

No	Indicator	Plan 2017	Actual 2017	Actual 2016	% completion of the annual plan	Actual in 2017 compared to 2016
1	Consolidated net revenue	3,080,000	4,074,940	2,753,365	132%	148%
2	Consolidated net profit before tax	320,000	544,283	385,151	170%	141%
3	Consolidated net profit after tax	280,000	502,922	336,400	180%	150%
4	After-tax profit of parents Company Shareholders	190,000	372,282	256,987	196%	145%

- **Consolidated net revenue reached** VND 4,075 billion, included consolidated PAN Food’s revenue (Food background) and consolidated PAN Farm’s revenue with VND2,555 billion (contributed 62.7%) and VND 1,520 billion (contributed 37.3%), respectively. Compared to the same period of 2016, consolidated net revenue saw a strong growth by 47%, of which PAN Food’s sales achieved 88% growth in sales combining to 15% sales growth at PAN Farm. Significant growth rate of PAN Food’s revenue thanks to: LAF gained high sales due to aggressively promoting cashew business (increased by 48%, reached VND 1,300 billion) and consolidating BBC’s revenue from Third Quarter, 2017 (contributed VND 847 billion, equivalent to 21%).

It’s shown a remarkable effort in the condition of operation of many enterprises in the same agriculture and fisheries have a significant decline in output, turnover and profit over the same period of 2016.

- In 2017, **Consolidated after tax profit and Profit after-tax of Parents company’s Shareholders achieved** VND 503 billion and VND 372 billion compared to 2016, increased by 50% and 45% respectively, thank to:

- (i) good control of production cost, price, maintain high profit margin;
- (ii) focus on R&D investment in new products, focusing on high technology content and value added products with good margin;
- (iii) investment in technology innovation, machinery and equipment to improve operational efficiency, reduce costs and expenditures, improve product quality;
- (iv) Strengthening distribution channels, focusing on market research and maintaining good traditional customers;
- (v) M&A performance was good in the year, with the excellent results of the merger of BBC business results into PAN Group from the third quarter of 2017 contributed significantly to revenue and profit of the Group;
- (vi) focus on investing a number of new potential development projects





IMPLEMENTATION OF INVESTMENT STRATEGIES

In 2017, PAN has continued to implement M&A plans, directly or indirectly (through two subsidiaries: PAN Food and PAN Farm) with the goal to acquire or increase ownership of leading businesses in agricultural and food to form a strong chain.

M&A activities in Agriculture Companies at PAN Farm

- Investing to increase ownership in Sao Ta Food JSC – FMC: This is a big and long-standing brand in the shrimp farming and processing value added shrimp for exporting. In 2017, PAN Group through its two company members, PAN Farm and ABT, acquired a total of 9,672,333 shares of FMC, equivalent to a 24.8% stake with investment value of about VND 222 billion. Since then, FMC has become an affiliate of PAN Corporation.
- During the period from December 2017 to 1st January 2018, PAN Farm successfully completed the public offering of 11,494,667 FMC shares (equivalent to 29.5% of chartered capital) with a total investment of 264 billion VND. Thus, the cumulative number of the two subsidiaries PAN Farm and ABT, PAN Group officially owns 21,167,000 shares of FMC, equivalent to 54.3% of the Company’s chartered capital, bring FMC from an affiliate to a subsidiary of The PAN Group in 2018.
- Invest in modern and advanced greenhouse system at PAN-SALADBOWL JSC: on the basis of successful cooperation between PAN-SALADBOWL and Japanese partner to receive technology transfer and high-quality flowers export market development, in 2017, PAN-SALADBOWL continues to expand the greenhouse area with the most advanced technology in Vietnam to grow and export flowers to the Japanese market. By 2017, the completed greenhouse area of PAN-SALADBOWL is more than 8ha, suitable for each product line with the total investment value of VND 55 billion.

M&A activities in Food Companies at PAN Food

- Investing in PAN Food Processing Plant at PFM: after leasing 10ha land at Vinh Loc II Industrial Park, PFM built up PAN Food manufacturing factory with international scale and standard. In 2017, PFM completed the first phase of the project with the Sponge Cake line and started production and distribution of the Rosio sponge cake line to the market in November 2017. Up to December 31, 2017, the total investment value of the project: VND 430 billion.
- Completion of the ownership rate increase in BBC: In August 2017, PAN Food acquired 997.647 additional shares of BBC with total investment value of VND 113 billion, increased its ownership rate from 43,7% to 50,07% as at 31/12/2017. BBC became a subsidiary of PAN Food.
- Increasing ownership rate of 584 Nha Trang: Completing the acquisition 10.4% chartered capital of 584 Nha Trang Seaproduct JSC in 2017 with total investment value of VND 16.8 billion from own capital source, total ownership rate of 584 Nha Trang increased to 32%. Thereby, PAN Food expands its business to traditional fish sauce sector.

2017 ESOP SHARE ISSUANCE

**In Quarter IV, 2017:** The Company issued 2.508,000 shares under the Employee Stock Ownership Plan (ESOP) at the price of VND 10,000 /share under the Resolution of Annual General Meeting No. 01-04/2017/NQ-ĐHĐCĐ dated on 22 April 2017. After the issuances of capital , the charter capital of the company has increased from VND 1,177,236,300,000 to VND 1,202,016,300,000 on 24 January 2018.

PROFIT DISTRIBUTION IN 2017

The PAN Group paid 2016 dividend at rate 15% by stock in August 2017. Total stock issued for this term was 15,351,133 shares which increased its charter capital to VND 1,177,236,300,000.

**Internal Governance:** Focusing on strengthening the organizational structure, completing and issuing the regulation system of internal governance regulations, such as Charter Amendment, Financial Regulation, Investment process, Post-investment monitoring regulation, ESOP issuance regulation, and a number of processes that guide the company’s activities, such as: Accounting process, HR process, Administrative process, etc.

**Information Disclosure:** The Company complied with the information announcement obligations stipulated in Circular 155/2015/TT-BTC of the Ministry of Finance on the publication of information on the stock market.

**Compliance with the law and ensure the interests of shareholders and employees:** PAN fully implemented the obligation to pay taxes to the state budget as prescribed, paid full social insurance, health insurance, unemployment insurance for laborers in accordance with law. The Company also ensured strict implementation of the interests of shareholders in dividend payments, issued shares to existing shareholders, for employees working at the company.







# MONITORING REPORT ON BOARD OF MANAGEMENT’S PERFORMANCE



In 2017, the Board of Directors and the General Meeting of Shareholders issued resolutions and decisions related to the business plan and investment plan of the Company. Accordingly, PAN’s Board of Director performed the function of directly run production and business activities on the basis of these resolutions and decision. Board of Director inspected and monitored activities of the Board of Management in implementing the Resolutions of the Annual General Meeting and Board of Director as follows:

**MONITORING METHOD**

- Through the meetings of the Board of Director on a quarterly or extraordinary basis, the Board straightly questioned and discussed with the Board of Management (BOM) on the activities of BOM and General Director in the implementation of production and business strategy and the targets which were approved in the Annual General Meeting on April, 2017. On the other hand, General Director also frequently discussed, actively reports to the Board regarding the implementation progress of works as well as the difficulties and obstacles encountered to promptly discuss and consult with the Board to find the most effective solutions.
- Sub-Committees under the Board of Director held regular meetings to review, evaluate and approve all issues regarding investment, management and personnel system in accordance with assigned responsibilities.
- Incorporates with the Supervisory Board to examine and seize the the actual business situation of the company and contribute ideas to the General Director and Board of Management to complete the devised business targets.
- Personnel Subcommittee of the Board of Director planed, approved and periodically implemented the policies, performance assessment, reward and discipline mechanisms for BOM’s members and the company’s managers.

- The Board of Director also regularly worked with the Risk Management Committee through quarterly reports, analyst reports on risk assessment and specific action plan to prevent risks, thereby counseled the General Director on the company executive works.

**THE MONITORING CONTENTS**

- Monitoring the process of increasing the charter capital of PAN in 2017 through stock issuance;
- Supervise the production and business planning process in 2017 and implement profit targets of 2017 according to approved plans in parallel with the safety requirements, in order to limit the risks for the Company and shareholders;
- Reviewing and strengthening the corporate governance activities, internal control and risk control activities;
- Monitoring activities of the Board of Management on subsidiaries and participate in regular meetings with the subsidiaries;
- Monitoring the consolidated financial statements with the subsidiaries and affiliated companies for the quarter and fiscal year of 2017 in accordance with current regulations.
- Conducting and supervising the M&A process on target companies through increasing the ownership rates in subsidiaries and affiliated companies, including ABT, LAF, BBC and 584 Nha Trang Seaproduct JSC.

**MONITORING RESULTS**

In 2017, Board of Director assessed the Board of Management as preeminently fulfilled the executive role on production and business; complied with the direction and orientation approved in the Annual General Meeting and Board of Director; gradually improved the internal management capacity. The programs related to PAN’s strategic targets were strictly implemented in accordance with the planned schedule and with macro-economic conditions and competition in the industry.

The notable achievements of PAN in 2017 include:

- Business results in 2017 had a remarkable growth compare to 2016, especially the Net income after tax of shareholders.
- Implementation of Charter capital raising process as scheduled in the Annual General Meeting in April, 2017.
- Amendment of Issued Charter, Financial Regulation and Procedure Investment in accordance with the new structure and scope of operations of the company. It comes with the full promulgation of the processes related to operation, finance, and personnel of the company in 2017.
- Proper implementation of M&A activities and investment on new projects in accordance with long-term development strategy of the company.
- Legal information announcement, complying with the observance of legal obligations.
- Company’s prestige is increasingly enhanced. In 2017, the company was honored to receive the following awards:
  - Top 50 best listed companies
  - Top 50 most effective enterprise of Vietnam 2017
  - Top 3 Best Annual Report, top 2 annual report with excellent management report
  - Top VNR500
  - Top FAST500

Board of Director appreciates the efforts of the Board of Management in the performance of production and business plan, the targets approved in the Annual General Meeting and profit results exceeded the devised business plan.





# PLAN AND ORIENTATION OF BOARD OF DIRECTORS IN 2018

**FOR INVESTMENT, PRODUCTION AND BUSINESS**

- Development of production and business plan for 2018, aiming at better results compared to 2017, to ensure that the company continues to develop as a “A regional leading company in Agriculture and Food, provide high quality agricultural and packaging food products to the domestic and world market”.
- Continuing the strategic plan to buy stocks and control the companies with strengths in the field of agriculture, aquaculture and food in order to focus on improving and expanding the foundation of Agriculture and Food.
- Development of new foundation established at PAN Food, with the aim of becoming the leading company specialized in food consumption sector on existing consumer foundation of PAN and its subsidiaries, strategic investment partners (NDH, SSI, IFC, TAEL, FMO...) to promote R&D activities, research and development of high-margin products; Active expansion of the market the market by enhancing performances of modern Marketing.
- Continuing to support the subsidiaries in developing strategy, governance and administration in order to promote the potential and enhance business efficiency.
- Prudent implementation and deployment, ensuring maximum efficiency efficiency of approved business projects in Agriculture and distribution sector.

**FOR CORPORATE GOVERNANCE**

- In 2018, PAN’s Board of Director will continue to focus on building strong human resources as well as maintaining strict corporate governance apparatus to ensure its leading position and achieve sustainable growth.
- Completing and improving the quality of the company’s internal management, such as: employee hierarchy evaluation, position standardization, salary, bonus, and allowances for employees on their contributions. Enhancing the issuance of internal documents, promote the review and completion of regulations to create a legal framework and administrative for activities of PAN and the member units, preeminently perform the role of controlling risks at all levels and departments.
- Continuing to complete the risk management system in order to minimize all negative impacts on business efficiency and sustainable development of PAN. Also boosting investment in ensured information technology infrastructure and continue advanced training to accompany the business activity requirements.
- Preeminently complying with the provisions of the Enterprise Law, the current law as well as the Statutes and Internal Regulations of PAN, ensuring the objectivity and transparency on the basis of preventing conflicts of interest between the company with the BOD’s members, Board of Management, Supervisory Board and related persons, to respect the legitimate rights and interests of shareholders.







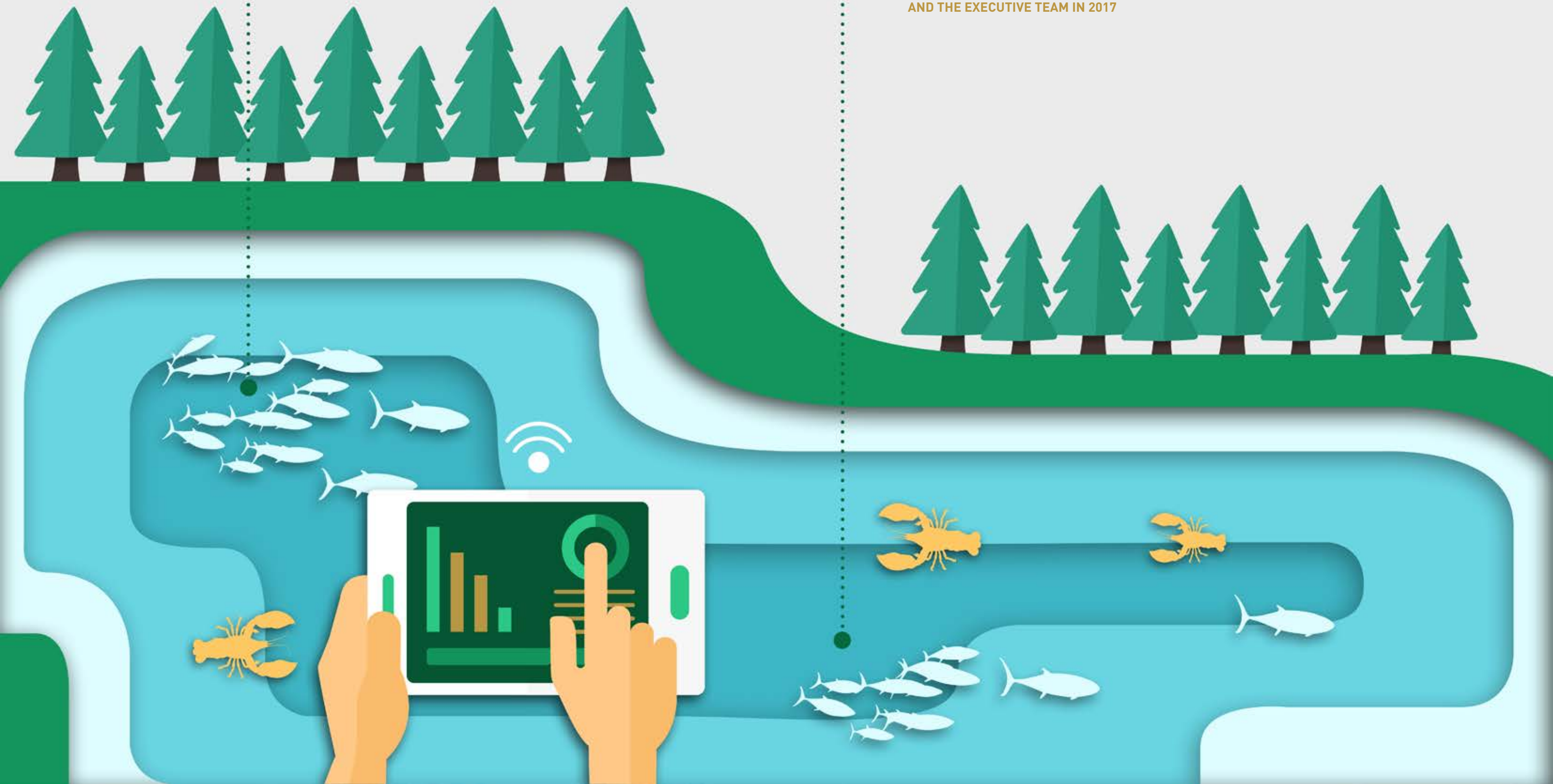
# MANAGEMENT OF THE PAN GROUP

BOARD OF DIRECTORS (BOD)

THE SUPERVISORY BOARD

REMUNERATIONS AND OTHER INTERESTS OF BOD, SUPERVISORY BOARD

AND THE EXECUTIVE TEAM IN 2017







## BOARD OF DIRECTORS (BOD)

### MR. NGUYEN DUY HUNG CHAIRMAN

A nationally recognized business leader. Founder, Chairman and CEO of Saigon Securities Inc. (HOSE: SSI), Vietnam's first privately licensed securities firm and a consistent leader in Vietnam's securities and investment industry. Chairman of SSI Asset Management (SSIAM), Founder and Chairman of The PAN Group (formerly PAN Pacific Corp). (HOSE: PAN). He is known as a pioneer and market leader in the facility services currently expanding in agriculture, aquaculture and food products.



### MS. NGUYEN THI TRA MY VICE CHAIRWOMAN

Founder, chairperson and CEO of CSC VIETNAM since 2007; Vice Chairwoman of The PAN Group (HOSE: PAN), Chairwoman of PAN Farm JSC and PAN-SALADBOWL, Board Member of NSC (HOSE: NSC), Aquatec Bentre JSC (HOSE: ABT) and BioSpring JSC. Before setting up her own business at CSC Vietnam, Ms. Tra My had 18 years working as Chief Financial Officer and Deputy General Director of Biomin Vietnam - a 100% foreign owned entity producing additives and premixes in animal feed.

She graduated from Swinburne University of Technology in Melbourne, Australia and received an Executive MBA from the University of Hawaii – Shidler College of Business, USA; where she received the Hall of Honor Awards in 2016.



### MS. LE THI LE HANG – MEMBER

Ms. Le Thi Le Hang is the CEO of SSI Asset Management Co., Ltd. (SSIAM) from June 2010. From 2013-2015, Ms. Hang was named "CEO of the Year" in Vietnam by Asia Asset Management. Under her leadership, SSIAM was awarded 'Best Fund House' in Vietnam by Asia Asset Management from 2013-2015. She was Head of Research and Investment Advisory Department – Saigon Securities Inc. (SSI) and Assistant to CEO of SSI from July 2007 to May 2010. Currently, Ms. Hang is the Vice-Chairman of National Seed Company (HOSE: NSC), Board Member of Binh Thanh Import-Export Production and Trade JSC (HOSE: GIL), Long An Food Processing Export JSC. (HOSE: LAF) from March 2012; Board Member of An Phu Irradiation JSC (HOSE: APC) from October 2011. Ms. Hang was Research analyst at W. P. Stewart (1999 – 2007), a New York – based Asset Management Company that manages c. US \$8bn. She holds a Masters Degree in Finance and a Bachelors Degree in Accounting from American University, USA.



### MR. MICHAEL SNG BENG HOCK – MEMBER

Co-founder, CEO and Managing Partner of The Asian Entrepreneur Legacy (TAEL) Partners, the Investment Manager of the TAEL Funds, which acts as financial partner to entrepreneurs in the Southeast Asia region.

Mr. Sng co-founded TAEL Partners in 2007, bringing close to 30 years of transactions and relationships experience across Southeast Asia.

He spent 16 years at Schroders where he held various senior positions including the first Schroder's country head of Malaysia, head of financial markets division for Southeast Asia and board director at Schroders Singapore.

In 1998, Michael was recruited to establish UOB Asia, the investment banking subsidiary of UOB where he successfully built its entire business, establishing presences in Singapore, Malaysia, Thailand and Indonesia.



### MR. NGUYEN VAN KHAI – MEMBER

Mr. Khai joined PAN Pacific Corp. since 1997, when the company only had 6 members. In December 1998, he was elected to Managing Director. In October 2005, Mr. Khai was officially appointed CEO of PAN Pacific Corp., and held the position until 2013. He led the development of PAN Services with 5000 employees and 800 clients throughout Vietnam. He was Engineer and Assistant to CEO of LD VU-TRAC from June 1994 – June 1995, a joint venture between the Vietnam People's Army and Ural Trak, the leading Russian enterprise specializing in infrastructure equipment. Mr. Khai holds a Masters Degree in Industrial Management from East Ukrainian National University.







PROF.ACAD. TRAN DINH LONG – MEMBER

Prof.Acad. Tran Dinh Long is currently Chairman of the Vietnamese Seed Association (VSA); Vice Chairman of Scientific Council of the Vietnamese Academy of Agricultural Sciences (VAAS); Board Member of National Seed Joint Stock Company (NSC). He has designed 22 kinds of rice seed that have been just recognized as national seeds (Soybeans, Peanuts, Green beans, Rice, Potato, barley, Sesame, Sweet Grass, Stevia) and published 17 reference books on Genetics and Seeds, wrote 125 articles on international and domestic specialized science magazine from 1977 to 2013. He holds a Bachelor of Science in Biology, University of National Generality Kishinev, Russia; Doctor of Philosophy (Agriculture), Hanoi University of Agriculture. As the main tutor, he successfully trained 35 Doctors and 12 Masters from 1990-2013. He also lectured for Bachelors, Masters, and Research Fellows since 1967.



MS. HA THI THANH VAN – MEMBER

Ms. Van is a Board Member and Deputy CEO of PAN Pacific Corp since October 2005. She was Chairman of PAN Pacific Corp from October 2006 – October 2012, CEO of PAN Pacific Ltd. from Dec 1999 – Aug 2005, Director of Business Development and Marketing of PPC Trade and Services Ltd. from Dec 1998 – Dec 1999. Ms. Van holds a Bachelors Degree in literature and linguistics from Orlopsi University.



DR. DANG KIM SON – MEMBER

Dr. Dang Kim Son – former Director of Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD) – is prestigious agricultural policy expert. He holds a master’s degree in food policy from Stanford University and a PhD in food systems from the Vietnam Academy of Social Sciences. He is a policy consultant for many projects of government agencies and development organizations in Vietnam, Laos, Cambodia, Myanmar, etc. Dr. Dang Kim Son is the Chief Design Consultant for the Vietnam Agricultural Restructuring Program and is currently the program advisor for Ministry of Agriculture and Rural Development and some provinces. Mr. Son is also a member of many prestigious scientific organizations, such as the Science Forum, the Transformation Leadership Network of the World Economic Forum, the Asean Society of Agriculture Economy (ASAE), and Asia Pacific Agriculture Policy Forum.



1. BOD MEMBERS AND STRUCTURE:

NAME	TITLE	PERIOD	Personal ownership	Per-centage	Reasons to change the number of shares owned	Individuals/ related Organization ownership	Per-centage
Mr. Nguyen Duy Hung	Chairman	2013 - 2017	1,260,400	1.07%	2016 dividend payment by shares	35,875,077 (*)	30.47%
Ms. Nguyen Thi Tra My	Vice Chairwoman	2013 - 2017	410,531	0.35%	2016 dividend payment by shares	5,763,618	4.90%
Mr. Tran Dinh Long	Independent member of BOD	2013 - 2017	93,150	0.08%	2016 dividend payment by shares	None	None
Mr. Dang Kim Son	Independent member of BOD	2013 - 2017	17,250	0.01%	2016 dividend payment by shares	None	None
Ms. Le Thi Le Hang	Member of non-executive board	2013 - 2017	71,300	0.06%	2016 dividend payment by shares	7,093,740 (**)	6.03%
Ms. Ha Thi Thanh Van	Member of non-executive board	2013 - 2017	138,000	0.12%	2016 dividend payment by shares	3,703,335	3.15%
Mr. Michael Sng Beng Hock	Member of non-executive board	2013 - 2017	0	0%		24,327,673	20.66%
Mr. Nguyen Van Khai	Member of executive board	2013 - 2017	822,940	0.70%	2016 dividend payment by shares	16,107,383 (***)	13.68%

Note: (\*\*) and (\*\*\*) were included in (\*)

CHAIRMAN AND NOT CEO

The separation of Chairman and CEO (Acting CEO in the case of the PAN) expressed a clear division of responsibilities between the Chairman and CEO to ensure the independence between the BOM and the BOD. This also ensures the power division, which improves the responsibility and independence in the BOD’s decision making.





OTHER ROLES OF BOD MEMBERS IN OTHER COMPANIES' BOD

Mr. Nguyen Duy Hung		
CURRENT ROLES		
Role	Organization	Appointment time
Chairman	Saigon Securities Incorporation (SSI)	1999
CEO	Saigon Securities Incorporation (SSI)	1/2006
Chairman	The PAN Group	26/4/2013
Chairman of Board members	NDH Investment (NDHINVEST)	
Chairman of Board members	SSI Asset Management (SSIAM)	

Ms. Nguyen Thi Tra My		
CURRENT ROLES		
Role	Organization	Appointment time
Vice Chairwoman	The PAN Group (PAN)	05/04/2016
Independent member of BOD	National Seed Company (NSC)	21/3/2013
Board member	Ben Tre Aquaproduct Import and Export JSC (ABT)	16/3/2015
Chairwoman	CSC Vietnam	2007
CEO	CSC Vietnam	16/3/2015
Chairwoman	PAN Farm	2007
Chairwoman	PAN-SALADBOWL	2007

Mr. Tran Dinh Long		
CURRENT ROLES		
Role	Organization	Appointment time
Independent member of BOD	The PAN Group (PAN)	26/4/2013
Member of BOD	National Seed Company (NSC)	

Ms. Le Thi Le Hang		
CURRENT ROLES		
Role	Organization	Appointment time
Independent member of BOD	The PAN Group (PAN)	
Vice Chairwoman	National Seed Company (NSC)	2013 – now
Member of BOD	Elcom Corporation (ELC)	2014 – now
Chairwoman	Southern Seed Company JSC (SSC)	4/2015 – now
Information Disclosure-in-charge	Southern Seed Company JSC (SSC)	
Member of BOD	Binh Thanh IMP-EXP Production and Trade JSC	2013 – now
CEO	SSI Asset Management (SSIAM)	2010 – now

Ms. Ha Thi Thanh Van:		
Chairwoman of PAN Services		

Mr. Michael Sng Beng Hock		
None		

Mr. Dang Kim Son:		
CURRENT ROLES		
Role	Organization	Appointment time
Independent member of BOD	The PAN Group (PAN)	25/07/2016

Mr. Nguyen Van Khai:		
CURRENT ROLES		
Role	Organization	Appointment time
Head of Supervisory committee	Saigon Securities Incorporation (SSI)	1/11/1999
Member of the BOD	The PAN Group (PAN)	6/8/2005
6/8/2005	Công ty Cổ phần Xuất nhập khẩu Thủy sản Bến Tre (ABT)	
Vice Chairman	Ben Tre Aquaproduct Import and Export JSC (ABT)	
Chairman	Long An Food Processing Export JSC., (LAF)	8/1/2015





2. SUB-COMMITTEES IN BOD

The Resolution No. 16-07 / 2013 / NQ-HDQT of the BOD issued on July 15th, 2013 has decided to establish 04 Sub-committees to support the activities of the BOD including: Investment Committee, HR Sub-committee, CSR Sub-committee, and Independent Management Sub-committee. However, the Resolution of the 2014 AGM has approved the establishment of the Board of Investment with the functions and duties as set forth in Clause 3, Article 29 under the Provision of PAN Pacific JSC., issued on October 28th, 2014. Accordingly, The Resolution No. 15-06 /2014/NQ-HDQT has canceled the content relating to the investment sub-committee of the internal documents of the Company and dismissed the Investment committee under the BOD.

On April 6th, 2015, The BOD approved the establishment of the Sustainable Development sub-committee under the BOD to support the work relating to building, advising, supervising and evaluating activities for the company’s sustainable development. Sustainable Development Sub-Committee was established under the Resolution No. 04-04/2015/NQ-HDQT on April 6th, 2015. The foundation of the Subcommittee for Sustainable Development was part of the strategy for professionalizing socio-environment activities, execution of business ethics and sustainable growth in the next phase. Members of the subcommittee and the manager system in member companies are people with insight of the business, experiences in social science, counselling, training, and analyzing in various field including environment, safety and social issues for international corporations (such as Sumitomo, Yamaha, CJ Vina, Palffiger, Levi Strauss (Levi’s)... The subcommittee was founded by Resolution No 04-04/2015/NQ-HDQT dated 06/04/2015.

Subsequently, on April 24th, 2015, The PAN Group’s General Meeting of Shareholders (PAN Pacific JSC., at that time) has approved the cancellation of the Investment Committee and elimination of the terms relating to the provisions of the investment Committee and revised the corresponding charter which transfers all rights and obligations of the investment Committee under the current provisions to the BOD in accordance with the content of the Resolution No. 01-04/2015/NQ-AGM on April 24th, 2015, Article 7, Clause B.

Therefore, by December 31st, 2015, PAN has 04 Sub-committees under the BOD including Human Resources sub-committee, Corporate Social Responsibility sub-committee, Independent Management sub-committee and Sustainable Development sub-committee.

In 2016, according to the Resolution No. 01-04/2016/NQ-HDQT of the BOD dated April 5th, 2016, there was a restructure of the sub-committees and related personnel. Details as followed:

Human Resource sub-committee

No.	Name	Role
1	Mr. Nguyen Duy Hung	Head
2	Ms. Nguyen Thi Tra My	Member
3	Mr. Nguyen Van Khai	Member
4	Ms. Le Thi Le Hang	Member

Responsibilities:

- The sub-committee operating under the delegation of the BOD as specified in Clause 15, 16, Article 28 of the Company’s Charter;
- Review and develop remuneration policy under the of BOD’s orientation.
- Consider rewarding and disciplines for BOD members, and senior managers.

Independent Management sub-committee

No.	Name	Role
1	Mr. Tran Dinh Long	Head
2	Ms. Ha Thi Thanh Van	Member

Responsibilities:

- Supervise the M&A activities: building, evaluating and approving the process of investment transactions.
- Supervise the compliance: building, supervising and evaluating the compliance with the regulations and procedures relating to the Administration, Finance and Accounting of the Company.
- Supervise the after- investment: developing the criteria and evaluating the performance of Member Companies.

Merge CSR Sub-Committee and Sustainable Development Sub-Committee into 1 subcommittee named “**Social Environment and Sustainable Development**”, consisting of the following members:

No.	Name	Role
1	Ms. Nguyen Thi Tra My	Head
2	Mr. Tran Dinh Long	Member
3	Mr. Nguyen Van Khai	Member

Responsibilities:

- The Sub-Committee operates under the mandate from the Board of Directors as stipulated in Clause 15,16 Article 28 of the Group’s Charter;
- Identifies and develop the strategies for the issues related to social responsibilities (the Corporate Governance issues, the impacts on the environment and the society) that may affect the business operation, the images as well as the prestige of the Group;
- Monitors and assesses the Corporate social responsibility performance that is consistent with social awareness;
- Review and make recommendations for appropriate scale and needs of the Board of Directors;
- Implement, and promote the development of social – environmental management system of PAN and its member companies;
- Advise and support Board of Managers of PAN and its member companies on the issues related to occupational health and safety management, environmental protection, corporate social responsibilities in business production.
- Monitor, and assess the compliance with the legal regulations and other regulation on safety, environment, responses to emergencies, corporate social responsibilities in each company.
- Connect and coordinate the companies within the Group, connect with the external organizations on social and environmental issues.





3. ACTIVITIES OF BOD

Following the resolution of the AGM 2017, the BOD has fully performed its role to supervise the operations of the management of the company to ensure the benefits of the shareholders and investors and the adherence to the Guidelines of the Circular 121/2012/TT-BTC issued by the Ministry of Finance. The company performance has met the target of the AGM 2017. The key activities of the BOD in 2017 focused on:

- Make a business plan 2017 to submit to the Board of Directors and hold the Annual General Shareholders’ Meeting.
- Monitor 2017 plan execution.
- Supervise the employee stock ownership plan (ESOP) (Resolution No. 01-04/ 2017/ NQ-ĐHĐCĐ dated 22 April 2017).
- Supervise the consolidation of the Group’s financial statements with its subsidiaries and associates for the quarterly and semi-annual financial statements and financial statements for 2017.
- Supervise activities of the Board of Directors of the parent company and its subsidiaries.
- Supervise investment activities of the parent company and its subsidiaries.
- Review and strengthen corporate governance, internal management and risk control activities.

All the activities of the BOD were carefully considered under the Enterprise Law and the adherence to the Charter of PAN, fulfill the right, responsibilities, and obligations to achieve the objectivity and transparency and protect shareholders.

In 2017, in order to comply with the company’s internal regulation and to meet the development requirements, the BOD maintained regular direct meetings once a quarter (01) to discuss, debate and agree on decisions under the jurisdiction of the BOD to make timely steering of business operations for the company in compliance with the market fluctuations.

Accordingly, in 2017, 7 meetings were held in a prior-scheduled manner or in a more impromptu manner through meetings, telephone conference or emails. 8 resolutions/decisions were made on the strategies, operations and planning of the Company with the full participation of members. All the meeting minutes, resolutions, or decisions were properly voted and stored.

The Board members actively participated, contributed ideas and voted for the approval of the decision when more than one-half (1/2) of the total number of BOD members approved. Head of supervisory committee or/and member of supervisory committee participated in all direct meetings of BOD) as a supervisor, and all discussions and meetings under written opinion poll are witnessed by Head of the Supervisory Committee. The specific meetings of the BOD are as follows:

No	Member	Role	The first/last day as a member	No of meetings attended	Rate
1	Mr. Nguyen Duy Hung	Chairman	26/04/2013	10/10	100%
2	Ms. Nguyen Thi Tra My	Vice Chairwoman	31/08/2005	10/10	100%
3	Mr. Nguyen Van Khai	Member	31/08/2005	10/10	100%
4	Ms. Ha Thi Thanh Van	Member	26/04/2013	10/10	100%
5	Ms. Le Thi Le Hang	Member	26/04/2013	10/10	100%
6	Mr. Tran Dinh Long	Member	26/04/2013	10/10	100%
7	Mr. Michael Sng Beng Hock	Member	10/05/2014	09/10	90%
8	Mr. Dang Kim Son	Member	25/07/2016	4/10	100%

BOD’s Resolutions/ Decisions:

No.	Codes of Resolutions/ Decisions	Date	Content
1	01-02/2017/NQ-HĐQT	28/02/2017	Approve the change of the Business Registration Certificate and the Charter of the Company.
2	01-04/2017/NQ-HĐQT	06/04/2017	Approve contents of the meeting and the reports submitted for approval at the Annual General Meeting of Shareholders in 2017.
3	01-05/2017/NQ-HĐQT	17/05/2017	Approve the documents with IFC, PAN Farm and other stakeholders.
4	01-06/2017/NQ-HĐQT	12/06/2017	Appoint Ernst & Young as a sole auditor to audit the company's separated and consolidated financial statements for 2017.
5	02-06/2017/NQ-HĐQT	12/06/2017	Approve the stock issuance to pay dividend in 2016.
6	01-11/2017/NQ-HĐQT	24/11/2017	BOD resolution approve and issue the ESOP 2017 regulation.
7	01/2017/QĐ-HĐQT	28/11/2017	Decision of the BOD on changing the address of the head office, increasing charter capital, changing business lines and modifying the company's charter.
8	01-12/2017/NQ-HĐQT	13/12/2017	Resolution of the Board of Directors approving the detailed list and approval of the number of shares offered to each subject.

4. ACTIVITIES OF INDEPENDENT NON-EXECUTIVE BOARD MEMBERS

Structure of PAN’s Board members in 2017 ensures the balance among executive Board members, non-executive Board members, and independent Board members.

Board members are experienced personnel domestically and internationally in the areas of operations of the Company, including Agriculture, Food, with extensive experiences in management, finance, sales, marketing, etc.

The independent non-executive Board members take on important role in professional advices, technicians and help Company access to opportunities in Agriculture and Food, from invention, product, production method, to market.

With the capabilities and experiences of the Board members, as well as the existing structure of the Board, all decisions can be made objectively and independently.

Therefore, in addition to the general duties of the Board of Directors, independent Board members are also responsible for assigned works at the participated Sub-committee.





## 5. ACTIVITIES OF THE SUB-COMMITTEES OF THE BOARD

The Sub-committees of the Board operate under the responsibilities and duties stipulated in the Charter, Corporate Governance Regulations, Resolution No. 01-04/2016/NQ-HĐQT.

The sub-committees have strived to build and complete the company's operational framework, and the tasks defined for each. The outcomes of each sub-committee were regularly reported to the members of the BOD, each of whom was active in fulfilling their role in the BOD and responded before the final decisions.

The detailed activities of the sub-committees in 2016 are as below:

Sub-Committee	Activities
HR Sub-committee	<ul style="list-style-type: none"> <li>+ Constructing the benefit policies for the BOD and Supervisory Board members.</li> <li>+ Constructing the personnel benefit policies for PAN's employees and supervise the policy operation.</li> <li>+ Constructing and supervise the HR development of subsidiaries and projects of PAN.</li> <li>+ Constructing the share allocation for the ESOP under the Resolution No. 01-04/2017/NQ-ĐHĐCĐ on 22/04/2017.</li> </ul>
Independent Management sub-committee	<ul style="list-style-type: none"> <li>+ Supervising the M&amp;A activities in 2017; actively or cooperatively work with subsidiaries (PAN Food) to construct, evaluate and approve the investment proposal to NSC, SSC, ABT, BBC, and LAF;</li> <li>+ Supervising the adherence to the law and regulations of the company; quarterly review the compliance with the rules and procedures related to the Management, Accounting and Finance;</li> <li>+ Investment supervisory: Actively or cooperatively work with Subsidiaries (PAN Food NSC) to develop the criteria and evaluate the business performance in 2016 of subsidiaries and affiliates: PAN Service, NSC, ABT, LAF, BBC.</li> </ul>
Social Environment and Sustainable Development Sub-Committee	<ul style="list-style-type: none"> <li>+ Developed and officially issued PAN Production Principles (March 2017) which are the operational criteria for the Group especially at member companies.</li> <li>+ Supported the implementation and completion of projects at member companies in line with the sustainable and responsible production objectives: Production of pangasius by Recirculating Aquaculture System project in ABT successful certification of Global GAP standard at PAN-SALADBOWL, implementation of the FSSC22000 application at PAN Food... Planning for the establishment of a social-environment management system at member companies. This system is aimed to complete in 2019.</li> <li>+ Implemented the Social Environment Assessment Program at all member companies in accordance with the standards of the Group.</li> <li>+ Reported to shareholders and all stakeholders on the compliance and results of sustainable development activities of the Group and member companies.</li> </ul>

## Number and details of meetings:

Sub-committee	No. of meetings	Meeting date	Content
HR Sub-committee	2	31/01/2017	<ul style="list-style-type: none"> <li>+ Reporting on the issuance of ESOP in 2016.</li> <li>+ Summary and estimate Business results of The PAN Group in 2017 – propose reward regime for the Board of Directors, Board of Management, key personnel and other individuals who have made outstanding achievements in delivering effective business results for the Company.</li> </ul>
		25/11/2017	<ul style="list-style-type: none"> <li>+ Receiving authorization from the Board of Directors; construct the Employee Stock Option Plan and list of key personnel who have the right to buy ESOP.</li> <li>+ Reviewing on the ESOP Regulation to submit to the Board.</li> </ul>
Social Environment and Sustainable Development Sub-Committee	3	01/03/2017	+ Meeting on the official issue of PAN Production Principles.
		15/06/2017	<ul style="list-style-type: none"> <li>+ Reviewed the mid-term report on the implementation of 2017 plan.</li> <li>+ Planed to develop the Social Environment Management System at member companies in the period of 2017-2019 in accordance with international standards and stakeholders' requirements.</li> </ul>
		22/12/2017	<ul style="list-style-type: none"> <li>+ Deployed the internal assessment program of Social Environment and Food Safety in 2017.</li> <li>+ Assigned tasks and launching the IFC Social Environment Report and Sustainability Report of The PAN Group.</li> </ul>

## 6. LIST OF BOD MEMBERS HAVING COMPANY MANAGEMENT CERTIFICATE

No.	Name	Role	Company management Certificate No.	Date of issue
1	Nguyen Duy Hung	Chairman	36 QTCT 21/QĐ-TTNC	12/11/2009
2	Nguyen Van Khai	Member	22 QTCT 123/QĐ-TTNC	29/01/2010

## Other BOD Members with equivalent qualifications:

No.	Name	Role	Qualifications
1	Nguyen Thi Tra My	Vice Chairwoman	MBA in Hawaii
2	Le Thi Le Hang	Member	MBA in US
3	Michael Sng Beng Hock	Member	Bachelor of Economics





7. OVERALL EVALUATION OF BOD’S ACTIVITIES

In order to improve the quality, capacity and transparency in corporate governance in compliance with current regulations and international practices, in 2017, the BOD has made efforts through specific actions:

- The BOD well-performed its role, in which the role of independent members and non-executive members was extremely important and has been shown in a clear and transparent way. This helped to ensure the maximum benefits of the minority shareholders of the Company.
- The BOD supervised the implementation of the decisions of the BOD and AGM’s decisions.
- The BOD maintained regular activities and meetings to agree on performance orientation under entrusted spirit, constantly updated the situation and results of operations, closely supervised the Board of Management; ensured the requirements of quantity and quality of the meeting under the provisions of the Company, as well as ensured the full participation of all members to meet the legality and effectiveness of the meeting.
- The BOD oriented and supervised the implementation of important projects such as Risk Management, Internal Audit and improved the business processes.
- The Sub-committees established were in proper compliance with the Sub-committee’s regulations, thereby ‘maintained the operation in accordance with the issued provision. The Sub-committees met on periodic basis to report the result directly to the BOD. The Head of Sub-Committee and a member of each committee were active and positive in implementing implement their responsibilities and in making practical contributions to corporate governance as well as the overall development of the Group.

# THE SUPERVISORY BOARD

THE SUPERVISORY BOARD’S MEMBERS AND ORGANIZATION

The Supervisory Board currently has 03 members. All members of the Supervisory Board are eligible for and fully capable of performing their respective duties.

The Supervisory Board’s Members at the particular time in 2017 as follows:

Full name	Position	Degree of Independence	Notes
Mr. Tran Quoc Khanh	Head of BOS	Not an employee of the company	Assigned on 22/04/2017
Mr. Nguyen Duy Hung	Member	Not an employee of the company	
Ms. Nguyen Thi Thanh Ha	Member	Not an employee of the company	

*[\*] Mr. Tran Quoc Khanh was assigned as a member Supervisory Board’s member, to replace Mr. Nguyen Duy Tuan who resigned in 22/04/2017, following decision No 01-04/2017/NQ-ĐHĐCĐ on and was appointed to Head of BOS to replace Mr. Nguyen Duy Hung on 03/05/2017.*



Mr. Tran Quoc Khanh – Head of Board of Supervisory

Mr. Khanh graduated from the National Economic University in finance and accounting faculty, Master degree of the Swinburne University of Technology Australia. He has over 20-year experience background in finance and accounting and in top management of various group and company in difference industries such as service, manufacturing and FMCG such as Vinamilk Hanoi, South East Asia Brewery Co., Ltd, Venture International JSC, Diageo Vietnam Co., Ltd, etc.



Mr. Nguyen Duy Hung – Member of Board of Supervisory

Mr. Nguyễn Duy Hưng is currently the Chief Accountant of SSI Asset Management (SSIAM) and the member of Supervisory Board of Long An Food Processing Export JSC. From 2005 to 2007, he was the General Accountant of The Second zone Maritime Piloteage Single Member LLC. From 2003 to 2005, Mr Hung was the consultant in invesstment and equitization in Hai Phong Securities Compnay. He has the Master degree in Economic.



Ms. Nguyen Thi Thanh Ha– Member of Board of Supervisory

Ms. Ha is head of legal of Nguyen Sai Gon One Member Ltd. Co.. From 11/2008 to 11/2012, she was the Laywer Assistant in Lien ket Thanh Danh Limited Law Company. She is barchelor of Law.





THE SUPERVISORY BOARD’S ACTIVITIES

Performed the functions and tasks of the Supervisory Board as provided in the Charter of PAN. In 2017, the Supervisory Board monitored the compliance with regulations in managing and running business in 2017 of the company in the key areas including: strategic control, operational control, and financial control.

The effectiveness of the compliance monitoring was enhanced through the Supervisory Board’s activities:

- Determined the appropriateness of the Decisions made by the Board of Directors and the Executive team regarding management and executive operations, to ensure compliance to the Law as well as to the Company’s regulations.
- The representative of the Supervisory Board participated and gave comments in all the meetings of the Board of Director, and monitored the implementation the resolutions of the Annual General Meeting by the Board of Directors and Executive team
- Controlled the compliance with the Charter and Resolution of the General Meeting of Shareholders.
- Monitored the implementation and publishing of the Company’s information disclosure in accordance with regulations specified in the securities laws and all other laws that apply.
- Reviewed the periodic reports established by the Board of Management, examined the quarterly, semiannual, and annual financial statements of PAN to assess the truthfulness and relevance of financial data. Also, in collaboration with Independent Auditor to review the impact of the accounting errors and key audit to the Financial Statements.
- Assessed the performance of PAN’s investments in subsidiaries, affiliates, and long term financial investments. Periodically assessed the quarterly, semiannual, and annual reports of these subsidiaries to advise solutions to enhance returns on investment.
- Controlled the issuance of shares to existing shareholders and issuance of shares under the Employee Stock Option Plan in the fourth quarter, 2017.
- Monitored PAN’s compliance with laws and regulations such as taxes, social insurance, and other financial obligations.

In 2017, the Supervisory Board had two meetings which occurred on April and May with the attendance of all members and with the following contents:

Meetings	Number of participants	Main contents
The 1st meeting 18/04/2017	3/3	<ol style="list-style-type: none"><li>1. Assess the compliance with the Resolutions of the Annual General Meeting, the Resolutions of the Board of Directors as well as the observance of the regulations of the State in the first quarter of 2017.</li><li>2. Assess the possible risks arising from the adoption of the Resolutions of the General Meeting of Shareholders, Board of Directors as well as signed economic contract</li><li>3. Examined the investment in subsidiaries and affiliated companies of PAN.</li><li>4. Reviewed the implementation of information disclosure of PAN</li><li>5. Reviewed consolidated financial report of 2016, quarter I.2017 of PAN and its subsidiaries</li></ol>
The 2nd meeting 31/05/2017	3/3	<ol style="list-style-type: none"><li>1. Appoint Head of Supervisory Board</li><li>2. Agreed on the working plan of the Supervisory Board for the last half year of 2017.</li><li>3. Examined the investment in subsidiaries, affiliated companies of PAN.</li><li>4. Reviewed the implementation of information disclosure of PAN</li><li>5. Assessed the financial situation and completion process of the annual production and business plan.</li></ol>

In addition to the 2 sessions listed above, the members of the Supervisory Board also regularly conduct the exchange of information through e-mail, phone with contents according to the assigned authority.

In 2017, the Supervisory Board fully participated in the sessions of the Board to capture the business situation, investment and share idea and recommendations to the Board of Directors, Board of Management (BOM) of the company in the scope of responsibility and jurisdiction.







REPORT ON THE SUPERVISORY BOARD'S ACTIVITIES

Compliance to the Law, Regulations and Resolutions of the Annual General Meeting (AGM)

After careful checking and monitoring, the Supervisory Board is of opinion that PAN's business and production operations has complied to all applicable Vietnamese laws and regulations, all of the Company's regulations, and all of the regulations applicable to public company listed on Ho Chi Minh Stock Exchange. In addition, all the resolutions passed by the Annual General Meeting of Shareholders in 2017 have been implemented successfully, as follows:

**Distributing 2016's profits:** In quarter IV.2017, The Company made dividend of 2016 to shareholders at 15% by shares.

**2017 Business result:** in 2017 PAN achieved a consolidated profit before tax of VND 544 billion, increased by 45% compared to 2016, net income for shareholders reached VND 371 billion, achieved 144% annual plan.

**Investment activities in PAN Farm:** Currently, PAN Farm has remained share proportion in NSC and indirectly owns SSC, QSC and HSC's shares through NSC. PAN Farm owns 75% of NSC's shares

**Investment activities in PAN Food:** Currently PAN Food owns PAN Food Manufacturing, Long An Food Processing Export JSC (LAF), Bibica JSC, and Bentre Aquaproduct Import and Export JSC (ABT) and through ABT, owns an affiliate - Sao Ta Foods JSC and have a direct affiliate - 584 Nha Trang Seaproduct JSC. In 2017, PAN Food increased the ownership of 584 Nha trang from 22.4% to 31.86%.

**The plan to issue ESOP to key personnel:** PAN finished distributing 2,508,000 shares to the Company's key personnel in November, at a price of VND 10.000 per share, Company's chartered capital increased to VND 1,202 billion.

**Regarding the selection and assessment of independent auditor to audit the Company's separate and consolidated Financial Statements of 2017.**

In 2017, the Supervisory Board had periodically meetings with independent Auditor to assess the qualifications, and level of skill, resources, efficiency, and independence of each Auditor.

Finally, PAN decided to select and contract with Ernst & Young Vietnam to audit PAN's seperate and consolidated Financial Statements of 2016 under Resolution of Board of Directors 01-06/2017-NQ-HĐQT on 12/06/2017.

**Changing business lines and Head office's address:** The Company completed The 15th Business registration on 20th December 2017 on changing business lines and Head office's address from 236/43/2 Dien Bien Phu street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam to A1-9 VL3 Street, Vinh Loc 2 Industrial Zone, Long Hiep Ward, Ben Luc District, Long An Province, Vietnam, following AGM Resolution No. 01-04/2017/NQĐHĐCĐ on 22/04/2017.

**Modified the Company's Charter :** In 2017, The company has issued new Company's Charter in September 2017 with amendments approved in AGM Resolution No. 01-04/2017/NQ-ĐHĐCĐ on 22/04/2017.

**Information Disclosure:** the Company strictly complied with its regulations on disclosure of information as defined by the Ministry of Finance's Circular 155/2015/TT-BTC about information disclosure on the stock market.

The results of monitoring the activities of the Board of Director

During 2017, PAN's Board of Dicrectors carried out its function and responsibilities of guiding, directing, and managing the Company in accordance with its authorities. They also had regularly and irregularly meetings or gave opinion via letter to issue Resolutions and Decisions on matters under their responsibility and authorities, as defined by the Company's Regulations.

All Board of Directors meetings are called and organized in strict impliance with Business Law and the Company's Regulations. All Resolutions passed by the Board of Directors fully take into account market conditions, the reality of Company's operations, and folow the AGM's Resolutions, so that the Board well performed their role in managing and guiding the Executive team to carry out their duties.

In 2017, the Board of Directors performed the following main tasks:

- Met and agreed on strategy, direction for growth, and plans for business operations, and direct the management activities that are within their jurisdiction.
- Passed Resolutions and Decisions, and monitored the Executive team's activities relating to the implementation of the AGM's 2017 Resolutions as well as the Board of Directors' Resolutions and Decisions on such topics as: investments into subsidiaries and affiliates, appointment of management positions, passing internal regulations, etc.
- Decided on other matters that are within the Board of Directors' responsibilities and authorities.

Monitoring the activities of the Executive team

PAN's Management team performed its direct responsibilities in managing the Company's business operations as within their role and responsibilities defined by the Company's Regulations. The Executive team has performed the following duties based on actual business operations, which closely in line with the Resolutions of the AGM and the Board of Directors:

- The Management team directed and managed PAN's business operations to achieve the business targets approved by the Annual General Meeting in 2017.
- Directed the Company to further improve legal aspect of all documents and decisions to ensure that all of the Company's operations are in complete compliance with the Law.
- Met and agreed on strategies, direction for growth, and plans for business operations, and resolved issues occured in managing and conducting within the Management team's responsibilities and authorities.
- Decided on other matters that are within the Management team's responsibilities and authorities.
- During 2017, the Supervisory Board did not aware of any irregularities in business operations performed by the Management team and its managers.







Monitoring the Company’s financial situation

- The Company has created and published periodic Financial Statements in accordance with the regulations of the State Securities Commission and current regulations.
- PAN’s 2017 semiannual and annual Financial Statements have been reviewed and audited by Ernst & Young Vietnam, an auditing firm who has been authorized by the State authorities to audit publicly listed companies.
- The 2017 Financial Statements gave a true and fair view, in all material aspects, of the financial position as at 31 December 2017, and of the results of the Company’s business operation and its cashflows for the year then end in accordance with Vietnam Enterprise Accounting System and the relevant statutory requirements. The issuing accounting data did not have significant variance with the unaudited quarter accounting data, as well as the figures that have been reviewed and audited by Ernst & Young Vietnam.
- The key figures of the 2017 Consolidated Financial Statements are as follows:

The Company’s Business Performance:

No.	Indicators	Actual in 2017
1	Consolidated net revenue	4,075
2	Consolidated Profit before tax	544
3	Consolidated Profit after tax:	503
4	Net profit to PAN’s shareholders	372
5	EPS (VND/share)	3,163

The Company’s Assets:

No,	Indicators	Actual in 2017
1	Short-term assets	3,022
2	Long-term assets	2,960
3	Total assets:	5,982
4	Total debts (short term & long term):	1,817
5	Minority Interest	1,449

The Company fulfilled all its obligations to the State, such as paying corporate income tax, personal income tax, so that the Company had no overdue tax liabilities. In addition, the Company complied with accounting regulations and standards. Based on the Executive team’s report and 2017’s Financial Statements, the Supervisory board has concluded that PAN maintains a strong business performance, with high liquidity and high profitability, as well as low debt ratio, stable business result.

Assessment of the collaboration between the Supervisory Board, the Board of Directors, and the Executive team

During 2017, the Supervisory Board received full cooperation from the Board of Directors, the Executive team, and all of the Company’s departments, and was provided with all the information required to carry out its tasks of examination and assessment. All of the Board of Directors’ meetings have been attended by a representative from the Supervisory board, and all documents relating to the meetings and Resolutions of the Board of Directors have been submitted timely to the Supervisory board as required by regulations.

The Supervisory board also often consulted the Board of Directors and the Executive team on corporate governance, so as to help the Executive Board resolve difficulties, when necessary.

The result of resolving the shareholders’ proposals for the Company

During 2017, the Supervisory board did not receive any request from shareholders which would require irregular inspections of the Company’s activities.

CONCLUSION

All of PAN’s activities in 2017 have adhered to all relevant laws and Company Regulations. All members of the Board of Directors and the Executive teams have strived for and committed to further enhancing the efficiency of the Company’s business operations, so as to best benefit shareholders.

THE SUPERVISORY BOARD’S ACTION PLANS FOR 2018

In 2018, the Supervisory Board will maintain the regularly and quaterly inspection activities following the Company’s Regulations and the Supervisory Board’s Operating Policies. In addition, the Supervisory Board will continue to improve operating procedure, intensify inspection and monitoring of all aspects of business operations and running of the Company, on the basis of monitoring the activities of the Board of Directors and the Executive team. Specifically:

- Monitor to ensure compliance to the State’s laws and policies, the Board of Directors’ regulations, decisions, and resolutions, so as to ensure the highest degree of transparency.
- Make sure the Annual General Meeting’s Resolutions are implemented.
- Supervise and examine quarterly financial statements, Interim statements and annual financial statements. Maintain the regular communication system with independent Auditor to improve the quality of financial statements’ audit activities.
- Monitor the cooperation between the Board of Directors, the Executive team, and the Supervisory Board.
- Appraise the Financial Statements, monitor business performance. Evaluate the qualifications, and level of skills, resources, efficiency, and independence of the independent Auditor.
- Improve the effectiveness of the Supervisory Board’s activities, focusing on risk management, centralized control, and detecting key and potential risk areas, so that the Company can take appropriate precautions.
- Monitor the publication of the Company’s information in accordance with current regulations.





# REMUNERATIONS AND OTHER INTERESTS OF THE BOARD OF DIRECTORS, SUPEVISORY BOARD AND THE EXECUTIVE TEAM



## SALARIES, BONUSES, REMUNERATIONS AND OTHER INTERESTS OF THE BOARD OF DIRECTORS, SUPEVISORY BOARD AND THE EXECUTIVE TEAM IN 2017

The level of remuneration paid to members of the Board of Directors in 2017:

No.	Fullname	Position	Monthly remuneration rate (Before tax)	Total annual remuneration expenses (Before tax)	Annual bonuses
1	Mr. Nguyen Duy Hung	Non-executive Chairman	Not receive remuneration	-	-
2	Ms. Nguyen Thi Tra My	Non-executive Deputy Chairwoman	10,000,000	120,000,000	-
3	Mr. Nguyen Van Khai	Deputy Chairman cum Acting General Director until 15/11/2016	5,000,000	60,000,000	-
4	Ms. Le Thi Le Hang	Non-executive Board Member	10,000,000	120,000,000	-
5	Ms. Ha Thi Thanh Van	Non-executive Board Member	5,000,000	60,000,000	-
6	Mr. Tran Dinh Long	Non-executive Board Member	10,000,000	120,000,000	-
7	Mr. Dang Kim Son	Non-executive Board Member since 25/07/2016	10,000,000	120,000,000	-
8	Mr. Michael Sng Beng Hock	Non-executive Board Member	Not receive remuneration	-	-
Total				600,000,000	-

The level of remuneration paid to members of the Supervisory Board in 2017:

No,	Fullname	Position	Monthly remuneration rate (Before tax)	Total annual remuneration expenses (Before tax)	Annual bonuses
1	Mr. Tran Quoc Khanh	Head of Supervisory Board – Appointed since 22/04/2017	5,000,000	40,000,000	-
2	Mr. Nguyen Duy Hung	Member of Supervisory Board	5,000,000	60,000,000	-
3	Ms. Nguyen Thi Thanh Ha	Member of Supervisory Board	5,000,000	60,000,000	-
4	Mr. Nguyen Duy Tuan	Member of Supervisory – Resigned on 26/04/2016	5,000,000	20,000,000	-
Total				180,000,000	-



**TRANSACTION OF INTERNAL SHAREHOLDERS IN 2017:****Transactions of members of the Board of Directors, Supervisory Board and Executive Team in 2017:**

No.	Transactor	Relationship with company	No. of shares owned at the beginning of the year		No. of shares owned at the end of the year		Reason for increase. decrease (purchase. sell. exchange. conversion. bonus...)
			No. of shares	Rate %	No. of shares	Rate %	
1.	Mr. Nguyen Duy Hung	Chairman	1,096,000	1.07%	1,260,400	1.07%	Received Stock Dividends of 2016 in 2017
2.	Ms. Nguyen Thi Tra My	Vice Chairwoman	356,984	0.35%	410,531	0.35%	Received Stock Dividends of 2016 in 2017
3.	Ms. Ha Thi Thanh Van	Board Member	120,000	0.12%	138,000	0.12%	Received Stock Dividends of 2016 in 2017
4.	Mr. Nguyen Van Khai	Board Member cum Acting General Director	715,600	0.70%	822,940	0.70%	Received Stock Dividends of 2016 in 2017
5.	Mr. Tran Dinh Long	Board Member	81,000	0.08%	93,150	0.08%	Received Stock Dividends of 2016 in 2017
6.	Ms. Le Thi Le Hang	Board Member	130,000	0.13%	71,300	0.06%	Received Stock Dividends of 2016 in 2017 and sell shares during the year
7.	Mr. Michael Sng Beng Hock	Board Member	-	-	-	-	-
8.	Mr. Dang Kim Son	Board Member	15,000	0.01%	17,250	0.01%	Received Stock Dividends of 2016 in 2017
9.	Mr. Tran Quoc Khanh	Head of Supervisory Board	-	-	-	-	-
10.	Mr. Nguyen Duy Hung	Member of Supervisory Board	20,000	0.02%	23,000	0.02%	Received Stock Dividends of 2016 in 2017
11.	Ms. Nguyen Thi Thanh Ha	Member of Supervisory Board	15,432	0.02%	17,250	0.01%	Received Stock Dividends of 2016 in 2017
12.	Mr. Nguyen Khac Hai	General Director	170,000	0.17%	195,500	0.17%	Received Stock Dividends of 2016 in 2017
13.	Mr. Nguyen Tuan Anh	Chief Financial Officer (CFO)	46,000	0.04%	52,900	0.04%	Received Stock Dividends of 2016 in 2017
14.	Ms. Vu Thi Lan Anh	Chief Financial Officer (CFO)	11,200	0.01%	12,880	0.01%	Received Stock Dividends of 2016 in 2017

**Transactions of major shareholders and related parties in 2017:**

No.	Transactor	Relationship	No. of shares owned at the beginning of the year		No. of shares owned at the end of the year		Reason for increase. decrease (purchase. sell. exchange. conversion. bonus...)
			No. of shares	Rate %	No. of shares	Rate %	
1	NDH Invest Co., Ltd.	Substantial shareholder and Chairman of PAN is also Capital investor of NDH Vietnam	11,020,830	10.77%	12,673,954	10.77%	Received Stock Dividends of 2016 in 2017
2	Saigon Securities Inc. (SSI)	Substantial shareholder and Chairman of SSI is also Chairman of PAN	14,006,420	13.68%	16,107,383	13.68%	Received Stock Dividends of 2016 in 2017
3.	Mutual Fund Elite (Non-Ucits)	Substantial shareholder	8,952,472	8.75%	10,063,721	8.55%	Received Stock Dividends of 2016 in 2017
4.	SSI Asset Management (SSIAM)	General Director of SSIAM is the Board member of PAN	6,168,470	6.03%	7,093,740	6.03%	Received Stock Dividends of 2016 in 2017
5.	CSC Vietnam JSC	General Director of CSC is the Board member of PAN	5,011,842	4.90%	5,763,618	4.90%	Received Stock Dividends of 2016 in 2017
6.	Sai Gon Dan Linh Real Estate Company Ltd.	General Director of Sai Gon Dan Linh Real Estate is the Board member of PAN	3,220,292	3.15%	3,703,335	3.15%	Received Stock Dividends of 2016 in 2017
7.	Tael Two Partners Ltd.	Substantial shareholder. General Director of Tael Two Partners is the Board member of PAN	21,154,499	20.66%	24,327,673	20.66%	Received Stock Dividends of 2016 in 2017





### Preventing conflicts of interest and transactions with related parties:

Board Member, Supervisory Board, Board of Management and trustee managers of PAN are always aware and comply with the responsibility to honestly perform their duties and avoid conflicts of interest as defined in the Charter and Management Regulation of PAN, as follows:

- Board members, members of Supervisory Board, Board of Management and other managers must publicize the relevant benefits under the provisions of the Enterprise Law and the relevant legal documents;
- Board members, members of Supervisory Board, Board of Management, other managers and related people to these members are not allowed to use the business opportunities that can bring benefits to the company for personal purposes; not using the obtained information through their positions for personal benefits or for the benefits of other organizations or individuals;
- Board members, members of Supervisory Board, Board of Management and other managers are obliged to inform the Board of Directors of transactions between the company, its subsidiaries, other companies owned by the company with these members or those who are related to these members in accordance with law. The company must make disclosure of the resolution of the General Meeting of Shareholders or the resolution of the Board of Directors adopted through the transactions above within 24 hours on the company's website and reports to the State Securities Commission/Stock Exchange;
- Company is not allowed to grant loans or guarantees to Board members, members of Supervisory Board, General Director, other managers and those related to the above members, unless the General Meeting of Shareholders decides otherwise;
- Board member is not allowed to vote for the transactions for which that member or people related to that member participate in, including the transactions for which material or immaterial benefit of that Board member has not been declared. The above transactions must be announced in the Annual Report of the company;
- Board members, members of Supervisory Board, General Director, other managers and people related to the members mentioned above cannot use information that is not allowed to announce of the company or disclose to others to perform the relevant transactions;
- When conducting transactions with related parties, the company must sign written contracts under the principle of equality and voluntariness. Contents of the contract must be clear, specific, and disclosure of information to shareholders upon request;
- The company applies necessary measures to prevent related people to interfere in the activities of the company and harm the interests of the company by controlling sales channels of the company or manipulating price;
- The company applies the necessary measures to prevent shareholders and related people to conduct transactions that cause capital losses, property or other resources of the company. The company is not allowed to provide loans or guarantees to shareholders and related people.

### CONTRACTS AND TRANSACTIONS WITH RELATED PARTIES IN 2017

In fiscal year 2017, the company has a number of transactions with stakeholders:

No.	Stakeholder	Relationship	Transaction	Value (VND)
1	Saigon Securities Inc. (SSI)	Substantial shareholder and Chairman of SSI is also Chairman of PAN	Payment for investing activities	2,497,928,000,000
			Profit from investing activities	25,758,247,832
			Purchase of services	6,429,791,086
			Sales of goods	5,444,507,369
2	CSC Vietnam JSC	General Director of CSC is Board member of PAN	Purchase of services	1,596,258,315
3	CSCBC Vietnam JSC	Founder of CSCBC Vietnam is Board member of PAN	Office rental fee	1,346,765,898
			Deposits for office rental	438,382,000
4	NDH Consulting Co., Ltd	Chairman of PAN is also Capital investor of NDH Vietnam	Selling goods	2,677,456,161
5	NDH Vietnam Co., Ltd	Substantial shareholder and Chairman of PAN is also Capital investor of NDH Vietnam	Sales of goods	30,819,091
			Purchase of services	51,018,000
6	SSI Asset Management (SSIAM)	General Director of SSIAM is Board member of PAN	Sales of goods	503,322,424
7	Ms. Ha Thi Thanh Van	Board member of PAN	Purchase of services	665,200,000
8	Atani Holdings JSC	Chairman of Atani is also Chairmain of PAN	Sale of goods	1,341,600,000
			Purchase of goods	4,327,273
9	Pan Pacific Company Limited	Affiliate	Dividend received	1,200,000,000
			Dividend received	5,187,000,000
			Serviced rendered	1,034,580,143
10	Pan Pacific Service Company Limited	Affiliate	Purchase of services	457,450,720
			Sale of goods	236,015,627
			Sale of assets	160,000,000
			Investment in associates	4,024,050,000
11	584 Seafood Product JSC (584 NHA TRANG)	Affiliate	Dividend received	735,693,887

# SUSTAINABILITY REPORT

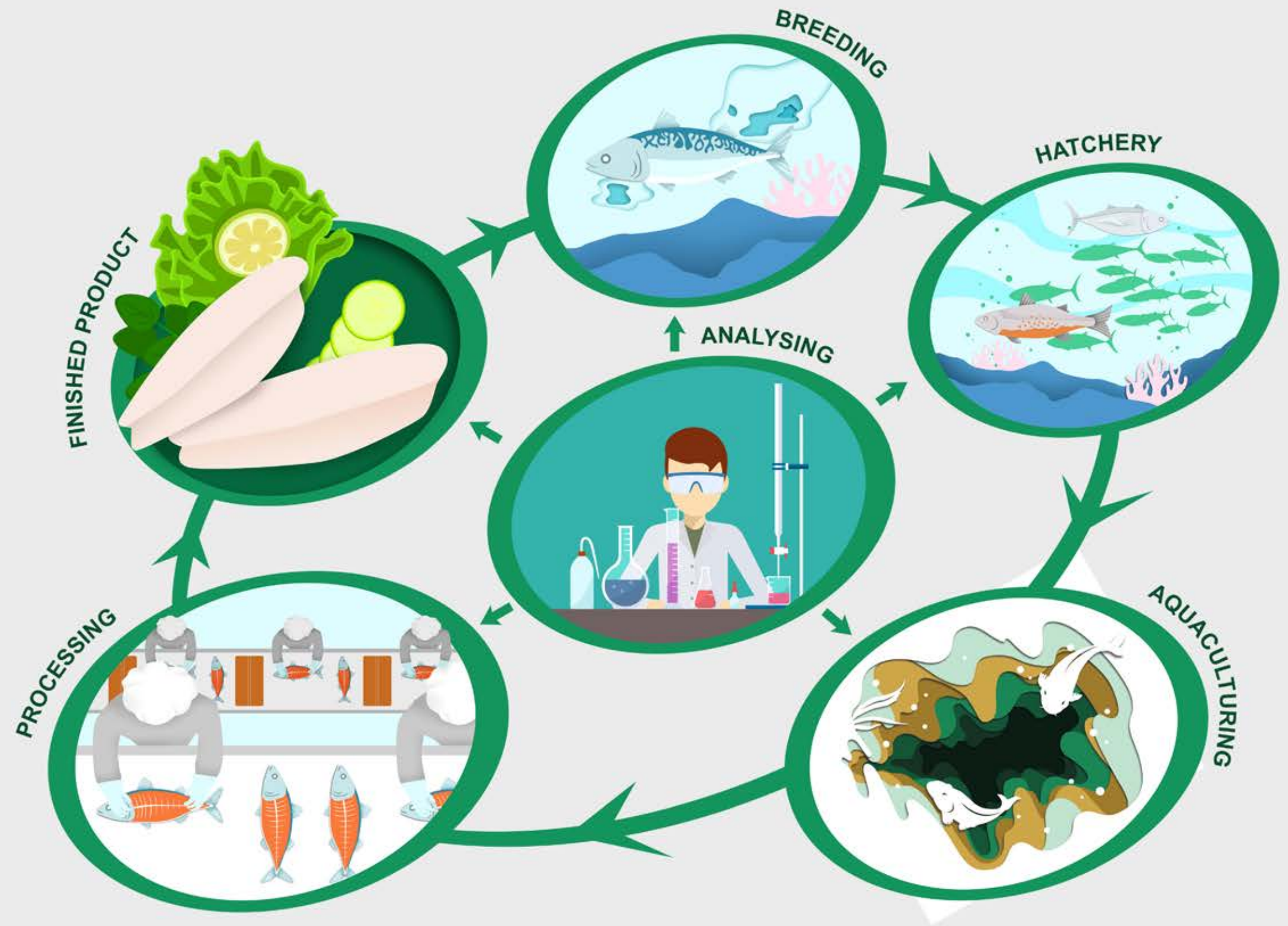
OVERVIEW

SUSTAINABILITY IN COOPERATE GOVERNANCE

SUSTAINABLE ECONOMIC GROWTH

ENVIRONMENT PROTECTION

SOCIAL AND COMMUNITY CONTRIBUTIONS







# OVERVIEW



The sustainable development strategy has been established since The PAN Group started its journey in agriculture and food industry. Practical activities have been implemented through the years to realize the Group’s vision and mission. Various activities are carried out at different levels from the corporate to the member companies, supply chain and social community. From the viewpoint of development that focused mainly on revenue and profit, the Group’s operations are, now, in conjugation with sustainable and responsible production strategy. The operations initially focused on the compliance with legal regulations. Now, the social-environmental management system has been established in accordance with international standards such as ISO14001, ASC, OHSAS18001 and Global GAP. Those are significantly positive changes from the perception to actions. In 2017 The PAN Group has made an effort to successfully implement two important activities:

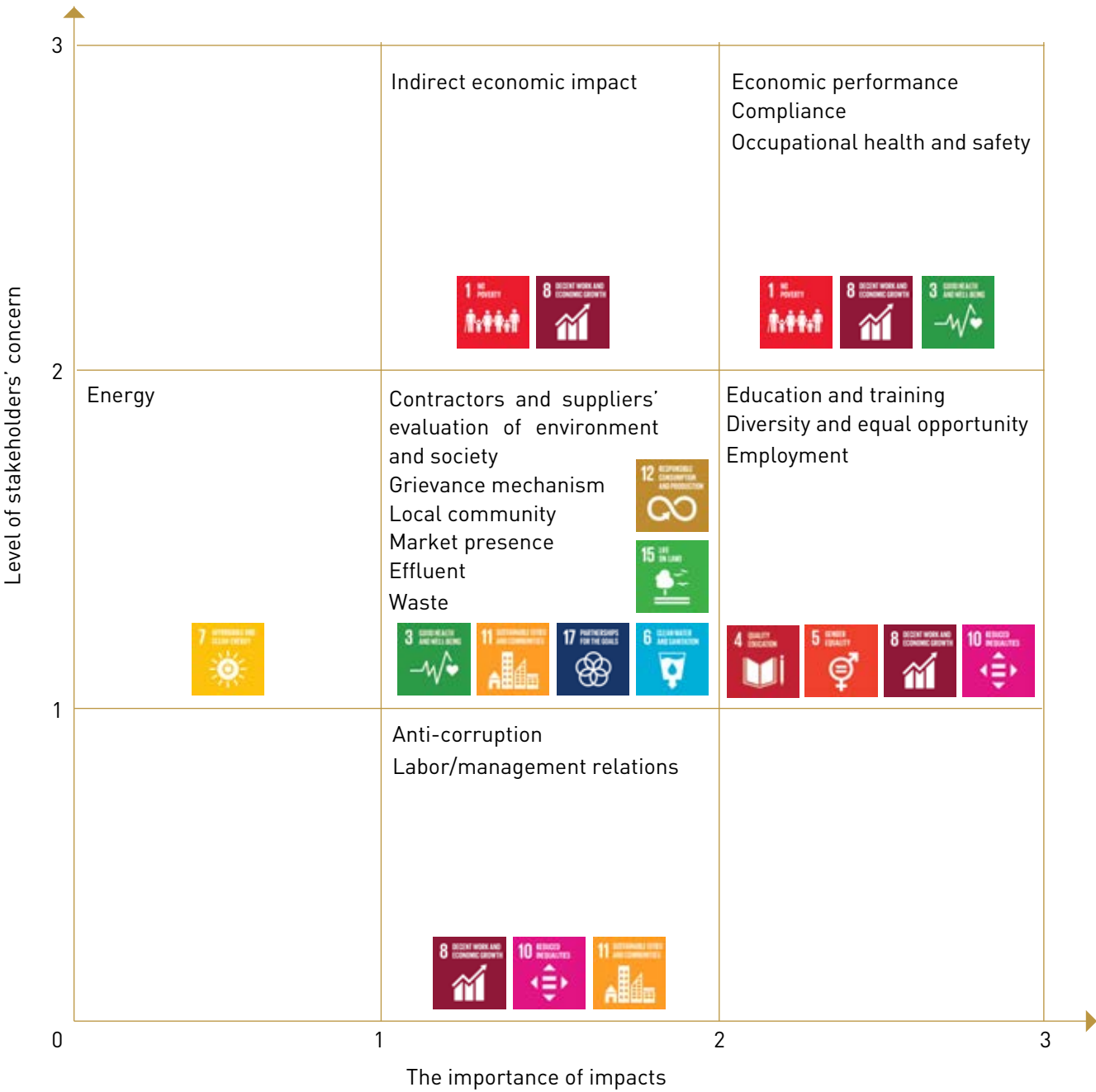
- Forming a sustainable development management structure in all member companies within the Group and mandatory requirements for business in line with corporate responsibility. The establishment of a management system complying with international standards has helped the company comprehensive manage and assess the efficiency of the application.
- Directly and indirectly participating projects as well as supporting their production activities in member companies to create practical value and clarify the sustainable development strategy of the Group and show the benefits of implementing.

With the vision of becoming a leading group in the field of agriculture and food industry, The PAN Group is taking sound steps to form a comprehensive and effective management structure, thereby affirm the determination to implement the long-term sustainable development strategy of the Group.

Sustainability report is made with the following targets:

- Providing information to interested parties, including: shareholders, partners, customers, surrounding community.
  - Collecting the result of relating activities for evaluation and making the future improvement plan.
  - Showing the policies of transparency and openness in the Group’s operation, aiming towards the professionalization.
- We would like all stakeholders comprehensively understand our efforts and orientations of PAN through this detail report and support us in the sustainable development journey.

Each member company in The PAN Group has a long development history with their own feature in business operation. Therefore, we dignify the analysis and content of the report to get the plan appropriated with the scale and impact of important issues. Our sustainability report follows the guidelines of GRI issued in 2016 to ensure the comprehensive content with the clear structure. Through analysis, evaluation and consultation with stakeholders, we identified key aspects in sustainable development of The PAN Group. These aspects are reviewed in conjugation with 17 sustainable development goals of the United Nation.



The action plan of PAN accordingly addresses these above key aspects in an effort to bring about positive impact, mitigate negative impacts, co exists and develop sustainably with all stakeholders.





## SUSTAINABILITY IN COOPERATE GOVERNANCE

The PAN Group cooperate governance for economic, environmental and social sustainable development is documented, announced to all staffs and has been applied consistently to all activities within the group and its member companies. BODs acknowledge that the cooperate governance plays an important role in ensuring the efficient growth, sustainable development, contributes to ensure the benefit of shareholders and the balance the interests of the related parties.

In 2017, PAN continued to strengthen the internal management and support member companies in developing and completing corporate governance to be consistent with company’s strategy. Outstanding activities in governance are:

- In March, 2017 “PAN Production Principles” was officially issued after preparing and consulting with other parties as well as referring to international standards. Together with the promulgation was an introduction and guidance program to each member company on the roadmap for applying this principle and developing a comprehensive management system.
- The annual Social-Environmental and Food Safety Assessment has been continuously implemented at higher level and required stricter compliance towards the comprehensive management. .

## SUSTAINABLE ECONOMIC GROWTH

In 2017, The PAN Group has continuously expanded operational scale in the field of agriculture and food industry through mergers and acquisitions. The merger of Sao Ta Food Joint Stock Company, raising ownership in Bibica to 50.07% as well as other investments contributed to the total consolidated revenue of PAN reached 4.075 billion VND, equivalent to 132% of the plan. Profit after tax of the parent company reached 372 billion VND, double the target of 2017.

In addition to M&A, The PAN Group also restructures the current platforms, investing more in potential manufacturing business and enhancing the performance. The trend of modernization, advance technology application and production optimization are indispensable to increase business profit under the limitation of production scale and other operating conditions. For details on economic results achieved in 2017, please see Business Operation in 2017 of this report.







# ENVIRONMENT PROTECTION

Under the negative impact of human activities, the world environment is becoming increasingly severe. Vietnam ranks fifth globally for climate change damage and also in the group of other negative impacts, such as deforestation, environmental pollution and depletion of resources. As a parent company, The PAN Group does not directly involve in production and business activities, so the direct impact of its activities on the environment is not significant. However, in terms of indirect effects through member companies, the environment is considered one of the areas that need to be assessed in terms of actual impact. The Group decisions can have a major impact on a member’s business.

In the specific environmental issues that are considered important, The PAN Group offers packages of solutions to develop a detailed action plan in line with the orientation set out by theGroup.



### I. ENERGY

Primary solutions:

- Economical usage: Reduce the energy consumption in the usage.
- Efficient usage: Increase the productivity and optimal usage value per unit of used energy.
- Raise the awareness and spread the influence: Train the users to ensure the energy is used in a more efficient manner, they include the internal users (employees, member companies) and external ones (contractors, suppliers, partners and the community).



### II. WATER

Primary solutions:

- Economical usage: Reduce the water consumption.
- Efficient usage: Increase the productivity and optimal usage values per unit of water.
- Raise the awareness and spread the influence: Deliver the training to the user to ensure a more appropriate usage of water, they include the internal users (employees, member companies) and external ones (contractors, suppliers, partners and the community).

### III. EMISSIONS



Primary solutions:

- Limit the emission: Efforts to reduce emissions into the environment can be made through a number of possible measures such as adoption of new technologies, investment in the equipment and infrastructure, optimization of production process, selection environmentally friendly products and production process...
- Recycle: Use the waste as a raw material for other process, thereby creating the products that can be used for other purposes.
- Re-use: Find the ways to lengthen the time of usage and re-use the waste or the emission in production.
- Waste treatment: Impact the source of wastes to reduce the negative impacts on the surrounding environment, such as the construction of treatment system, the collection of toxic substances before being discharged into the environment, the application of management measures to segregate the wastes.



PAN Food factory is designed for optimal energy savings and reducing the discharged waste to the environment. One of the factory targets is minimize the amount of waste water discharged to the environment to zero.



Aquatex Ben Tre applies high technology in aquaculture to increase productivity and protect the environment





# SOCIAL AND COMMUNITY CONTRIBUTIONS



With the main activities is in finance, M&A and support establishing the basis, build strategy, connect business activities then the direct impacts to environment of The PAN Group is not significant, especially at the small scale of mother company. Similar environment, social impact of PAN is more significant when regarding to the activities of member companies. Below information in report explain more about activities of companies if their social impacts are significant.

In social issues which are evaluated material, The PAN Group gives the pack of chief solution first, and make the appropriate detailed plan base on that to deal with every problem.

## LABOUR AND EMPLOYMENT

Primary solutions:

- Create jobs and livelihoods: Create a stable source of income for workers and local people from the Group's operations.
- Improve working capability and create value: Workers are trained, guided and given opportunities to improve their capacity and work quality to achieve a better results and position as well as contribute higher benefits and value for them and the Group.
- Expand the supply chain: Supply chain is an indispensable component of the production and business activities, directly affecting both the performance of the company and its reputation and trade mark. Therefore, The PAN Group and its member companies are consistent in developing Common Codes of Conduct for the whole supply chain to ensure the consistency in labor practices and decent work.

## SAFETY, HEALTH AND HUMAN RIGHTS

Primary solutions:

- Compliance with Vietnamese law and stakeholder's requirements: Provide measures to ensure labor safety, equip labor protection, inspect equipment and training and carefully guiding before allowing workers to operate. Regularly update the latest legal documents and refer to the guidance of the professional agencies.

- Gradually upgrade equipment and modern facilities not only to improve productivity but also improve working conditions to protect the worker's health.
- Periodically dialogue with employees, develop appropriate personnel policy and support labor's organizations in the company. In The PAN Group's point of view, employees are important assets to maintain stable and we aim to retain employees attach long-term to the company.
- Expand the supply chain: Supply chain is an indispensable component of the production and business activities, directly affecting both the performance of the company and its reputation and trade mark. Therefore, The PAN Group and its member companies are consistent in developing Common Codes of Conduct for the whole supply chain to ensure the human rights.

## SAFETY AND SOCIAL RESPONSIBILITY

Primary solutions:

- Comprehensively compliance with Vietnamese law.
- Regularly assess the social impact on the community, periodically dialogue with stakeholders to resolve problems on the basis of harmonization of benefits.
- The requirements to perform social responsibility is set in association with production and business activities to build up cooperation culture and gain community's support. Of which, charity programs and community contributions are the most important activities that included in annual operation plan.
- Extend the scope of supervision of the compliance with the law and the social impact on all member companies in the supply chain. Promote mutual participation in sustainable development activities to create synergies for the entire society.



The PAN Group is a strategic partner of the Global Reporting Initiative (GRI) in Vietnam under the program "Corporate Sustainability and Reporting for Competitive Business – CSRCB"

\*Link: <https://www.globalreporting.org/information/about-gri/strategic-partnerships/Pages/CSRCB-Program.aspx>



Bibica actively carries out charity and community activities in almost every province throughout Vietnam





PRODUCT LIABILITY

Primary solutions:

- Application of stringent control measures, standards and management systems to ensure food safety. Research and provide products that are nutritious and apply modern technologies to produce high quality products.
- Provide transparent and full information of the products for the customers to choose and evaluate. Ensure to provide truthful information in all advertising, marketing and communications activities.



*Products of The PAN Group are manufactured in modern factories and certified for food safety.  
Information for the customers is indicated clearly on the package.*

In 2017, The PAN Group make a sustainability report comply to the GRI standards. Above content just summarizes the key points in sustainability strategy of the Group. Detail information of our activities, outcome and plan in the next periods can be found in 2017 sustainability report of The PAN Group.







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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS





# GENERAL INFORMATION

## THE COMPANY

The PAN Group Joint Stock Company (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 0301472704 issued by the Department of Planning and Investment of Ho Chi Minh City on 31 August 2005, as amended.

The Company is listed on the Ho Chi Minh City Stock Exchange (“HOSE”) in accordance with the License No. 244/2010/QD-SGDHCM issued by the HOSE on 18 November 2010.

The Company and its subsidiaries (“the Group”) are principally engaged in agricultural activities, food products, and related activities, the financial investments and other related services.

The Company’s registered office is located at Lot A1-9, VL3 Street, Vinh Loc 2 Industrial Zone, Long Hiep Ward, Ben Luc District, Long An Province, Vietnam. In addition, the Company also has a branch located at 15th Floor, ICON4 Tower, 243A De La Thanh, Lang Thuong Ward, Dong Da District, Hanoi, Vietnam.

## BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

Mr Nguyen Duy Hung	Chairman
Mrs Nguyen Thi Tra My	Deputy Chairwoman
Mr Tran Dinh Long	Member
Mrs Le Thi Le Hang	Member
Mrs Ha Thi Thanh Van	Member
Mr Nguyen Van Khai	Member
Mr Michael Sng Beng Hock	Member
Mr Dang Kim Son	Member

## BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

Mr Tran Quoc Khanh	Head	appointed on 3 May 2017
Mr Nguyen Duy Hung	Head	resigned on 3 May 2017
Mr Nguyen Duy Hung	Member	appointed on 3 May 2017
Mrs Nguyen Thi Thanh Ha	Member	
Mr Nguyen Duy Tuan	Member	resigned on 22 April 2017

## MANAGEMENT

Members of the management during the year and at the date of this report are:

Mr Nguyen Khac Hai	Chief Executive Officer	
Ms Vo Anh Tu	Acting Chief Financial Officer	appointed on 1 March 2018
Mr Nguyen Tuan Anh	Chief Financial Officer	resigned on 1 March 2018

## LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Nguyen Duy Hung – Chairman of the Board of Directors.

Mr Nguyen Khac Hai is authorised by Mr Nguyen Duy Hung to sign the consolidated financial statements for year ended 31 December 2017 in accordance with the Letter of Authorisation No. 01-11/2016/UQ-NDDPL dated 15 November 2016.

**AUDITORS:** The auditor of the Company is Ernst & Young Vietnam Limited.

# REPORT OF MANAGEMENT

Management of The PAN Group Joint Stock Company (“the Company”) is pleased to present its report and the consolidated financial statements of the Company and its subsidiaries (“the Group”) for the year ended 31 December 2017.

## MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Group and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing those consolidated financial statements, management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- and prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue its business.

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 to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

## STATEMENTS BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 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 Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

For and on behalf of the management:

Nguyen Khac Hai  
CHIEF EXECUTIVE OFFICER

Long An, Vietnam  
29 March 2018





# INDEPENDENT AUDITORS' REPORT

Reference: 61063721/19356033-HN

To: The Shareholders of The PAN Group Joint Stock Company

We have audited the accompanying consolidated financial statements of The PAN Group Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as "the Group"), as prepared on 29 March 2018 and set out on pages 5 to 62 which comprise the consolidated balance sheet as at 31 December 2017, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

### Management's responsibility

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express an opinion on these 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 requirements and plan and perform the audit to obtain reasonable assurance about 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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.

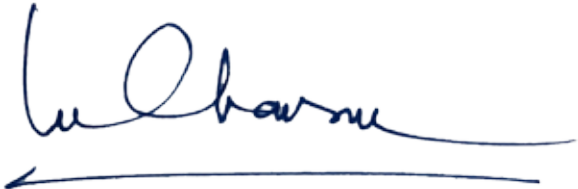
### Conclusion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2017, 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 Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the consolidated financial statements.

Ernst & Young Vietnam Limited



Đoàn Thị Thu Thủy  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 1070-2018-004-1



Tu Thai Son  
Auditor  
Audit Practicing Registration Certificate  
No. 1543-2018-004-1

Ho Chi Minh City, Vietnam  
29 March 2018





## CONSOLIDATED BALANCE SHEET

as at 31 December 2017

B01-DN/HN

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>3,021,963,940,737</b>	<b>2,015,037,785,280</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>5</b>	<b>1,118,786,997,741</b>	<b>557,790,021,387</b>
111	1. Cash		651,286,997,741	246,129,594,506
112	2. Cash equivalents		467,500,000,000	311,660,426,881
<b>120</b>	<b>II. Short-term investments</b>	<b>6</b>	<b>511,593,097,092</b>	<b>443,714,523,327</b>
121	1. Held-for-trading securities		6,617,680,849	73,445,594,023
122	2. Provision for held-for-trading securities		(2,762,361,535)	(1,041,070,696)
123	3. Held-to-maturity investments		507,737,777,778	371,310,000,000
<b>130</b>	<b>III. Current accounts receivable</b>		<b>618,035,079,930</b>	<b>435,351,166,933</b>
131	1. Short-term trade receivables	7.1	543,258,067,755	324,098,373,009
132	2. Short-term advances to suppliers	7.2	43,972,677,199	66,660,340,435
135	3. Short-term loan receivables		-	200,000,000
136	4. Other short-term receivables	8	62,135,604,155	54,415,644,883
137	5. Provision for doubtful short-term receivables		(32,532,988,818)	(10,739,660,040)
139	6. Shortage of assets waiting for resolution		1,201,719,639	716,468,646
<b>140</b>	<b>IV. Inventories</b>	<b>9</b>	<b>720,160,470,105</b>	<b>548,575,445,300</b>
141	1. Inventories		738,383,571,945	556,508,757,656
149	2. Provision for obsolete inventories		(18,223,101,840)	(7,933,312,356)
<b>150</b>	<b>V. Other current assets</b>		<b>53,388,295,869</b>	<b>29,606,628,333</b>
151	1. Short-term prepaid expenses	10	15,093,955,716	8,133,902,354
152	2. Value-added tax deductible		38,125,751,147	20,762,218,244
153	3. Tax and other receivables from the State		168,589,006	710,507,735

ASSETS		Notes	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		2,960,495,156,300	1,745,656,907,304
210	I. Long-term receivable		165,955,000	215,020,000
216	1. Other long-term receivable	8	165,955,000	215,020,000
220	II. Fixed assets		1,712,323,857,842	668,384,161,214
221	1. Tangible fixed assets	11	806,991,734,047	319,754,977,097
222	Cost		1,521,607,982,247	583,130,949,640
223	Accumulated depreciation		(714,616,248,200)	(263,375,972,543)
227	2. Intangible assets	12	905,332,123,795	348,629,184,117
228	Cost		948,524,048,274	369,473,620,846
229	Accumulated amortisation		(43,191,924,479)	(20,844,436,729)
230	III. Investment property	13	1,792,993,898	1,996,634,043
231	1. Cost		4,515,304,012	4,515,304,012
232	2. Accumulated amortisation		(2,722,310,114)	(2,518,669,969)
240	IV. Long-term asset in progress		168,356,795,554	27,529,883,589
242	1. Construction in progress	14	168,356,795,554	27,529,883,589
250	V. Long-term investments	15	296,078,779,813	464,020,399,389
252	1. Investments in associates		282,745,139,813	450,686,759,389
253	2. Investment in other entities		13,333,640,000	13,333,640,000
260	VI. Other long-term assets		781,776,774,193	583,510,809,069
261	1. Long-term prepaid expenses	10	257,765,152,429	159,176,090,459
262	2. Deferred tax assets	29.3	10,077,942,229	6,059,001,864
268	3. Other long-term assets		-	10,000,000
269	4. Goodwill	16	513,933,679,535	418,265,716,746
270	TOTAL ASSETS		5,982,459,097,037	3,760,694,692,584





VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>1,816,510,134,771</b>	<b>838,018,552,374</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>1,382,644,653,367</b>	<b>757,803,884,039</b>
311	1. Short-term trade payables	17	266,412,078,344	109,826,770,942
312	2. Short-term advances from customers		110,428,456,764	46,953,315,813
313	3. Statutory obligations	18	33,177,315,635	15,429,682,217
314	4. Payables to employees		58,157,905,677	41,938,086,795
315	5. Short-term accrued expenses	19	161,194,967,879	9,932,926,766
318	6. Short-term unearned revenues		337,530,000	70,730,000
319	7. Other short-term payables	20	31,225,801,682	27,136,822,165
320	8. Short-term loans	21	681,935,013,734	476,289,699,954
322	9. Bonus and welfare fund		39,775,583,652	30,225,849,387
<b>330</b>	<b>II. Non-current liabilities</b>		<b>433,865,481,404</b>	<b>80,214,668,335</b>
337	1. Other long-term liabilities	20	5,832,302,232	1,371,641,063
338	2. Long-term loans	21	236,160,625,455	12,206,579,471
341	3. Deferred tax liabilities	29.3	169,408,506,414	57,102,507,987
342	4. Other long-term provision		22,464,047,303	9,533,939,814
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>4,165,948,962,266</b>	<b>2,922,676,140,210</b>
<b>410</b>	<b>I. Capital</b>		<b>4,165,948,962,266</b>	<b>2,922,676,140,210</b>
411	1. Share capital	22.1	1,177,236,300,000	1,023,724,970,000
411a	- Shares with voting rights		1,177,236,300,000	1,023,724,970,000
412	2. Share premium	22.1	1,021,071,143,351	1,021,071,143,351
415	3. Treasury shares	22.1	(561,000,000)	(561,000,000)
418	4. Investment and development fund	22.1	128,226,531,546	95,275,044,864
421	5. Undistributed earnings	22.1	390,694,081,881	179,317,987,321
421a	- Undistributed earnings up to the end of prior year		179,317,987,321	36,789,665,713
421b	- Undistributed profit of current year		211,376,094,560	142,528,321,608
429	6. Non-controlling interests	23	1,449,281,905,488	603,847,994,674
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>5,982,459,097,037</b>	<b>3,760,694,692,584</b>

## CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2017

B02-DN/HN

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenues from sale of goods and rendering of services	24.1	4,175,882,344,945	2,867,676,779,485
02	2. Deductions	24.1	(100,942,463,085)	(114,311,078,411)
10	3. Net revenues from sale of goods and rendering of services	24.1	4,074,939,881,860	2,753,365,701,074
11	4. Costs of goods sold and services rendered	25	(3,137,368,563,876)	(2,110,896,283,279)
20	5. Gross profit from sale of goods and rendering of services		937,571,317,984	642,469,417,795
21	6. Finance income	24.2	326,032,578,111	181,091,055,757
22	7. Finance expenses	26	(41,717,029,073)	(61,122,977,171)
23	- In which: Interest expenses		(25,987,209,696)	(23,692,479,268)
24	8. Shares of profit in associates	15.1	21,907,429,564	40,814,313,827
25	9. Selling expenses	27	(360,166,204,650)	(172,655,209,337)
26	10. General and administration expenses	27	(339,736,946,690)	(250,763,777,424)
30	11. Operating profit		543,891,145,246	379,832,823,447
31	12. Other income		33,050,777,640	7,623,913,201
32	13. Other expenses		(32,658,788,173)	(2,305,265,840)
40	14. Other profit		391,989,467	5,318,647,361
50	15. Accounting profit before tax		544,283,134,713	385,151,470,808
51	16. Current corporate income tax expense	29.1	(45,168,000,694)	(50,899,539,456)
52	17. Deferred income tax income	29.3	3,806,797,833	2,148,706,714
60	18. Net profit after tax		502,921,931,852	336,400,638,066
61	19. Net profit after tax attributable to shareholders of the parent		372,282,031,222	256,986,960,498
62	20. Net profit after tax attributable to non-controlling interests		130,639,900,630	79,413,677,568
70	21. Basic earnings per share	22.4	3,163	2,160
71	22. Diluted earnings per share	22.4	3,163	2,160

Vu Thi Lan Anh  
CHIEF ACCOUNTANTVo Anh Tu  
ACTING CHIEF FINANCIAL OFFICER  
Nguyen Khac Hai  
CHIEF EXECUTIVE OFFICERVu Thi Lan Anh  
CHIEF ACCOUNTANTVo Anh Tu  
ACTING CHIEF FINANCIAL OFFICER  
Nguyen Khac Hai  
CHIEF EXECUTIVE OFFICER

29 March 2018

29 March 2018



# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2017

B03-DN/HN

VND

Code	ITEMS	Notes	Current year	Previous year
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
01	<i>Accounting profit before tax</i>		<i>544,283,134,713</i>	<i>385,151,470,808</i>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation (including amortisation of goodwill)	11, 12, 13, 16	142,351,648,299	100,231,673,611
03	Provision (reversal of provision)		31,985,964,834	(11,367,657,904)
04	Foreign exchange losses arisen from revaluation of monetary accounts denominated in foreign currency		1,619,116,392	2,894,982,094
05	Profits from investing activities		(351,173,944,570)	(215,256,979,839)
06	Interest expense	26	25,987,209,696	23,692,479,268
08	<i>Operating profit before changes in working capital</i>		<i>395,053,129,364</i>	<i>285,345,968,038</i>
09	(Increase) decrease in receivables		(92,907,376,533)	30,871,345,511
10	(Increase) decrease in inventories		(91,052,734,414)	178,629,949,767
11	Increase (decrease) in payables		146,107,155,155	(100,844,119,114)
12	Increase in prepaid expenses		(105,549,115,332)	(4,459,885,456)
13	Decrease (increase) in held-for-trading securities		71,446,658,000	(66,484,140,394)
14	Interest paid		(24,065,537,743)	(22,936,767,214)
15	Corporate income tax paid		(37,762,934,248)	(47,355,813,376)
17	Other cash outflows for operating activities		(41,494,204,995)	(49,806,616,633)
20	<i>Net cash flows from operating activities</i>		<i>219,775,039,254</i>	<i>202,959,921,129</i>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
21	Purchases and construction of fixed assets		(428,677,439,053)	(139,564,382,990)
22	Proceeds from disposals of fixed assets		21,633,678,431	12,232,420,504
23	Loans to other entities and payments for purchase of debt instruments of other entities		(1,727,362,177,343)	(3,005,238,561,922)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		1,766,628,443,005	2,636,999,280,961
25	Payments for investments in other entities (net of cash acquired)		(57,999,531,139)	(31,247,049,003)
26	Proceeds from sale of an investment in other entity (net of cash disposed)		7,221,523,425	100,388,792,370
27	Interest and dividends received		65,508,287,478	88,301,994,878
30	<i>Net cash flows used in investing activities</i>		<i>(353,047,215,196)</i>	<i>(338,127,505,202)</i>

Code	ITEMS	Notes	Current year	Previous year
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
31	Issuance of shares		391,991,064,000	14,868,000,000
32	Capital redemption		(98,859,337,909)	(561,000,000)
33	Drawdown of borrowings		2,558,259,684,461	1,601,705,672,427
34	Repayment of borrowings		(2,128,234,584,415)	(1,652,392,998,555)
36	Dividends paid		(28,869,745,000)	-
40	<b>Net cash flows from (used in) financing activities</b>		<b>694,287,081,137</b>	<b>(36,380,326,128)</b>
50	<b>Net increase (decrease) in cash and cash equivalents</b>		<b>561,014,905,195</b>	<b>(171,547,910,201)</b>
60	<b>Cash and cash equivalents at beginning of year</b>		<b>557,790,021,387</b>	<b>729,091,664,588</b>
61	Impact of exchange rate fluctuation		(17,928,841)	246,267,000
70	<b>Cash and cash equivalents at end of year</b>	5	<b>1,118,786,997,741</b>	<b>557,790,021,387</b>

Vu Thi Lan Anh  
CHIEF ACCOUNTANT

Vo Anh Tu  
ACTING CHIEF FINANCIAL OFFICER

Nguyen Khac Hai  
CHIEF EXECUTIVE OFFICER

29 March 2018





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2017 B09-DN/HN

## 1. CORPORATE INFORMATION

The PAN Group Joint Stock Company (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate (“BRC”) No. 0301472704 issued by the Department of Planning and Investment (“DPI”) of Ho Chi Minh City on 31 August 2005, as amended.

The Company is listed on the Ho Chi Minh City Stock Exchange (“HOSE”) in accordance with the License No. 244/2010/QD-SGDHCM issued by the HOSE on 18 November 2010.

The Company and its subsidiaries (“the Group”) are principally engaged in agricultural activities, food products, and related activities, the financial investments and other related services.

The Company’s registered office is located at Lot A1-9, VL3 Street, Vinh Loc 2 Industrial Zone, Long Hiep Ward, Ben Luc District, Long An Province, Vietnam. In addition, the Company also has a branch located at 15th Floor, ICON4 Tower, 243A De La Thanh, Lang Thuong Ward, Dong Da District, Hanoi, Vietnam.

The number of the employees of the Group as at 31 December 2017 was 5,081 (31 December 2016: 2,104).

### Corporate structure

As at 31 December 2017, the Company’s corporate structure includes 2 direct subsidiaries and 15 indirect subsidiaries, as follows:

Name	% of voting rights	% of interest	Location	Business activities
<strong>Direct subsidiaries</strong>				
PAN Farm Joint Stock Company (“PAN Farm”)	81.92	81.92	Dong Da District, Hanoi, Vietnam	Engage in farming and breeding
PAN Food Joint Stock Company (“PAN Food”)	99.99	99.99	Binh Thanh District, Ho Chi Minh City, Vietnam	Culture, process and trade of agricultural, forestry and aquatic products; trade foods and provide investment consulting services
<strong>Indirect subsidiaries</strong>				
PAN-SaladBowl-Joint Stock Company (“PAN-SaladBowl”)	63.79	52.25	Lam Ha District, Lam Dong Province, Vietnam	Retail vegetables, flowers, fruits and other agricultural products

Name	% of voting rights	% of interest	Location	Business activities
Vietnam National Seed Corporation (“NSC”)	75.00	61.43	Dong Da District, Hanoi, Vietnam	Research, produce, trade, export and import agricultural and forestry plant seeds and to produce, trade, export and import agricultural products and materials
Ben Tre Aquaproduct Import and Export Joint Stock Company (“ABT”)	72.80	72.80	Chau Thanh District, Ben Tre Province, Vietnam	Culture, process and export aquatic products, process feeds for aquaculture, livestock and poultry
Long An Food Processing Export Joint Stock Company (“LAF”)	80.50	80.50	Tan An City, Long An Province, Vietnam	Processing, manufacturing, trading of agricultural commodities; and warehouse rentals
PAN Food Manufacturing Joint Stock Company (“PFM”)	99.95	99.95	Ben Luc District, Long An Province, Vietnam	Produce, process, trade in confectionery, alcohol, soya milk, beverage, meat products, seafood, other agricultural products and to engage in real estate business
Bibica Corporation (“BBC”)	100.00	50.07	Ho Chi Minh City, Vietnam	Produce and trade in sugar, confectionery, malt extract, alcohol, nutritional flour, milk and milk products, soya milk, beverage and to engage in real estate business
Eastern Bibica One Member Company Limited (“Eastern Bibica”)	100.00	50.07	Binh Duong Province, Vietnam	Produce and trade in sugar, confectionery, malt extract, alcohol, nutritional flour, milk and milk products, soya milk, and beverage
North Bibica Company Limited (“North Bibica”)	100.00	50.07	Hung Yen Province, Vietnam	Produce and trade in sugar, confectionery, malt extract, alcohol, nutritional flour, milk and milk products, soya milk, and beverage
Bibica Ha Noi One Member Company Limited (“BBC Ha Noi”)	100.00	50.07	Ha Noi, Vietnam	Produce and trade in sugar, confectionery, malt extract, alcohol, nutritional flour, milk and milk products, soya milk, and beverage
Bibica Bien Hoa One Member Company Limited (“BBC Bien Hoa”)	100.00	50.07	Dong Nai Province, Vietnam	Produce and trade in sugar, confectionery, malt extract, alcohol, nutritional flour, milk and milk products, soya milk, and beverage
Quang Nam Seed Joint Stock Company (“QSC”)	90.02	55.30	Dien Ban District, Quang Nam Province, Vietnam	Seed research and development



Name	% of voting rights	% of interest	Location	Business activities
Southern Seed Corporation ("SSC")	74.90	46.01	Tan Binh District, Ho Chi Minh City, Vietnam	Research, produce, trade, export and import various kinds of seeds; to produce, trade, import and export agricultural products and materials
Ha Tay Seed Joint Stock Company ("HSC")	53.80	33.05	Ha Dong District, Hanoi, Vietnam	Seed research and development
Southern Seed Mechanical Joint Stock Company ("SSE") (*)	83.74	51.44	Tan Binh District, Ho Chi Minh City, Vietnam	Manufacturing forestry and agricultural machineries; foods and beverages processing; repair, maintenance and installation of machineries and equipment
Ha Nam High Tech Agricultural Development and Investment JOI ("CNC Ha Nam")	100.00	61.43	Ly Nhan District, Ha Nam Province, Viet Nam	Grow vegetables, beans; flowers and ornamental plants

(\*) As at 31 December 2017, Southern Seed Mechanical Joint Stock Company has stopped its business and is on process to complete the business bankruptcy procedures, in accordance with current regulations.

2. BASIS OF PREPARATION

2.1 Accounting Standards and System

The consolidated financial statements of the Group, expressed in Vietnam dong ("VND") are prepared in accordance with Vietnamese Enterprise Accounting System, Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position and consolidated results of operations and consolidated cash flows of the Group in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 Applied accounting documentation system

The Group's applied accounting documentation system is the General Journal system.

2.3 Fiscal year

The Group's fiscal year applicable for the preparation of its consolidated financial statements starts on 1 January and ends on 31 December.

2.4 Accounting currency

The consolidated financial statements are prepared in VND which is also the Company's accounting currency.y là VND.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries for the year ended 31 December 2017.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.  
The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses resulting from intra-company transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet. Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in undistributed earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.2 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Raw materials and consumables	- cost of purchase on a weighted average basis.
Finished goods and work in process	- cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Group, based on appropriate evidence of impairment available at the balance sheet date.





Increases and decreases to the provision balance are recorded into the cost of goods sold account in the consolidated income statement.

3.3 Receivables

Receivables are presented in the consolidated financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administrative expense in the consolidated income statement.

3.4 Tangible fixed assets

TTangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

3.5 Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises its purchase price and any directly attributable costs of preparing the intangible asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the consolidated income statement as incurred.

When intangible assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

Land use rights (“LURs”)

QLURs are recorded as intangible assets when the Group receives the LUR certificate and if the land is held for use in the production and business or for rent to others by the Group. The cost of LUR comprises any directly attributable costs of preparing the land for its intended use. Land with indefinite useful file is not amortised.

The advance payment for land rental, of which the land lease contracts have effectiveness prior to 2003 and land use right certificate being issued, are recorded as intangible fixed asset according to Circular No. 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 guiding the management, use and depreciation of fixed assets (“Circular 45”).

Copyrights

Copyrights of maize and rice varieties are recognized at the purchase price for varieties not researched and developed by the Company and its subsidiaries. Copyrights are amortized on a straight-line basis over the short period of time between the estimated useful life and the time of purchase.

3.6 Depreciation and amortisation

Depreciation of tangible fixed assets and amortisation of intangible assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Land use rights with definite useful lives	10 - 49 years
Buildings and structures	5 - 25 years
Machineries and equipment	3 - 10 years
Means of transportation	3 - 20 years
Office equipment	3 - 10 years
Copyrights	5 - 20 years
Computer software	3 years
Others	5 - 8 years

3.7 Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds and are recorded as expense during the year in which they are incurred.

Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

3.8 Investment properties

Investment properties are stated at cost including transaction costs less accumulated depreciation. Investment properties held for capital appreciation are not amortised but subject to impairment review.

Subsequent expenditure relating to an investment property that has already been recognized is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Group.

Depreciation of investment properties are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	5 – 20 years
Others	6 – 15 years

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognised in the consolidated income statement in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. The transfer from investment property to owner-occupied property or inventories does not change the cost or the carrying value of the property for subsequent accounting at the date of change in use.



### 3.9 Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of specific assets and the arrangement conveys a right to use the asset.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

#### Where the Group is the lessee

Rentals under operating leases are charged to the consolidated income statement on a straight-line basis over the lease term.

#### Where the Group is the lessor

Assets subject to operating leases are included as the Group's investment property in the consolidated balance sheet. Initial direct costs incurred in negotiating an operating lease are recognised in the consolidated income statement as incurred.

Lease income is recognised in the consolidated income statement on a straight-line basis over the lease term.

### 3.10 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet and amortised over the period for which the amount are paid or the period in which economic benefit are generated in relation to these expenses.

#### Prepaid for land rental

The prepaid land rental represents the unamortised balance of advance payment made in accordance with lease contracts signed after 2003. Such prepaid rental is recognised as long-term prepaid expenses for allocation to the consolidated income statement over the remaining lease period, according to Circular 45.

### 3.11 Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less accumulated amortization. Amortization of goodwill is calculated on a straight-line basis over ten (10) years during which the source embodying economic benefits are recovered by the Group. The parent company conducts the periodical review for impairment of goodwill of investment in subsidiaries. If there are indicators of impairment loss incurred is higher than the yearly allocated amount of goodwill on the straight-line basis, the higher amount will be recorded in the consolidated income statement.

### 3.12 Investments

#### Investments in associates

The Group's investment in its associates is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that is neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment. Goodwill is not amortised and subject to annual review of impairment. The consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

The share of post-acquisition profit (loss) of the associates is presented on face of the consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividend receivable from associates reduces the carrying amount of the investment.

The financial statements of the associates are prepared for the same reporting year and use the same accounting policies as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

#### Held-for-trading securities and investments in other entities

Held-for-trading securities and investments in other entities are stated at their acquisition costs.

#### Provision for investments

Provision is made for any diminution in value of the held-for-trading securities and investments in other entities at the balance sheet date in accordance with the guidance under the Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. Increases and decreases to the provision balance are recorded as finance expense in the consolidated income statement.

#### Held-to-maturity investments

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as expense in the consolidated income statement and deducted against the value of such investments.

### 3.13 Payable and accruals

Payable and accrual are recognised for amount to be paid in the future for goods and services received, whether or not billed to the Group.

### 3.14 Accrual for severance pay

The severance pay to employee is accrued at the end of each reporting year for all employees who have been in service for more than 12 months up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labor Code and related implementing guidance. The average monthly salary used in this calculation is revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Increases or decreases to the accrued amount other than actual payment to employee will be taken to the consolidated income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 48 of the Labor Code.

### 3.15 Foreign currency transactions

Transactions in currencies other than the Group's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:





- Transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection; and
- Transactions resulting in liabilities are recorded at the selling exchange rates of the transaction of commercial banks designated for payment.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the balance sheet dates which are determined as follows:

- Monetary assets are translated at buying exchange rate of the commercial bank where the Group conducts transactions regularly; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Group conducts transactions regularly.

All foreign exchange differences incurred during the year and arising from the revaluation of monetary accounts denominated in foreign currency at year-end are taken to the consolidated income statement.

3.16 Appropriation of net profit

Net profit after tax (excluding negative goodwill arising from a bargain purchase) is available for appropriation to investors after approval in the annual general meeting, and after making appropriation to reserve funds in accordance with the Group’s Charter and Vietnamese regulatory requirements.

The Group maintains the following reserve funds which are appropriated from the Group’s net profit as proposed by the Board of Directors and subject to approval by shareholders at the Annual General Meeting.

Investment and development fund

This fund is set aside for use in the Group’s expansion of its operation or of in-depth investments.

Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees’ benefits, and presented as a liability on the consolidated balance sheet.

3.17 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, re-issue or cancellation of the Group’s own equity instruments..

3.18 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Group (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.19 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met

before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Rendering of other services

Revenue is recognised when the services have been rendered and completed.

Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Dividends

Income is recognised when the Group’s entitlement as an investor to receive the dividend is established.

3.20 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current tax assets against current tax liabilities and when the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporarily differences associated with investments in subsidiaries and associates where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

- Where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporarily differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.



The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- Either the same taxable entity; or
- When the Group intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.21 Segment information

A segment is a component determined separately by the Group which is engaged in providing products or related services (business segment) or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

3.22 Related parties

Parties are considered to be related parties of the Group if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Group and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.

3.23 Financial instruments

Financial instruments – initial recognition and presentation

Financial assets

Financial assets within the scope of Circular No. 210/TT-BTC issued by the Ministry of Finance on 6 November 2009 providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments (“Circular 210”) are classified, for disclosures in the notes to the consolidated financial statements, as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at cost plus directly attributable transaction costs.

The Group’s financial assets include cash and cash equivalents, short-term trade receivables, other receivables and investments.

Financial liabilities

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the notes to the consolidated financial statements, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at cost, net of directly attributable transaction costs.

The Group’s financial liabilities include short-term trade and other payables, accrued expenses and loans.

Financial instruments – subsequent re-measurement

There is currently no guidance in Circular 210 in relation to subsequent re-measurement of financial instruments. Accordingly, the financial instruments are subsequently re-measured at cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4. BUSINESS COMBINATION

(i) Additional acquisition in BBC

On 30 August 2017, the Company completed the acquisition of additional 977,647 shares of Bibica Corporation (“BBC”) with aggregating cost of VND 110,684,278,054. Accordingly, the Company’s ownership in BBC increased from 43.73% to 50.07% as at this date, and BBC became the Company’s subsidiary.

Provisional fair value of identifiable assets and liabilities of BBC on acquisition is detailed as below:







VND  
Provisional fair value recognized on acquisition

**Assets**

Property, plant and equipment	188,030,653,173
Intangible fixed assets (*)	578,808,298,180
Construction in progress	76,310,266,005
Accounts receivable	61,842,824,280
Inventories	90,822,079,875
Cash and cash equivalents	292,157,764,092
Investments	178,294,343,999
Other current assets	11,173,175,119
Other long-term assets	42,636,283,877
	<b>1,520,075,688,600</b>

Liabilities	157,105,246,806
Accounts payable	115,004,774,129
Deferred tax liabilities (*)	25,001,712,346
Other liabilities	297,111,733,281

<b>Total net assets</b>	<b>1,222,963,955,319</b>
<i>Total net assets acquired (50.07%)</i>	<i>612,289,790,833</i>
<b>Goodwill arising on acquisition (Note 16)</b>	<b>157,166,074,718</b>
<b>Consideration</b>	<b>769,455,865,551</b>

(\*) The Group recognized land lease advantages and trade-mark amounting to VND 292,000,000,000 VND and VND 283,023,870,645, respectively, and also recognized deferred tax liability amounting to VND 115,004,774,129 (Note 29.3).

From the date of acquisition, BBC has contributed revenue and net profit before tax to the revenue and net profit before tax of the Group for the year ended 31 December 2017 by VND 794,802,035,509 and VND 87,207,794,135, respectively.

*(ii) Change in equity interest in PAN Farm*

On 9 June 2017, PAN Farm completely issued additional 22,073,804 new shares to new shareholders, of which 21,190,853 common shares and 882,951 dividend preference shares; and the ownership interest of the Company in PAN Farm therefore decreased from 99.99% to 81.92%. The difference between the fair value of net assets of the Group in PAN Farm before and after increasing in share capital amounting to VND 136,955,990,281 has been recognised in undistributed earnings of the consolidated balance sheet.

*(iii) Additional acquisition in SSC*

During the year, the Group paid VND 62,932,763,670 to purchase 904,674 additional shares from non-controlling shareholders in SSC. Accordingly, the Group's ownership interest in SSC increased from 37.9% to 46.01%. The difference between the additional consideration and the carrying value of the interest acquired amounting to VND 44,198,301,446 has been recognised in undistributed earnings of the consolidated balance sheet.

*(iv) Additional acquisition in CNC Ha Nam*

In December 2017, the Group paid VND 41,408,073,600 to purchase all remaining shares from non-controlling shareholders in CNC Ha Nam and accordingly, increased the Group's ownership interest in this company to 61.43% (indirect ownership interest through NSC). The difference between the additional consideration and the carrying value

of the interest acquired amounting to VND 666,037 has been recognised in undistributed earnings of the consolidated balance sheet.

*(v) Disposal of investment in Nam An Seeds Joint Stock Company ("NAS")*

On 1 December 2017, the Group has disposed its investment in NAS, a subsidiary of SSC and accordingly, NAS was no longer a subsidiary of SSC and the Group from this date, and gains from this disposal amounting to VND 1,820,934,789 has been recognised in the consolidated income statement.

**5. CASH AND CASH EQUIVALENTS**

VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	14,891,541,885	10,764,266,842
Cash at banks	636,395,455,856	235,365,327,664
Cash equivalents (*)	467,500,000,000	311,660,426,881
<b>TOTAL</b>	<b>1,118,786,997,741</b>	<b>557,790,021,387</b>

(\*) Cash equivalents represent short-term deposits with an original maturity of less than three months and earn interest at applicable rate

**6. SHORT-TERM INVESTMENTS**

VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Held-to-maturity investments (i)	507,737,777,778	371,310,000,000
Held-for-trading securities (ii)	6,617,680,849	73,445,594,023
Provision for short-term investments (ii)	(2,762,361,535)	(1,041,070,696)
<b>TOTAL</b>	<b>511,593,097,092</b>	<b>443,714,523,327</b>

(i) Held-to-maturity investments represent short-term deposits at commercial banks with original maturity of more than three months and less than one year; long-term deposits at commercial banks with remaining term less than one year and earn interest at the applicable interest rates.

Held-to-maturity investments amounting to VND 214,000,000,000 was pledged as collateral for short-term loans obtained from commercial banks (Note 21).

(ii) Details of the held-for-trading securities are as follows:



VND

	Ending balance			Beginning balance		
	Cost	Fair value	Provision	Cost	Fair value	Provision
Investments in unlisted shares						
Do Thanh Technology Corporation	2,305,557,333	1,089,252,001	(1,216,305,332)	-	-	-
My Chau Printing & Packaging Holding Co.	975,259,756	975,259,756	-	-	-	-
Hoa An Joint Stock Company	684,881,000	521,325,000	(163,556,000)	-	-	-
HAPACO Joint Stock Company	488,046,950	170,987,349	(317,059,601)	-	-	-
Thanh Cong Textile Garment Investment Trading Joint Stock Company	164,448,732	164,448,732	-	-	-	-
Viet Nam National Coal and Mineral Industries Holding Corporation Limited	-	-	-	70,000,000,000	70,000,000,000	-
The Vegetexco Port Joint Stock Company	731,612,000	707,363,800	(24,248,200)	1,178,270,000	1,226,856,400	-
Others	189,645,078	189,523,372	(121,706)	189,094,023	189,184,403	-
	<b>5,539,450,849</b>	<b>3,818,160,010</b>	<b>(1,721,290,839)</b>	<b>71,367,364,023</b>	<b>71,416,040,803</b>	-
Investments in unlisted shares						
Ninh Thuan Agricultural Products Export Joint Stock Company	1,050,000,000	8,929,304	(1,041,070,696)	1,050,000,000	8,929,304	(1,041,070,696)
Electric Mechanical Company	-	-	-	1,000,000,000	1,000,000,000	-
Pythis Joint Stock Company	28,230,000	28,230,000	-	28,230,000	28,230,000	-
	<b>1,078,230,000</b>	<b>37,159,304</b>	<b>(1,041,070,696)</b>	<b>2,078,230,000</b>	<b>1,037,159,304</b>	<b>(1,041,070,696)</b>
<b>TOTAL</b>	<b>6,617,680,849</b>	<b>3,855,319,314</b>	<b>(2,762,361,535)</b>	<b>73,445,594,023</b>	<b>72,453,200,107</b>	<b>(1,041,070,696)</b>

## 7. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

## 7.1 Short-term trade receivables

VND

	Ending balance	Beginning balance
Due from other parties	533,120,347,656	323,590,625,777
- Cultivation Department - Ministry of Agriculture and Rural Development	148,216,086,000	45,906,539,123
- Phuc Bao Minh Construction Trading Service Joint Stock Company	37,803,452,517	40,183,071,738
- Others	347,100,809,139	237,501,014,916
Due from related parties (Note 30)	10,137,720,099	507,747,232
TOTAL	543,258,067,755	324,098,373,009
Provision for doubtful short-term trade receivables	(25,374,056,797)	(5,879,224,577)
NET	517,884,010,958	318,219,148,432

Short-term trade receivables amounting to VND 40,177,928,003 were pledged as collateral for the short-term loans obtained from commercial banks (Note 21).

Details of movement of provision for doubtful short-term receivables are as follows:

VND

	Current year	Previous year
Beginning balance	(5,849,224,577)	(9,555,443,876)
Increase from business combination	(2,168,543,365)	-
Provision during the year	(20,908,371,917)	(1,441,467,647)
Decrease from disposal subsidiaries	-	258,646,824
Utilisation and reversal during the year	3,552,083,062	4,859,040,122
Ending balance	(25,374,056,797)	(5,879,224,577)

## 7.2 Short-term advances to suppliers

VND

	Ending balance	Beginning balance
Advances to other parties	43,381,300,847	66,122,250,789
Advances to related parties (Note 30)	591,376,352	538,089,646
<b>TOTAL</b>	<b>43,972,677,199</b>	<b>66,660,340,435</b>
Provision for doubtful short-term advances to suppliers	(4,592,022,990)	(3,837,157,423)
<b>NET</b>	<b>39,380,654,209</b>	<b>62,823,183,012</b>





## 8. OTHER RECEIVABLES

VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Advances to employees	23,478,313,554	28,057,999,136
Bank interest receivables	15,360,237,249	9,550,007,602
Deposits	1,223,364,896	345,200,560
Receivables from sale of securities	1,995,000,000	-
Others	20,078,688,456	16,462,437,585
	62,135,604,155	54,415,644,883
Long-term		
Deposits	165,955,000	215,020,000
<b>TOTAL</b>	<b>62,301,559,155</b>	<b>54,630,664,883</b>
Provision for doubtful short-term other receivables	(2,103,908,594)	(1,023,278,040)
<b>NET</b>	<b>60,197,650,561</b>	<b>53,607,386,843</b>
<i>In which:</i>		
Other parties	59,054,240,912	52,797,086,587
Related parties (Note 30)	1,143,409,649	810,300,256

## 9. INVENTORIES

VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Finished goods	441,966,931,478	339,114,908,599
Raw materials	137,767,647,165	86,890,262,161
Work in process	95,511,563,406	79,038,525,502
Merchandise goods	39,498,726,483	42,701,842,258
Goods on consignment	2,967,510,365	4,856,581,560
Tools and supplies	12,953,774,938	3,906,637,576
Goods in transit	7,717,418,110	-
<b>TOTAL</b>	<b>738,383,571,945</b>	<b>556,508,757,656</b>
Provision for obsolete inventories	(18,223,101,840)	(7,933,312,356)
<b>NET</b>	<b>720,160,470,105</b>	<b>548,575,445,300</b>

Inventories amounting to VND 187,949,743,841 were pledged as collateral for the short-term loans obtained from commercial banks (Note 21).

Details of movement of provision for obsolete inventories are as follows:

VND

	<i>Current year</i>	<i>Previous year</i>
Beginning balance	(7,933,312,356)	(17,603,115,061)
Increase from business combination	(3,460,402,266)	-
Provision during the year	(14,044,650,506)	(6,366,617,865)
Utilisation of provision during the year	7,215,263,288	16,036,420,570
Ending balance	(18,223,101,840)	(7,933,312,356)

## 10. PREPAID EXPENSES

VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Tools and supplies	12,046,720,358	6,236,994,473
Others	3,047,235,358	1,896,907,881
	15,093,955,716	8,133,902,354
Long-term		
Land rental (*)	191,475,309,604	110,915,968,072
Compensation cost	8,264,464,084	-
Fishery and fishery-related cost	27,581,841,579	24,625,331,579
Tools and supplies	15,772,693,085	6,987,348,447
Maintenance expenses	11,375,158,863	7,633,107,956
Others	3,295,685,214	9,014,334,405
	257,765,152,429	159,176,090,459
<b>TOTAL</b>	<b>272,859,108,145</b>	<b>167,309,992,813</b>

Prepaid land rental amounting to VND 163,957,791,217 were pledged as collateral for the loans obtained from commercial banks (Note 21).

(\*) The prepaid land rental represents the unamortised balance of advance payment made in accordance with the lease contract signed with Industrial Zone Infrastructure Investment and Long An City Joint Stock Company on 11 November 2011 for a period of 50 years and Vinh Loc – Ben Luc Industrial Zone Construction and Investment Corporation on 29 November 2016 for a period of 44 years and 4 months. Such prepaid rental is recognised as a long-term prepaid expense for allocation to the consolidated income statement over the remaining lease period according to Circular 45.



## 11. TANGIBLE FIXED ASSETS

VND

	Buildings and structures	Machineries and equipment	Means of transportation	Office equipment	Others	Total
<b>Cost:</b>						
Beginning balance	296,668,494,702	219,959,697,181	58,781,395,329	7,721,362,428	-	583,130,949,640
Increase due to business combination	130,490,271,238	432,002,965,183	13,932,309,361	11,581,446,989	183,695,159	588,190,687,930
New purchase	47,024,863,910	92,074,650,577	21,214,328,028	550,213,503	4,901,902,299	165,765,958,317
Transfer from CIP	106,961,686,135	98,189,126,910	20,193,000	-	-	205,171,006,045
Decrease from disposal of a subsidiary	(3,444,074,372)	(974,314,782)	(650,653,058)	-	-	(5,069,042,212)
Disposal	(3,689,380,347)	(8,558,676,447)	(3,333,520,679)	-	-	(15,581,577,473)
Reclassification	(393)	812,088,911	(995,975,070)	183,886,552	-	-
Ending balance	574,011,860,873	833,505,537,533	88,968,076,911	20,036,909,472	5,085,597,458	1,521,607,982,247
<i>In which:</i>						
<i>Fully depreciated</i>	51,091,183,752	221,395,111,738	23,458,581,152	8,312,376,135	140,595,159	304,397,847,936
<b>Accumulated depreciation:</b>						
Beginning balance	106,029,107,885	118,629,826,037	34,190,860,524	4,526,178,097	-	263,375,972,543
Increase due to business combination	65,413,267,685	314,502,052,077	10,778,515,955	9,294,775,414	171,423,626	400,160,034,757
Depreciation for the year	20,847,936,415	35,416,594,069	6,338,371,849	1,419,405,148	73,723,588	64,096,031,069
Decrease from disposal of a subsidiary	(2,339,608,971)	(671,544,429)	(547,647,703)	-	-	(3,558,801,103)
Disposal	(801,993,867)	(6,176,853,149)	(2,478,142,050)	-	-	(9,456,989,066)
Reclassification	284,504,046	(909,033,301)	601,362,528	23,166,727	-	-
Ending balance	189,433,213,193	460,791,041,304	48,883,321,103	15,263,525,386	245,147,214	714,616,248,200
<b>Net carrying amount:</b>						
Beginning balance	190,639,386,817	101,329,871,144	24,590,534,805	3,195,184,331	-	319,754,977,097
Ending balance	384,578,647,680	372,714,496,229	40,084,755,808	4,773,384,086	4,840,450,244	806,991,734,047
<i>Pledged as collateral (Note 21)</i>	13,115,107,816	7,010,091,746	766,287,156	-	-	20,891,486,718

## 12. INTANGIBLE ASSETS

VND

	Land use rights	Computer software	Copyrights	Others	Total
<b>Cost:</b>					
Beginning balance	354,890,298,734	2,311,870,624	12,136,600,000	134,851,488	369,473,620,846
Increase due to business combination	292,256,080,000	9,036,406,943	283,023,870,645	-	584,316,357,588
New purchase	-	752,150,000	2,270,000,000	-	3,022,150,000
Transfer to CIP	(8,288,080,160)	-	-	-	(8,288,080,160)
Ending balance	638,858,298,574	12,100,427,567	297,430,470,645	134,851,488	948,524,048,274
<i>In which:</i>					
<i>Fully amortised</i>	586,390,520	301,427,724	4,826,600,000	134,851,488	5,849,269,732
<b>Accumulated amortisation:</b>					
Beginning balance	11,399,692,862	1,170,521,532	8,139,370,847	134,851,488	20,844,436,729
Increase due to business combination	-	5,508,059,408	-	-	5,508,059,408
Amortization for the year	7,479,342,996	860,655,231	8,499,430,115	-	16,839,428,342
Ending balance	18,879,035,858	7,539,236,171	16,638,800,962	134,851,488	43,191,924,479
<b>Net carrying amount:</b>					
Beginning balance	343,490,605,872	1,141,349,092	3,997,229,153	-	348,629,184,117
Ending balance	619,979,262,716	4,561,191,396	280,791,669,683	-	905,332,123,795
<i>Pledged as loan security (Note 21)</i>	7,503,651,000	-	-	-	7,503,651,000





## 13. INVESTMENT PROPERTIES

VND

	<i>Buildings and structures</i>	<i>Others</i>	<i>Total</i>
<b>Cost:</b>			
Beginning balance and ending balance	4,051,473,019	463,830,993	4,515,304,012
<i>In which:</i>			
<i>Fully amortised</i>	<i>438,065,371</i>	<i>463,830,993</i>	<i>901,896,364</i>
<b>Accumulated amortisation:</b>			
Beginning balance	2,072,743,733	445,926,236	2,518,669,969
Amortisation for the year	185,735,388	17,904,757	203,640,145
Ending balance	2,258,479,121	463,830,993	2,722,310,114
<b>Net carrying amount:</b>			
Beginning balance	1,978,729,286	17,904,757	1,996,634,043
Ending balance	1,792,993,898	-	1,792,993,898

*Additional disclosures:*

The rental income and operating expenses relating to investment properties are presented as below:

VND

	<i>Current year</i>	<i>Previous year</i>
Rental income from investment properties	-	371,205,000
Direct operating expenses of investment properties that generated rental income during the year	-	212,045,289

## 14. CONTRUCTION IN PROGRESS

VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Manufacturing plants in Long An	87,534,871,622	1,565,550,000
Don Duong Farm project	30,075,738,082	-
Lam Ha Glass-house project	11,688,101,099	7,606,090,829
Cu Chi factory project	11,103,862,672	11,103,862,672
Machineries under installation	8,219,185,391	-
Co Dong Farm project	7,293,755,151	746,645,454
Others	12,441,281,537	6,507,734,634
<b>TOTAL</b>	<b>168,356,795,554</b>	<b>27,529,883,589</b>

## 15. LONG-TERM INVESTMENTS

VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Investments in associates (Note 15.1)	282,745,139,813	450,686,759,389
Other long-term investments (Note 15.2)	13,333,640,000	13,333,640,000
<b>TOTAL</b>	<b>296,078,779,813</b>	<b>464,020,399,389</b>

## 15.1 Investments in associates

VND

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Carrying amount</i>	<i>% ownership</i>	<i>Carrying amount</i>	<i>% ownership</i>
Bibica Corporation ("BBC") (i)	-	-	414,063,070,402	43.73
Pan Pacific Service Company Limited ("Pan Service")	16,098,148,678	20.00	15,084,526,758	20.00
Pan Pacific Company Limited ("Pan Pacific")	5,247,452,479	20.00	5,193,152,048	20.00
Sao Ta Foods Joint Stock Company ("FMC") (ii)	227,498,406,236	24.80	-	-
584 Nha Trang Seafood Joint Stock Company ("584 Nha Trang") (iii)	33,901,132,420	31.86	16,346,010,181	22.35
<b>TOTAL</b>	<b>282,745,139,813</b>		<b>450,686,759,389</b>	

(i) On 30 August 2017, the Group completed the acquisition of additional 977,647 shares of Bibica Corporation ("BBC") with aggregating cost of VND 110,684,278,054. Accordingly, the Group's ownership in BBC increased from 43.73% to 50.07% as at this date, and BBC became the Company's subsidiary (Note 4).

(ii) On 13 November 2017, the Group completely the acquisition of 9,662,333 shares of FMC. Accordingly, FMC became its associate from that date.

(iii) On 3 November 2017, the Group the acquisition of 915,889 shares of 584 Nha Trang.



VND

	BBC	584 Nha Trang	Pan Service	Pan Pacific	FMC	Total
<b>Cost of investment:</b>						
Beginning balance	363,805,981,379	14,731,603,000	9,389,390,307	3,730,430,336	-	391,657,405,022
Investment in year	110,684,278,054	16,675,662,688	-	-	222,797,354,489	350,157,295,231
Decrease due to being subsidiary	(474,490,259,433)	-	-	-	-	(474,490,259,433)
Ending balance	-	31,407,265,688	9,389,390,307	3,730,430,336	222,797,354,489	267,324,440,820
<b>Accumulated share in post-acquisition profit of the associates:</b>						
Beginning balance	50,257,089,023	1,614,407,181	5,695,136,451	1,462,721,712	-	59,029,354,367
Share in post-acquisition profit of the associates for the year	8,136,302,027	1,615,153,439	6,200,621,920	1,254,300,431	4,701,051,747	21,907,429,564
Dividends	(4,045,758,000)	(735,693,888)	(5,187,000,000)	(1,200,000,000)	-	(11,168,451,888)
Decrease due to being subsidiary	(54,347,633,050)	-	-	-	-	(54,347,633,050)
Ending balance	-	2,493,866,732	6,708,758,371	1,517,022,143	4,701,051,747	15,420,698,993
<b>Net carrying amount:</b>						
Beginning balance	414,063,070,402	16,346,010,181	15,084,526,758	5,193,152,048	-	450,686,759,389
Ending balance	-	33,901,132,420	16,098,148,678	5,247,452,479	227,498,406,236	282,745,139,813

**15.2 Other long-term investments**

	Ending balance	Beginning balance
Thai Binh Seed Corporation	99.938	13,333,640,000
	99.38	13,333,640,000

**16. GOODWILL**

Movements in goodwill during the year are as follows:

VND

	Goodwill
<b>Beginning balance</b>	
Increase due to business combination (Note 4)	532,481,177,809
Decrease from disposal of a subsidiary	157,166,074,718
Ending balance	(380,750,915)
	689,266,501,612
<b>Accumulated amortisation:</b>	
Beginning balance	114,215,461,063
Amortization for the year	61,212,548,743
Decrease from disposal of subsidiaries	(95,187,729)
Ending balance	175,332,822,077
<b>Net carrying amount:</b>	
Beginning balance	418,265,716,746
Ending balance	513,933,679,535

**17. SHORT-TERM TRADE PAYABLES**

VND

	Ending balance	Beginning balance
Payable to other parties	265,957,287,388	109,021,104,491
<i>Van Xuyen - China - Seed Co., Ltd</i>	47,926,968,424	27,306,662,831
<i>Others</i>	218,030,318,964	81,714,441,660
Payable to related parties (Note 30)	454,790,956	805,666,451
<b>TOTAL</b>	<b>266,412,078,344</b>	<b>109,826,770,942</b>

**18. STATUTORY OBLIGATIONS**

VND

	Beginning balance	Increase	Decrease	Ending balance
Corporate income tax	8,960,001,416	47,225,416,416	(38,524,621,120)	17,660,796,712
Value added tax	474,225,496	48,305,331,681	(37,495,715,478)	11,283,841,699
Personal income tax	5,464,679,368	14,723,164,450	(17,338,569,624)	2,849,274,194
Others	530,775,937	6,332,350,454	(5,479,723,361)	1,383,403,030
<b>TOTAL</b>	<b>15,429,682,217</b>	<b>116,586,263,001</b>	<b>(98,838,629,583)</b>	<b>33,177,315,635</b>

**19. SHORT-TERM ACCRUED EXPENSES**

VND

	Ending balance	Beginning balance
Salary and bonus	65,918,369,967	2,013,959,184
Marketing expenses	35,356,760,617	-
Trade commission	33,666,385,152	-
Transportation fee	8,151,237,511	-
License fee	5,147,552,667	2,636,090,229
Interest expense	1,921,671,953	755,712,054
Others	11,032,990,012	4,527,165,299
<b>TOTAL</b>	<b>161,194,967,879</b>	<b>9,932,926,766</b>





## 20. OTHER PAYABLES

VND

	Ending balance	Beginning balance
<b>Short-term</b>		
Social, health insurance and trade union fee	3,179,647,385	1,913,351,886
Dividends payable	1,968,721,810	1,946,216,810
Deposits received	-	4,514,586,400
Payable to land compensation	-	2,847,000,000
Others	26,077,432,487	15,915,667,069
	31,225,801,682	27,136,822,165
<b>Long-term</b>		
Deposits received	5,832,302,232	1,371,641,063
<b>TOTAL</b>	<b>37,058,103,914</b>	<b>28,508,463,228</b>
In which:		
Other parties	36,758,103,914	28,127,080,870
Related parties (Note 30)	300,000,000	381,382,358

## 21. LOANS

VND

	Beginning balance	Increase in year	Decrease in year	Impact of foreign exchange difference	Ending balance
<b>Short-term</b>					
Loans from banks (Note 21.1)	440,415,257,523	2,247,756,289,182	(2,092,611,263,078)	316,468,179	595,876,751,806
Loans from a related party (Note 30)	-	75,000,000,000	(85,000,000)	-	74,915,000,000
Current portion of loans from banks (Note 21.2)	35,874,442,431	11,232,881,116	(35,874,442,432)	(89,619,187)	11,143,261,928
	476,289,699,954	2,333,989,170,298	(2,128,570,705,510)	226,848,992	681,935,013,734
<b>Long-term</b>					
Loans from banks (Note 21.2)	12,206,579,471	235,186,927,100	(11,232,881,116)	-	236,160,625,455
<b>TOTAL</b>	<b>488,496,279,425</b>	<b>2,569,176,097,398</b>	<b>(2,139,803,586,626)</b>	<b>226,848,992</b>	<b>918,095,639,189</b>

**21.1 Short-term loans from banks**

The Group obtained short-term loans to finance its working capital requirements, details are as follows:

VND

Banks	Ending balance		Maturity date	Interest rate (%)	Description of collateral
	Original currency	VND			
Bank for Investment and Development of Vietnam – Ben Tre Branch	-	133,000,000,000	28 April 2018	7.5	Deposit at the bank amounting VND 160,000,000,000
HSBC Bank (Vietnam) Ltd, – Ben Tre Branch	-	42,306,822,520	From 16 April 2018 to 27 June 2018	4.0 – 4.1	Land use rights, trade receivables and inventory
Vietnam Maritime Commercial Joint Stock Bank	-	33,500,000,000	17 January 2018	7.4	Deposit at the bank amounting VND 34,000,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade – Ho Chi Minh City Branch		135,040,836,226	From 22 January 2018 to 25 Jun 2018	2.6 – 3.0	Prepaid land rental and attached construction, machineries and equipment
Petrolimex Group Commercial Joint Stock Bank – Long An Branch	3,260,900 USD	74,169,170,500	From 13 January 2018 to 28 June 2018	2.8	Unsecured
Vietnam Prosperity Joint-Stock Commercial Bank – Ho Chi Minh City Branch	796,270 USD	18,111,161,149	From 5 January 2018 to 5 April 2018	2.8	Trade receivables, inventories and short-term bank deposit
United Overseas Bank Limited Co,	655,511 USD	14,909,596,171	From 5 February 2018 to 26 March 2018	3.5	Inventories
Ho Chi Minh City Development Joint Stock Commercial Bank – Long An Branch	489,100 USD	11,124,579,500	From 13 June 2018 to 14 June 2018	3.0	Trade receivables and inventories
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Thang Long Branch	-	91,311,216,750	From 14 January 2018 to 30 March 2018	5.2 – 6.0	Unsecured
Vietnam Joint Stock Commercial Bank for Industry and Trade – North Sai Gon Branch	-	37,958,828,560	From 23 February 2018 to 24 April 2018	5.5	Unsecured
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Thanh Xuan Branch	22,467,599 JPY	4,444,540,430	From 25 January 2018 to 28 June 2018	4.5	211,000 shares in NSC held by PAN Farm
<b>TOTAL</b>		<b>595,876,751,806</b>			

**21.2 Long-term loans from banks**

The Group obtained long-term loans to finance the purchase and construction of fixed assets, details are as follows:

VND

Banks	Ending balance		Term	Interest rate % p,a,	Description of collateral
	JPY	VND			
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Tay Ho Branch	-	218,086,698,254	18 March 2024	7.0	Prepaid land rental and attached construction, machineries, equipment at PAN Manufacturing plant – Ben Luc District, Long An Province
Vietnam Bank for Industry and Trade – Hoang Mai Branch	-	7,762,735,950	From 4 March 2018 to 22 December 2022	8.7	All assets created in future of Dong Van factory project
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Thanh Xuan Branch	-	4,443,843,521	From 20 January 2018 to 20 October 2019	7.0	All assets funded from the loan and 316,000 shares in NSC held by PAN Farm
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Thanh Xuan Branch	49,770,416	9,845,583,618	From 8 August 2018 to 8 August 2022	5.0	
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Thang Long Branch	-	7,165,026,040	14 February 2018	10.3	1,500,000 shares in SSC held by NSC
<b>TOTAL</b>	<b>49,770,416</b>	<b>247,303,887,383</b>			
<i>In which:</i>					
Non-current portion		236,160,625,455			
Current portion		11,143,261,928			



**22. OWNERS' EQUITY****22.1 Increases and decreases in owners' equity**

VND

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
<b>Previous year</b>						
Beginning balance	1,008,724,970,000	1,021,203,143,351	-	47,708,067,259	36,789,665,713	2,114,425,846,323
Increase in share capital	15,000,000,000	(132,000,000)	-	-	-	14,868,000,000
Re-purchase of shares	-	-	(561,000,000)	-	-	(561,000,000)
Net profit for the year	-	-	-	-	256,986,960,498	256,986,960,498
Transfer to bonus and welfare fund	-	-	-	-	(23,113,750,803)	(23,113,750,803)
Profit appropriation	-	-	-	64,697,205,654	(64,697,205,654)	-
Change ownership interest in subsidiaries	-	-	-	-	(19,449,769,930)	(19,449,769,930)
Utilisation of funds	-	-	-	(17,130,228,049)	-	(17,130,228,049)
Remuneration of the Boards of Directors and Supervision	-	-	-	-	(4,167,894,750)	(4,167,894,750)
Others	-	-	-	-	(3,030,017,753)	(3,030,017,753)
Ending balance	1,023,724,970,000	1,021,071,143,351	(561,000,000)	95,275,044,864	179,317,987,321	2,318,828,145,536
<b>Current year</b>						
Beginning balance	1,023,724,970,000	1,021,071,143,351	(561,000,000)	95,275,044,864	179,317,987,321	2,318,828,145,536
Increase in share capital (*)	153,511,330,000	-	-	-	(153,511,330,000)	-
Net profit for the year	-	-	-	-	372,282,031,222	372,282,031,222
Transfer to bonus and welfare fund (**)	-	-	-	-	(29,482,201,704)	(29,482,201,704)
Profit appropriation	-	-	-	42,966,530,365	(42,966,530,365)	-
Change ownership interest in subsidiaries	-	-	-	-	72,185,246,820	72,185,246,820
Utilisation of funds (***)	-	-	-	(10,015,043,683)	-	(10,015,043,683)
Remuneration of the Boards of Directors and Supervision	-	-	-	-	(1,282,043,332)	(1,282,043,332)
Others	-	-	-	-	(5,849,078,081)	(5,849,078,081)
Ending balance	1,177,236,300,000	1,021,071,143,351	(561,000,000)	128,226,531,546	390,694,081,881	2,716,667,056,778

(\*) As at 1 August 2017, the Company completed the issuance of 15,351,133 new shares to its existing shareholders under form of stock dividends appropriated from undistributed earnings in accordance with the Shareholders' Resolution No. 01-04/NQ-DHDCD dated 22 April 2017 and Resolution of Board of Directors No 02-06/2017/NQ-HDQT dated 12 June 2017. This increase was approved by the State Securities Commission through the Official Letter No. 5429/UBCK-QLCB dated 8 August 2017 and the Department of Planning and Investment of Long An Province through the issuance of the 15th amended BRC dated 20 December 2017.

(\*\*) The profit appropriation from the profit of 2016 is made in accordance with the Resolution of Shareholders No. 01-04/2017/NQ-DHCD in the Annual General Meeting of the parent company dated 22 April 2017, Resolution of Shareholders No. 26/NQ-DHCD2017 in the Annual General Meeting of NSC dated 18 April 2017; Resolution No. 01/NQ-HDQT dated 27 April 2017 of SSC, Resolution No. 10/NQ-DHDCD2017 dated 24 April 2017 of HSC; Resolution of Shareholders No. 01/DHCD.ABT in the Annual General Meeting of ABT dated 18 April 2017.

(\*\*\*) The Group used the development investment fund partly to serve its research and trial production activities.

**22.2 Capital transactions with owners**

VND

	<i>Current year</i>	<i>Previous year</i>
<b>Issued share capital</b>		
Beginning balance	1,023,724,970,000	1,008,724,970,000
Increase during the year	153,511,330,000	15,000,000,000
Ending balance	1,177,236,300,000	1,023,724,970,000

**22.3 Shares**

VND

	<i>Ending balance Number of share</i>	<i>Beginning balance Number of share</i>
<b>Authorized shares</b>	<b>117,723,630</b>	<b>102,372,497</b>
<b>Issued shares</b>		
<i>Issued and paid-up shares</i>		
Ordinary shares	117,723,630	102,372,497
<b>Treasury shares</b>		
Ordinary shares	(30,000)	(30,000)
<b>Shares in circulation</b>		
Ordinary shares	117,693,630	102,342,497

Par value of outstanding share: 10,000 VND/share (31 December 2016: 10,000 VND/share).

**22.4 Earnings per share**

The following reflects the income and share data used in the basic and diluted earnings per share computations: VND

	<i>Current year</i>	<i>Previous year</i>
Net profit after tax for the year attributable to ordinary equity holders of the Group (VND)	372,282,031,222	256,986,960,498
Bonus and welfare fund	-	(5,633,324,473)
Net profit after tax for the year attributable to ordinary equity holders of the Group for basic earnings (VND)	372,282,031,222	251,353,636,025
Weighted average number of ordinary shares in circulation (shares) (*)	117,693,630	116,355,794
Earnings per share (VND/share)		
Basic and diluted	3,163	2,160

There have been no potential dilutive ordinary shares during the year and up to the date of these consolidated financial statements.

(\*) The weighted average number of ordinary shares for the year ended 31 December 2016 was adjusted to reflect the additional issuance of 15,351,133 bonus shares and dividends shares appropriated from undistributed earnings in accordance to VAS No. 30.

**23. NON-CONTROLLING INTEREST**

VND

	<i>Current year</i>	<i>Previous year</i>
Beginning balance	603,847,994,674	602,599,408,448
Increase from acquisition of a new subsidiary	610,674,164,486	-
Capital contribution by non-controlling shareholders	255,035,073,719	10,411,552,240
Profit for the year	130,639,900,630	79,413,677,568
Disposal of a subsidiary	(2,789,202,527)	-
Movement of funds	(18,037,897,920)	(24,592,281,091)
Dividends	(28,869,745,000)	(19,713,358,000)
Purchase of treasury shares by a subsidiary	(67,237,320,532)	-
Acquisition of shares from non-controlling shareholders in a subsidiary	(29,784,037,586)	(43,940,499,023)
Others	(4,197,024,456)	(330,505,468)
<b>Ending balance</b>	<b>1,449,281,905,488</b>	<b>603,847,994,674</b>

**24. REVENUES****24.1 Revenue from sale of goods and rendering of services**

VND

	<i>Current year</i>	<i>Previous year</i>
Gross revenue	4,175,882,344,945	2,867,676,779,485
Of which:		
<i>Sale of goods</i>	<i>4,165,430,891,022</i>	<i>2,782,961,419,750</i>
<i>Rendering of services</i>	<i>8,801,615,277</i>	<i>79,637,530,453</i>
<i>Others</i>	<i>1,649,838,646</i>	<i>5,077,829,282</i>
Less	(100,942,463,085)	(114,311,078,411)
Of which:		
<i>Sales returns</i>	<i>(51,666,939,782)</i>	<i>(73,787,167,999)</i>
<i>Sales discount</i>	<i>(39,676,110,743)</i>	<i>(38,038,522,892)</i>
<i>Sales allowance</i>	<i>(9,599,412,560)</i>	<i>(2,485,387,520)</i>
Net revenue	4,074,939,881,860	2,753,365,701,074
Of which:		
<i>Sale of goods</i>	<i>4,064,488,427,937</i>	<i>2,668,650,341,339</i>
<i>Rendering of services</i>	<i>8,801,615,277</i>	<i>79,637,530,453</i>
<i>Others</i>	<i>1,649,838,646</i>	<i>5,077,829,282</i>





## 24.2 Finance income

VND

	Current year	Previous year
Gains from re-measure of investment in an associate at fair value when obtaining the control	240,617,973,068	-
Gains from disposal of investments	-	120,489,925,287
Interest income	39,221,910,201	17,932,103,773
Foreign exchange gains	10,618,823,451	9,510,972,880
Gains from investing activities	25,039,764,324	26,605,607,683
Dividend income	5,830,453,700	2,647,039,500
Gain from investment of securities	1,226,388,900	2,243,651,293
Others	3,477,264,467	1,661,755,341
<b>TOTAL</b>	<b>326,032,578,111</b>	<b>181,091,055,757</b>

## 25. COST OF GOODS SOLD AND SERVICES RENDERED

VND

	Current year	Previous year
Cost of goods sold	3,137,015,889,483	2,058,479,653,622
Cost of services rendered	352,674,393	52,416,629,657
<b>TOTAL</b>	<b>3,137,368,563,876</b>	<b>2,110,896,283,279</b>

## 26. FINANCE EXPENSES

VND

	Current year	Previous year
Interest expense	25,987,209,696	23,692,479,268
Foreign exchange losses	7,718,728,533	6,719,537,684
Discount payment	7,569,454,293	6,872,210,671
Consultant fee from transfer of investments	-	9,952,602,865
Loss from investments in securities	-	6,870,534,405
Reversal of provision for investments	-	(1,145,276,100)
Others	441,636,551	8,160,888,378
<b>TOTAL</b>	<b>41,717,029,073</b>	<b>61,122,977,171</b>

## 27. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

VND

	Current year	Previous year
<b>Selling expenses</b>		
Salary expenses	122,154,184,097	45,650,391,904
Depreciation	6,629,913,172	7,288,709,249
Expenses for external services	161,693,173,016	65,954,805,902
Others	69,688,934,365	53,761,302,282
<b>TOTAL</b>	<b>360,166,204,650</b>	<b>172,655,209,337</b>
<b>General and administrative expenses</b>		
Salary expenses	144,577,128,014	120,884,539,786
Expenses for external services	36,152,065,074	21,977,986,869
Amortisation of goodwill (Note 16)	61,212,548,743	53,363,763,781
Depreciation and amortisation	11,307,380,240	2,184,007,472
Others	86,487,824,619	52,353,479,516
<b>TOTAL</b>	<b>339,736,946,690</b>	<b>250,763,777,424</b>

## 28. PRODUCTION AND OPERATING COSTS

VND

	Current year	Previous year
Raw materials and merchandise goods	3,376,948,655,874	1,980,199,266,607
Labour cost	420,268,595,399	341,372,162,083
Depreciation and amortisation (including amortisation of goodwill (Notes 11, 12, 13 and 16))	142,351,648,299	100,231,673,611
Expenses for external services	230,518,600,636	108,495,052,886
Others	75,630,457,208	48,632,244,659
<b>TOTAL</b>	<b>4,245,717,957,416</b>	<b>2,578,930,399,846</b>

## 29. CORPORATE INCOME TAX

The Group has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits. In addition, the Group's subsidiary is entitled to the following CIT exemption and reduction:

- At ABT: ABT is entitled to an exemption from CIT for three (3) years and 50% reduction from CIT for the following nine (9) years commencing from the first year of taxable profit making which was 2004 in accordance with Official Letter No. 588/CT-THDT dated 14 October 2005 issued by Department of Taxation of Ben Tre Province.

According to Circular No. 96/2015/TT-BTC dated 22 June 2015 issued by Ministry of Finance and Official Letter No. 2200/CT-THNVDT dated 18 November 2015 issued by Department of Taxation of Ben Tre Province, ABT is entitled to preferential CIT over the entire operating period applied to incomes from cultivating aquacultures in disadvantage areas. Accordingly, CIT tax rate applied for profit from cultivating aquacultures activities from 2015 is 10%.



- At NSC: On 1 March 2011, NSC was approved as a scientific and technological enterprise through the Certificate No. 03/DK-DNKHCN issued by the Department of Science and Technology of Hanoi. According to the current regulations on scientific and technological enterprise and CIT incentives, NSC shall be entitled to CIT exemption and reduction as a newly established enterprise from investment in the sector of high-tech, scientific research and technological development if revenues generated from scientific and technological products and goods for the first, second and third year exceed total revenue by 30%, 50% and 70%, respectively. In particular:

- (i) The tax rate of 10% shall be applied for fifteen (15) years from the first year generated revenue from scientific and technological activities; and
- (ii) NSC shall be exempted from CIT for a period of four (4) years and entitled to a 50% reduction of CIT payable for the subsequent nine (9) years.

- At SSC: On 30 July 2012, SSC was approved as a scientific and technological enterprise through the Certificate No. 08/DK-DNKHCN issued by the Department of Science and Technology of Ho Chi Minh City. According to the current regulations on scientific and technological enterprise and CIT incentives, SSC shall be entitled to CIT exemption and reduction as newly established enterprise from investment in the sector of high-tech, scientific research and technological development if revenues generated from scientific and technological products and goods for the first, second and third year exceed total revenue by 30%, 50% and 70%, respectively. In particular:

- (i) The tax rate of 10% shall be applied for fifteen years (15) from the first year generated revenue from scientific and technological activities; and
- (ii) SSC shall be exempted from CIT for a period of four (4) years and entitled to a 50% reduction of CIT payable for the subsequent nine (9) years.

The other subsidiaries have the obligation to pay CIT at the rate of 20% of taxable profits.

The tax returns filed by Group are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the consolidated financial statements could change at a later date upon final determination by the tax authorities.

### 29.1 CIT expense

VND

	Current year	Previous year
Current CIT expenses	45,245,678,531	54,182,915,581
Adjustment for over accrual of tax from prior year	(77,677,837)	(3,283,376,125)
Deferred tax income	(3,806,797,833)	(2,148,706,714)
<b>TOTAL</b>	<b>41,361,202,861</b>	<b>48,750,832,742</b>

A reconciliation between the accounting profit before tax in the consolidated income statement and taxable profit for the year is presented below:

VND

	Current year	Previous year
<b>Accounting profit before tax</b>	<b>544,283,134,713</b>	<b>385,151,470,808</b>
At CIT rate applicable to companies in the Group:		
Cultivating aquacultures activities: 10%	4,300,759,434	6,491,171,378
Science and technology activities: 10%	21,862,141,168	17,833,409,342
Others: 20%	53,635,423,160	28,381,132,721

### Adjustments:

Allocation of goodwill	12,242,509,748	10,672,752,756
Non-deductible expenses	3,296,752,886	1,134,271,194
Unused tax loss at subsidiaries	6,339,224,856	2,216,111,062
CIT over accrual from prior year	(77,677,837)	(3,283,376,125)
Dividends	(1,166,090,740)	(529,407,900)
Share profit in associates	(4,381,485,913)	(8,162,862,766)
CIT incentives	(9,631,654,082)	(8,820,425,760)
Gains from re-measure of investment in an associate at fair value	(45,874,189,546)	-
Others	815,489,727	2,818,056,840
<b>CIT expense</b>	<b>41,361,202,861</b>	<b>48,750,832,742</b>

### 29.2 Current CIT

The current CIT payable is based on taxable profit for the year. The taxable profit of the Group for the year differs from the profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

### 29.3 Deferred corporate income tax

The following comprise the Group's deferred tax assets and the movements thereon, during the year and the previous year:

VND

	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
<b>Deferred tax assets</b>				
Provision for doubtful short-term receivables	4,521,276,521	1,481,862,538	3,039,413,983	1,455,202,516
Increase due to business combination	2,891,723,053	-	-	-
Accrued expenses	1,642,946,561	3,804,422,857	(2,161,476,296)	439,017,228
Provision for obsolete inventories	423,177,333	-	423,177,333	-
Provision for severance allowance	367,035,726	613,169,358	(246,133,632)	(412,329,942)
Unrealised profit	241,420,916	182,238,133	59,182,783	107,532,086
Foreign exchange losses arisen from revaluation of monetary accounts denominated in foreign currency	(30,300,454)	(43,353,595)	(6,142,040)	11,976,615
Internal assets sales	20,662,573	20,662,573	-	-
Provision for investments	-	-	-	(164,903,785)
Changes due to divestment of subsidiaries	-	-	-	462,315,056
	<b>10,077,942,229</b>	<b>6,059,001,864</b>		
Increase due to business combination (Note 4)	(115,004,774,129)	-	-	-
Asset revaluation difference from business combination	(54,403,732,285)	(57,102,507,987)	2,698,775,702	249,896,940
	<b>(169,408,506,414)</b>	<b>(57,102,507,987)</b>		
<b>Net deferred income tax income</b>			<b>3,806,797,833</b>	<b>2,148,706,714</b>





30. TRANSACTIONS WITH RELATED PARTIES

Significant transactions of the Group with related parties in current year and prior year were as follows:

Related parties		Relationship	Transactions	Current year	Previous year
Saigon Securities Incorporation		Shareholder	Payment for investing activities	2,497,928,000,000	2,264,760,000,000
			Profit from investing activities	25,758,247,832	26,949,528,904
			Purchase of services	6,429,791,086	10,388,739,185
			Sales of goods	5,444,507,369	4,181,435,000
SSI Asset Management Co., Ltd		Shareholder	Sales of goods	503,322,424	-
Pan Pacific Service Company Limited		Associate	Dividend received	5,187,000,000	36,000,000,000
			Serviced rendered	1,034,580,143	1,312,285,541
			Purchase of services	457,450,720	373,985,240
			Sale of goods	236,015,627	-
			Sale of assets	160,000,000	-
584 Nha Trang Seafood Joint Stock Company		Associate	Investment in associates	4,024,050,000	15,206,816,000
			Dividend received	735,693,887	475,213,000
Atani Holdings., JSC		Related party	Sale of goods	4,327,273	29,659,000,000
			Purchase of goods	1,341,600,000	-
Pan Pacific Company Limited		Associate	Dividend received	1,200,000,000	7,000,000,000
NDH Vietnam Co., Ltd		Shareholder	Sales of goods	30,819,091	-
			Purchase of goods	-	1,539,200,000
			Purchase of services	51,018,000	-
NDH Consulting Co., Ltd		Related party	Purchase of services	2,677,456,161	2,548,782,784
CSC Vietnam Joint Stock Company		Shareholder	Purchase of services	1,596,258,315	1,918,453,127
Ms Ha Thi Thanh Van		Member of BOD	Purchase of services	655,200,000	655,200,000
CSCBC Vietnam Joint Stock Company		Shareholder	Office rental fee	1,346,765,898	-
			Deposits for office rental	438,382,000	-
Sunway Investment Joint Stock Company		Related party	Collection from bonds issuance	75,000,000,000	-
			Loan interest	279,452,055	-
Lotte Confectionary Co., Ltd		Related party	Sale of goods	24,082,912,859	-

Transactions with other related parties

Remuneration to members of the Boards of Directors and Management of the Group was as follows:

	Current year	Previous year
Salaries	35,398,016,912	15,269,634,260
Bonus	1,675,000,000	1,921,083,000
<b>TOTAL</b>	<b>37,073,016,912</b>	<b>17,190,717,260</b>

As at balance sheet dates, amounts due from and due to related parties were as follows:

Related parties	Relationship	Transactions	Ending balance	Beginning balance
<b>Short-term trade receivables</b>				
Lotte Confectionery Co., Ltd	Related party	Sales of goods	9,976,748,149	-
Saigon Securities Incorporation	Shareholder	Sales of goods	129,061,600	301,245,080
		Service fee	-	20,887,924
Pan Pacific Service Company Limited	Associate	Service rendered	-	132,240,878
Pan Service Company Limited	Associate	Sales of goods	6,600,000	-
Bibica Corporation	Associate up to 30 August 2017	Sales of goods	-	48,824,600
SSI Asset Management Co., Ltd	Shareholder	Sales of goods	-	-
NDH Consulting Co., Ltd	Related party	Sales of goods	25,151,950	-
		Service rendered	-	4,548,750
Sunway Investment Joint Stock Company	Shareholder	Service rendered	158,400	-
			<b>10,137,720,099</b>	<b>507,747,232</b>
<b>Short-term advance to suppliers</b>				
NDH Consulting Co., Ltd	Related party	Service fee	568,642,000	527,299,876
Saigon Securities Incorporation	Shareholder	Service fee and deposit	22,734,352	10,789,770
			<b>591,376,352</b>	<b>538,089,646</b>
<b>Other receivables</b>				
Pan Pacific Service Company Limited	Associate	Sale of assets	160,000,000	-
Saigon Securities Incorporation	Shareholder	Profit from investing activities	440,973,649	426,399,696
Spring Biotech Joint Stock Company	Related party	Payment on behalf	18,452,000	-



584 Nha Trang Seafood Joint Stock Company	Associate	Payment on behalf	3,850,000	-	VND
Atani Holdings., JSC	Related party	Payment on behalf	2,552,000	-	
CSCBC Vietnam Joint Stock Company	Shareholder	Deposit for office rental	438,382,000	-	
CSC Vietnam Joint Stock Company	Shareholder	Deposit for office rental	-	304,700,560	
Ms Ha Thi Thanh Van	Member of BOD	Deposit for office rental	79,200,000	79,200,000	
<b>Short-term trade payables</b>			<b>1,143,409,649</b>	<b>810,300,256</b>	
NDH Consulting Co., Ltd	Related party	Consultant fee	344,790,956	82,000,000	
Saigon Securities Incorporation	Shareholder	Consultant fee	110,000,000	-	
Bibica Corporation	Associate up to 30 August 2017	Purchase of goods	-	685,001,451	
Pan Pacific Service Company Limited	Associate	Service fee	-	38,665,000	
<b>Short-term loan</b>			<b>454,790,956</b>	<b>805,666,451</b>	
Sunway Investment Joint Stock Company (*)	Related party	Loan	74,915,000,000	-	
<b>Other short-term payables</b>					
Mr Michael Sng Beng Hock	Member of BOD	Remuneration	300,000,000	120,000,000	
Pan Pacific Service Company Limited	Associate	Deposit for office rental	-	219,640,658	
Saigon Securities Incorporation	Shareholder	Deposit for office rental	-	41,741,700	
			<b>300,000,000</b>	<b>381,382,358</b>	

(\*) The Group obtained this loan to finance its working capital requirements. This is unsecured loan which bears interest at 6.8% per annum and has maturity date on 12 November 2018.

### 31. SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products, services produced and trading. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

### 31.1 Business segment

The following tables present revenue and profit and certain assets and liabilities information regarding the Group's business segment:

For the year ended 31 December 2017					VND
	Agriculture	Food	Cleaning service and others	Elimination	Total
Revenues					
Sales to external customers	1,520,035,397,607	2,554,904,484,253	-	-	4,074,939,881,860
Inter-segment sales	601,960,000	454,458,526	18,000,000	(1,074,418,526)	-
Total revenues	1,520,637,357,607	2,555,358,942,779	18,000,000	(1,074,418,526)	4,074,939,881,860
Results					
Net profit (loss) before income tax	245,669,311,019	321,977,037,728	(25,322,251,977)	1,959,037,943	544,283,134,713
CIT (expense) income	(23,747,753,865)	(20,652,862,979)	3,039,413,983	-	(41,361,202,861)
Net profit (loss) for the year	221,921,557,154	301,324,174,749	(22,282,837,994)	1,959,037,943	502,921,931,852
As at 31 December 2017					
Assets and liabilities					
Segment assets	3,068,719,740,497	3,547,333,488,634	2,208,660,204,406	(2,852,332,278,729)	5,972,381,154,808
Unallocated assets					10,077,942,229
Total assets					5,982,459,097,037
Segment liabilities	470,899,269,590	1,314,129,472,329	18,304,057,037	(156,231,170,599)	1,647,101,628,357
Unallocated liabilities					169,408,506,414
Total liabilities					1,816,510,134,771
Other segment information					
Capital expenditure					
Tangible fixed assets	100,316,027,953	269,192,037,409	1,428,899,000	-	370,936,964,362
Intangible fixed assets	3,022,150,000	-	-	-	3,022,150,000



VND

The Group's geographical segments are based on the Group's sales markets. Sales to external customers disclosed in geographical segments are based on the geographical location of the Group's customers.

VND

VND

### Operating lease commitments

sheet dates under the operating lease agreements are as follows: VND

sheet dates under the operating lease agreements are as follows: VND



### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has loan, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Group also hold available-for-sale investments. The Group does not hold or issue derivative financial instruments.

The Group is exposed to market risk, credit risk and liquidity risk.

Management reviews and agrees policies for managing each of these risks which are summarised below.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans, deposits and available-for-sale investments.

The sensitivity analyses in the following sections relate to the position as at 31 December 2017 and 31 December 2016.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

In calculating the sensitivity analyses, management assumed that:

- the statement of the consolidated balance sheet relates to available-for-sale debt instrument; and
- the sensitivity of the relevant consolidated income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2017 and 31 December 2016.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rate relates primarily to the Group's cash and short-term deposits and borrowings. These investments are mainly short term in nature and they are not held for speculative purposes.

The Group manages interest rate risk by looking at the competitive structure of the market to obtain rates which are favourable for its purposes within its risk management limits.

#### Interest rate sensitivity

A sensitivity analysis is not performed for interest rate risk as the Group's exposure to the interest-rate risk is minimal at the reporting date as the loans from banks are short-term with fixed interest rates.

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's accounting currency).

The Group is exposed to foreign currency risk in relation to purchases and sales of goods which are denominated in currencies other than its accounting currency as disclosed in Note 2.4. The Group manages its foreign currency exposure by considering the prevailing and expected market situation when it plans for future purchases and sales of goods denominated in foreign currencies, other than increasing natural-hedged proportion. The Group does not employ any derivative financial instruments to hedge its foreign currency exposure.

No analysis on foreign currency sensitivity was performed for the year ended 31 December 2017 as the Group's exposure to foreign currency risk is minimal at reporting date.

#### Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities. The Group manages equity price risk by placing a limit on equity investments. The Board of Directors reviews and approves all equity investment decisions.

As at 31 December 2017, the fair value of the Group's investments in quoted securities was VND 3,818,160,010 (31 December 2016: VND 1,416,040,803). A decrease of 10% on the price of these securities could have an impact of approximately VND 381,816,001 (31 December 2016: VND 141,604,080) on the Group's profit before tax, depending on whether or not the decline is significant or prolonged. An increase of 10% in the value of the securities would increase the Group's profit before tax by VND 381,816,001 (31 December 2016: VND 141,604,080).

#### Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

#### Bank deposits

The Group's bank balances are mainly maintained with well-known banks in Vietnam. The Group's maximum exposure to credit risk for the components of the balance sheet at each reporting dates are the carrying amounts as illustrated in Note 5. The Group evaluates the concentration of credit risk in respect to bank deposit as low.

#### Trade receivables

Customer credit risk is managed by the Group based on its established policy, procedures and control relating to customer credit risk management.

Outstanding customer receivables are regularly monitored. The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Except for the financial assets for which provision have been made as disclosed in Notes 7 and 8, management evaluate all financial assets are neither past due nor impaired as they related to recognized and creditworthy counterparties.

#### Liquidity risk

The liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligation due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.





The table below summarizes the maturity profile of the financial liabilities of the Group based on expected payments under the contract on the basis of undiscounted:

	Less than 1 year	Over 1 year	Total
<b>Ending balance</b>			
Loans	681,935,013,734	236,160,625,455	918,095,639,189
Short-term trade payables	266,412,078,344	-	266,412,078,344
Other short-term payables and short-term accrued expenses	108,798,855,500	-	108,798,855,500
	<b>1,057,145,947,578</b>	<b>236,160,625,455</b>	<b>1,293,306,573,033</b>
<b>Beginning balance</b>			
Loans	476,289,699,954	12,206,579,471	488,496,279,425
Short-term trade payables	109,826,770,942	-	109,826,770,942
Other short-term payables and short-term accrued expenses	30,240,872,014	-	30,240,872,014
	<b>616,357,342,910</b>	<b>12,206,579,471</b>	<b>628,563,922,381</b>

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

## Collateral

The Group has pledged its short-term bank deposits, short-term trade receivables, buildings and structures and land used rights and construction in progress, prepaid land rental and attached construction, machineries and equipment to secure the bank loan facilities (Note 21).

The Group did not hold collateral at 31 December 2017 and 31 December 2016.



## 34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Carrying amount		Fair value	
	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
<b>Financial assets</b>				
Held-for-trading securities	6,617,680,849	(2,762,361,535)	73,445,594,023	(1,041,070,696)
Listed shares	5,539,450,849	(1,721,290,839)	71,367,364,023	-
Unlisted shares	1,078,230,000	(1,041,070,696)	2,078,230,000	(1,041,070,696)
Short-term bank deposits	507,737,777,778	-	371,310,000,000	-
Short-term trade receivables	533,120,347,656	(25,374,056,797)	323,590,625,777	(5,879,224,577)
Receivable from related parties	10,137,720,099	-	507,747,232	-
Other short-term receivables	49,774,858,683	(2,103,908,594)	39,073,025,747	(1,023,278,040)
Cash and cash equivalents	1,118,786,997,741	-	557,790,021,387	-
<b>TOTAL</b>	<b>2,226,175,382,806</b>	<b>(30,240,326,926)</b>	<b>1,365,717,014,166</b>	<b>(7,943,573,313)</b>
				<b>2,195,935,055,880</b>
				<b>1,357,822,117,633</b>





	Carrying amount		Fair value	
	Ending balance	Beginning balance	Ending balance	Beginning balance
Financial liabilities				
Loans	918,095,639,189	488,496,279,425	918,095,639,189	488,496,279,425
Short-term trade payables	266,412,078,344	109,826,770,942	266,412,078,344	109,826,770,942
Other short-term payables and short-term accrued expenses	108,798,855,500	30,240,872,014	108,798,855,500	30,240,872,014
<b>TOTAL</b>	<b>1,293,306,573,033</b>	<b>628,563,922,381</b>	<b>1,293,306,573,033</b>	<b>628,563,922,381</b>

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method and assumption were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 December 2017, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

35. EVENTS AFTER THE BALANCE SHEET DATE

On 15 January 2018, the Company completed the issuance of 2,478,000 new shares and re-issuance of 30,000 treasury shares to its employees at the price of VND 10,000 per share under the Employee Stock Ownership Plan program in accordance with the Shareholders’ Resolution and the Board of Director’s Resolutions in 2017. Accordingly, the Company’s registered share capital has been increased from VND 1,177,236,300,000 to VND 1,202,016,300,000 as at 15 January 2018.

This increase was approved by the State Securities Commission on 29 January 2018. As at the date of this report, the Company has already submitted its application forms to the Department of Planning and Investment of Long An Province for the approval of amendment to BRC relating to this change in its share capital.

There is no other matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in the consolidated financial statements of the Group.



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CHIEF ACCOUNTANT

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ACTING CHIEF FINANCIAL OFFICER

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29 March 2018





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