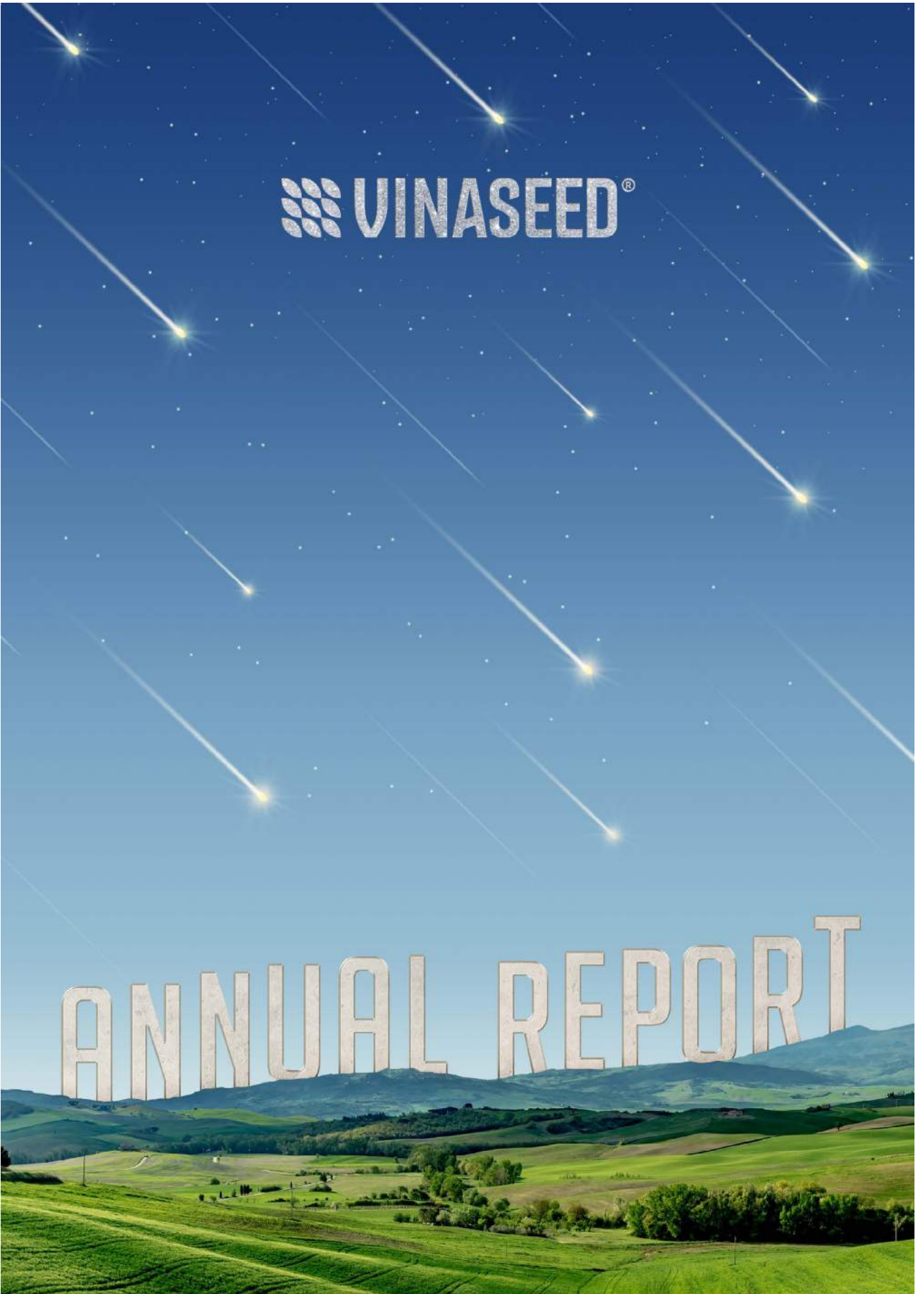




# ANNUAL REPORT





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## CHAIRWOMAN'S MESSAGE

Established in 1958 at the heart of the Red River Delta, Vinaseed has always been by the side of the Vietnamese farmers, striving for their prosperity. After 50 years of unending development and growth, we take pride in being the largest seed producer in Vietnam, significantly contributing to the growth of the nation's agriculture, farmer's income and food security. As a result, Vinaseed has always been in top 50 companies with highest business efficiency and growth. With that in mind, the Board of Management and the entire staff body strive for sustainable development, responsibility to the community and a system of management that follows international standards.

2017 saw the beginning of development strategies for the period of 2017-2021. Despite facing countless difficulties, especially those from the effects of climate change, Vinaseed has performed well, exceeding all targets: production capacity of 65,000 tons, revenue of 1,512.6 billion VND,

margin of 234.6 billion VND, a solid 21.9% year-on-year growth. Being an exemplary science and technology company, in top 10 companies of highest credibility and one of 50 companies of best 5-year growth (2013-2017) are some of the achievements that speak for Vinaseed's traditions, successes and responsibility to the community.

### Dear Valued Shareholders!

In the year of 2018, with positive macroeconomic movements and the government's targets toward a synchronized system of policies focusing on rural agriculture development, Vinaseed continues its endeavor of sustainable development and expanding productions and operations, in the midst of difficulties from fierce competition and climate change, with the following targets:



- Intensively investing on research and development to increase business scale and improving technology, ensuring competitiveness with the model of a business group.
- Expanding marketshare, aiming for 35% in 2021, increasing export.
- Investing on quality human resource, in the era of economic integration, that establishes a strong business culture that is conducive for each individual's development and creativity.

In meeting the above targets, the Board of Management employs its spirit of UNITY and CHANGE in reaching new heights, leading Vinaseed into a major business group providing solutions for sustainable development, improving community's living standards.

The journey ahead is going to be full of obstacles, so call out to the entire staff of our endearing Vinaseed family to continue the spirit of unity, the unwavering belief and the burning passion to build Vinaseed into the number one company providing agriculture development solutions.

I would like to express my sincerest gratitude toward the shareholders, partners and customers who have always supported and believed in the development and growth of the company throughout the years. I wish you good health, happiness and success in your endeavors!

Sincerely!

Board of Management Chairwoman

A handwritten signature in white ink, appearing to be 'TKL', with a horizontal line underneath it.

Trần Kim Liên

# COMPANY OVERVIEW (NSC)

VISION, MISSION AND CORE VALUES

CORE BUSINESS

DEVELOPMENT GOALS

ORGANIZATIONAL STRUCTURE AND KEY PERSONNEL

PORTFOLIO OF CORE PRODUCTS

OPERATION AND DISTRIBUTION NETWORK



NON GMO



100% NATURAL



# VISION, MISSION, CORE VALUES OF THE COMPANY

## VISION

### VISION

Vinaseed strives to become the leading corporation in providing sustainable agricultural development solutions in Vietnam, making the dream of improving income and living condition for farmers come true.

## MISSION

### MISSION

With all responsibilities and sentiment to life, people and society, Vinaseed commits to achieve three goals: maintaining economics growth, contributing to society and sustainably protecting the environment.

## CORE VALUES

### CORE VALUES



## DYNAMICS



Vinaseed is the first science and technology enterprise in seed breeding industry which pioneers research activities, application and transfer of technology, provides disruptive technology solutions, advances and leads the market. Vinaseed always strives to make a difference in product technology to adapt to social changes that sharpens its competitive edge.

## INNOVATION



With aspiration to create values to the society through advanced and effective agricultural innovations, Vinaseed channels majority of its financial and human resources toward R&D projects to be in search of advanced products and solutions that drive the development of industry as well as meet demand of the market. The increasing of technology in each product is the result of our endless innovation.

## PROFESSIONALISM



By the slogan "Leading by professionalism", we keep our great effort optimizing all activities of the company by focusing on the main lines of business; completing quality and working performance; building an administrative system with publicity, transparency, synchronization and consistency in compliance with international standards; and directing staff to work in the industrial, scientific and disciplinary manner as well as to strive constantly for knowledge, sense of responsibility and spirit of cooperation.

# MAIN BUSINESS AREAS

Main business operations had Vinaseed achieved remarkable revenue and profit as follow:



## ORIENTATIONS FOR DEVELOPMENT IN THE PERIOD FROM 2018 - 2020



Focusing on core industries such as seed production and trading.



Trading in agro-products in the value chain and developing high-tech agriculture.



Trading agricultural materials



Transferring technology and sustainable farming solutions

# 100,000 TONS

- Production capacity reaching 100,000 tons (from 65,000 tons in 2017).
- Revenue of 2,650 billion VND with average annual growth rate of 15-20%. Revenue break-down: 80% from seeds, 15% from agricultural products and 5% from other businesses.
- Increasing output of high-tech products to 90% of total output.
- After-tax earnings: 457 billion VND with average annual growth rate of 20-25%

# DEVELOPMENT TARGETS

## FUTURE GOALS

Our agricultural development goals aim to continue developing high-tech agriculture, increase seed value by technology integration and effective value chain management.

Focus on developing leadership, modernizing infrastructure and industrializing the nation's seed industry



## TARGETS BY 2021

### Business targets

- Production rate: 90,000 tons per annual (2017 rate: 65,000 tons).
- Annual revenue: 2,650 billion VND, 15 - 20% growth rate. Revenue break-down: 80% from sale of seeds, 15% from sale of agriculture products, 5% from other business activities.
- Increase output of hi-tech products to 90% of total output.
- After-tax income: 457 billion VND, 20 - 25% growth rate.

### Market share targets

- 2021: account for 30% of the domestic seed market:
- Dominate the Red River Delta market (43%),
- Expand in the Northern midland and mountainous market (32% - 35%).
- Gain market share in the coastal area and northern central coast (25%), Mekong Delta: 15% - 20%, other areas: 10%.
- Export: focus on exporting to Laos, Cambodia, Myanmar, Southern China provinces such as Guangxi, Guangdong and Yunnan and increasing scale of export.

### Product target

Increase production of patented products, shifting to high value-add products to improve business efficiency, alleviating pressures on infrastructure. In particular, by 2021:

- Seed: focus on developing products for higher yields, quality crops, pest resistance, adaptation to climate change (drought, flood, saline soil,...).
- Agriculture products: develop branded products, hi-tech products, organic products, focusing on high-end domestic market and export.

# CORE LEADERSHIP TEAM

Board of Directors 2017 - 2021 term:



**Ms. Tran Kim Lien**

Chairwoman cum Chief Executive Officer



**Ms. Le Thi Le Hang**

Vice Chairwoman

**Qualifications**

Bachelor of Economy, Bachelor of Laws

Master of Finance.

**Political level**

Senior

**Career Overview**

**1980 - 1982:** Lecturer of the National Economics University in Hanoi

**1982 - 1995:** Assistant to Director of Dong Giao Farm

**1995 - 1996:** Head of Sales Department, Dong Giao Industrial Agriculture Enterprise

**1996 - 1997:** Deputy Director of Dong Giao Industrial Agriculture Enterprise

**1997 - 1998:** Deputy Director of Dong Giao Food Exporting Company

**1998 - 2000:** Deputy Director of Import & Export company - Vietnam Vegetable Corporation

**2000 - 2004:** Deputy Director of Vietnam National Seed 1 JSC.

**2015 - present:** Vice Chairwoman of Southern Seed JSC (SSC)

**2004 - present:** Chairwoman cum Chief Executive Officer of Vietnam National Seed JSC

**1999 - 2007:** Senior Analyst at W.P.Stewart Fund Management Company, New York, USA

**2007 - 2010:** Head of Analysis and Investment Advisor Department Assistant to Chairman of Saigon Securities Inc

**2010 - nay:** CEO of SSI Asset Management (SSIAM), Assistant to Chairman of Saigon Securities Inc., Board member of An Phu Irradiation JSC.; Board Member of Binh Thanh Imp-Exp production and trade JSC.; Board Member of Long An Food processing export JSC.

**2012 - present:** Vice chairwoman of Vietnam National Seed JSC

**2015 - present:** Chairwoman of Southern Seed JSC (SSC)



**Ms. Nguyen Thi Tra My**

Board Member

Master of Business Administration



**Mr. Tran Dinh Long**

Board Member

Professor, Graduate Institute, Doctor of Science.

**1993 - 1995:** Assistant to CEO at International Business Advisor company

**1995 - 2012:** Chief Financial Officer and Deputy CEO of Biomin Vietnam

**2007 - present:** Chairman and CEO of CSC Vietnam

**2013 - present:** Board Member of Vietnam National Seed JSC

**2016 - present:** Chairwoman of PAN Farm JSC, Chairwoman of PAN Saladbowl JSC

**1967 - 1968:** Lecturer in Agricultural University I - Hanoi

**1968 - 1981:** Lecturer in Agricultural University II - Hanoi

**1981 - 1983:** Internship in Russia

**1983 - 1993:** Director, Vietnam Russia Seed center

**1993 - 2002:** Deputy Head of Vietnam Agricultural Science Institute

**2002 - 2003:** Director of Beans experimental center - Vietnam Agricultural Science Institute

**2003 - nay:** Chairman of Vietnam Seed Trade Association; Vice Chairman of Scientific Council of Agricultural Science Institute of Vietnam; Members of National Steering Committee of Vietnam Global Environment Fund GEF-UNDP; Member of Science and Technology council of Field Crops Research Institute ; Agriculture and Forestry Science Institute in Northern Mountains; National Research Vegetables Institute; Plant Resources Center; Member of Vietnam Fatherland Front

**2004 - nay:** Board Member of Vietnam National Seed JSC.

# CORE LEADERSHIP TEAM

Board of Directors 2017 - 2021 term



Mr. Nguyen Khac Hai

Board Member

**Qualifications**

Master of Laws, Bachelor of Business Administration

**Political level**

**Career Overview**

**2001 - 2004:** Senior executive of Legal Department, Bank for Foreign Trade of Vietnam

**2007 - 2010:** Member of Establishing SSI Asset Management Limited Company Project - Saigon Securities Inc., Director of Law and Risk Management department, SSI AM

**2010 - 11/2016:** Deputy General Director of SSI Asset Management

**11/2016 - present:** General Director of the Pan Group, Board Member at Pan Farm, Elcom, Bibica, ABT.

**11/2017 - present:** General Director of Pan Farm.

**2012 - nay:** Board Member at NSC





**Mr. Do Ba Vong**

Board Member, Deputy CEO

Agronomy Engineer



**Mr. Nguyen Quang Truong**

Board, Deputy CEO

Master of Finance

**1993 - 1994:** Deputy Director of Chau Giang - Hung Yen National Seed Farm

**1994 - 2001:** Director of Chau Giang - Hung Yen National Seed Farm

**2001 - 2004:** Director of Dong Van - Ha Nam National Seed Farm

**2004 - present:** Deputy CEO of Vietnam National Seed JSC.

**2015 - present:** Board Member at SSC

**2011 - 2012:** Financial Analyst of FPT Fund Management

**2012 - 2013:** Institutional Banking Officer of VietinBank

**2013 - 3/2017:** Investment and Planning Manager of NSC

**2016 - nay:** Board Member at Pan Farm, Chairman at Ha Nam Hi-Tech Company and Supervisor at Ha Tay Seed JSC

**4/2017 - nay:** Board member and Deputy CEO at NSC

## Departmental Boards of Management

### DEPARTMENT OF MANAGEMENT, HUMAN RESOURCE AND LEGAL AFFAIRS:

Staff:

| Name                  | Position           |
|-----------------------|--------------------|
| Mr. Nguyen Khac Hai   | Head of Department |
| Ms. Nguyen Thi Tra My | Member             |
| Ms. Le Thi Le Hang    | Member             |

Department mandate:

- Provide compliance advisory, announce information, regulation drafts, internal management regulation, oversee annual general meeting.
- Propose policies for sustainable growth and risk management.
- Execute company's organization and human resource restructuring. Supervise development of human resource.
- Establish compensation policies for board members, board of supervision, bonus schemes following annual general meeting's consensus.

### DEPARTMENT OF INVESTMENT:

Staff:

| Name                    | Position           |
|-------------------------|--------------------|
| Ms. Le Thi Le Hang      | Head of Department |
| Ms. Nguyen Thi Tra My   | Member             |
| Mr. Nguyen Khac Hai     | Member             |
| Mr. Nguyen Quang Truong | Member             |

Department of Investment:

- Plan and execute development strategies.
- Direct, support and supervise the execution of M&A activities.

### DEPARTMENT OF SCIENCE AND ENGINEERING TECHNOLOGY:

Staff:

| Name               | Position           |
|--------------------|--------------------|
| Mr. Tran Dinh Long | Head of Department |
| Mr. Do Ba Vong     | Member             |

Department mandate:

- Propose strategies for science research, direct, supervise the execution of the strategies.
- Advice on investing and managing facility and human resource for research and development. Advice on pricing for science research patents in the technology transfer process.
- Provide information support about agriculture technology advancements, guide company's research activities.
- Search and introduce research and development partners.
- Evaluate and gauge research results.





## Supervisory Board during period of 2017 - 2021

The Supervisory Board during period of 2017 - 2021 comprises the following members



**Mr. Nguyen Khanh Quynh**

HEAD OF BOARD OF SUPERVISORS.

**Qualifications**

Master of Business Administration

**Political level**

**Career Overview**

**2001 - 2002:** Sales agent of Sunhouse Group JSC  
**2002 - 2004:** In charge of purchasing exporting agricultural products in Southern Vietnam - OLAM Limited Company  
**2004 - 2006:** Senior Executive of Import Export Trading - Mizuho Corporate Bank, Hanoi Branch.  
**2008 - 2010:** Investment Analyst of SSI Asset Management (SSIAM)  
**2010 - 2014:** Deputy Director of Investment - SSI Asset Management Ltd (SSIAM)  
**2012 - present:** Head of Supervisory Board at NSC  
**2014 - present:** Director of Investment - SSI Asset Management Ltd (SSIAM)  
**2015 - present:** Member of Supervisory Board at SSC



**Mr. Do Tien Sy**

MEMBER

Master of Economics



**Mr. Nguyen Tuan Anh**

MEMBER

Bachelor of Economics

**2000 - 7/2000:** Deputy Director of National Seed Farm Ba Vi

**8/2000 - 3/2001:** Deputy head of Business Department, Vietnam National Seed 1 JSC

**2001 - 2004:** Head of Business Department, Vietnam National Seed 1 JSC

**2004 - 2010:** Board Member, Head of Import- Export Department of Vietnam National Seed JSC

**2010 - 2012:** Board Member, Head of the Union, Sales Director of Vietnam National Seed JSC

**2012 - 2016:** Member of Supervisory Board, Head of the Union, Sales Director of Vietnam National Seed JSC

**2016 - nay:** Board of Supervisors member, President of Union, CEO of Quang Nam National Seed JSC

**2005 - 2007:** Auditor at A&C Auditting Vietnam Ltd.

**2007 - 2010:** Auditor at Ernst & Young Auditting Vietnam Ltd

**2010 - 2013:** Head of Supervisory Depart - Supervisory & Managing for Financial Investment Project Vinaconex JSC

**2013 - 2014:** Senior Finance Analyst at The PAN Group

**2014 - 2/2018:** CFO at The PAN Group

**2015 - nay:** Member of Supervisory Board at NSC

# BOARD OF MANAGEMENT

Members of the Board of Management are listed below:



**Ms. Tran Kim Lien**  
Chairwoman cum Chief Executive Officer



**Mr. Do Ba Vong**  
Member, Deputy CEO

**Qualifications**

Bachelor of Economy, Bachelor of Laws

Agronomy Engineer

**Political level**

Senior

**Career Overview**

**1980 - 1982:** Lecturer of the National Economics University in Hanoi  
**1982 - 1995:** Assistant to Director of Dong Giao Farm  
**1995 - 1996:** Head of Sales Department, Dong Giao Industrial Agriculture Enterprise  
**1996 - 1997:** Deputy Director of Dong Giao Industrial Agriculture Enterprise  
**1997 - 1998:** Deputy Director of Dong Giao Food Exporting Company  
**1998 - 2000:** Deputy Director of Import & Export company - Vietnam Vegetable Corporation  
**2000 - 2004:** Deputy Director of Vietnam National Seed 1 JSC.  
**2015 - present:** Vice Chairwoman of Southern Seed JSC (SSC)  
**2004 - present:** Chairwoman cum Chief Executive Officer of Vietnam National Seed JSC

**1993 - 1994:** Deputy Director of Chau Giang - Hung Yen National Seed Farm  
**1994 - 2001:** Director of Chau Giang - Hung Yen National Seed Farm  
**2001 - 2004:** Director of Dong Van - Ha Nam National Seed Farm  
**2004 - present:** Deputy CEO of Vietnam National Seed JSC.  
**2015 - present:** Board Member at SSC



**Ông Nguyễn Quang Trường**

THÀNH VIÊN HĐQT  
PHÓ TỔNG GIÁM ĐỐC

Master of Finance



**Mr. Nguyen Hai Tho**

DEPUTY CEO

Agricultural Engineer



**Ông Phạm Trung Dũng**

PHÓ TỔNG GIÁM ĐỐC

Cử nhân Quản Trị Kinh Doanh

**2011 - 2012:** Financial Analyst of FPT Fund Management

**2012 - 2013:** Institutional Banking Officer of VietinBank

**2013 - 3/2017:** Investment and Planning Manager of NSC

**2016 - nay:** Board Member at Pan Farm, Chairman at Ha Nam Hi-Tech Company and Supervisor at Ha Tay Seed JSC

**4/2017 - nay:** Board member and Deputy CEO at NSC

**1984 - 1996:** Directing Officer of National Seed Farm Thuong Tin, Ha Noi

**1996 - 2003:** Deputy Director of National Seed Farm Thuong Tin, Ha Noi

**2004 - 2007:** Deputy head of Business Department, Vietnam National Seed at Dong Quang, Ba Vi, Ha Noi

**2007 - 2010:** Head of Product Development Department, Vietnam National Seed at Dong Quang, Ba Vi, Ha Noi

**2010 - 2011:** Director of Ba Vi Enterprise

**2011 - nay:** Deputy Director of Vietnam National Seed JSC, Director of Ba Vi Enterprise.

**2001 - 2003:** Sale man at KONAVietnam Company

**2003 - 2005:** General officer at NSC

**2005 - 2006:** Sale supervisor at Northen Battery JSC

**2006 - 2009:** Lecture at Social Management at National Academy of Public Administration

**2009 - 2010:** Secretary of Board Member at NSC

**2010 - 2011:** Deputy head of Human Resource and Administration at NSC

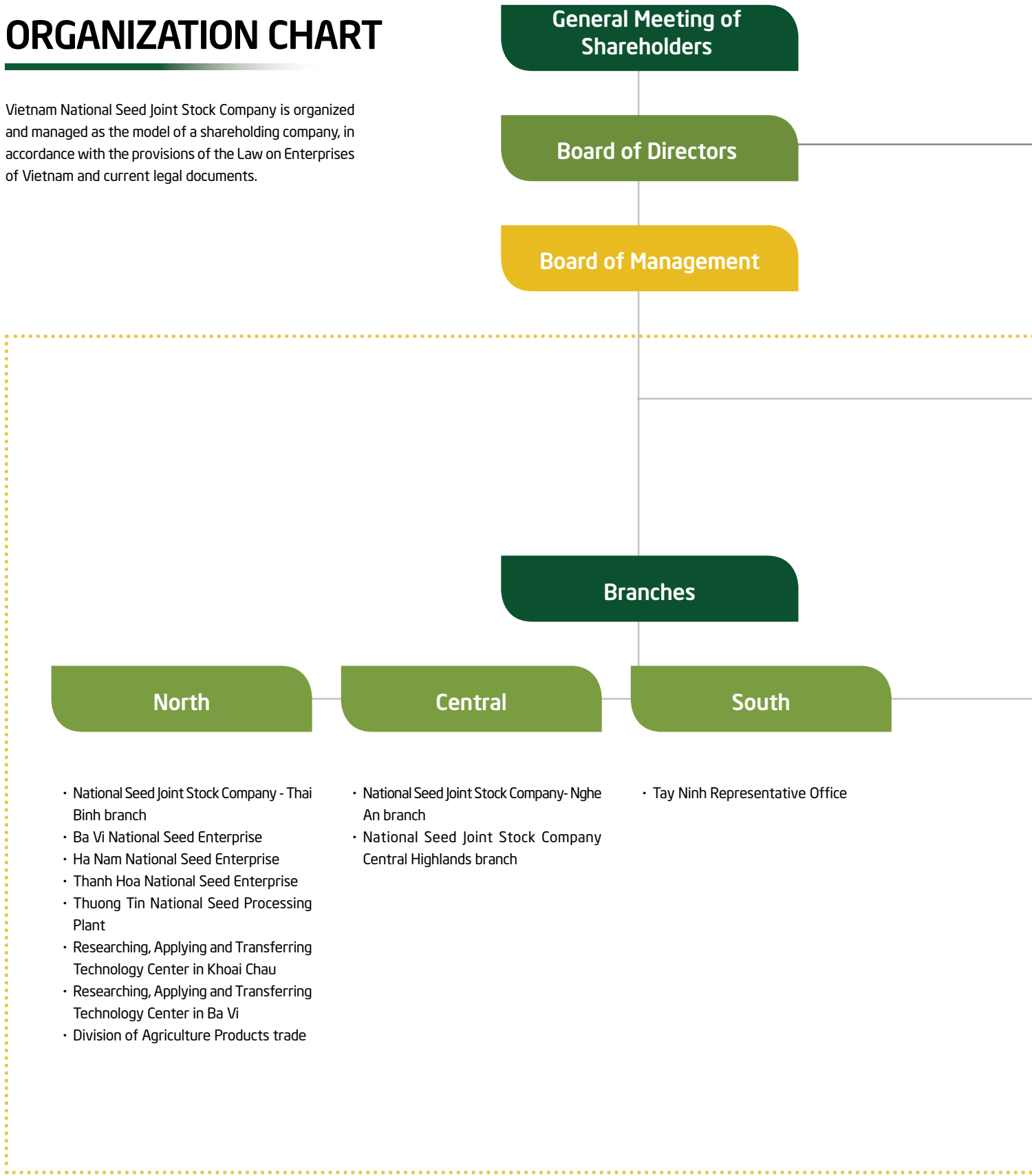
**2011 - 4/2017:** Human resource director at NSC

**1/2018 - nay:** Director at Ha Nam Hi-Tech Company

**4/2017 - nay:** Deputy CEO at Ha Nam Hi-Tech Company

# ORGANIZATION CHART

Vietnam National Seed Joint Stock Company is organized and managed as the model of a shareholding company, in accordance with the provisions of the Law on Enterprises of Vietnam and current legal documents.



General Meeting of Shareholders

Board of Directors

Board of Management

Branches

North

Central

South

- National Seed Joint Stock Company - Thai Binh branch
- Ba Vi National Seed Enterprise
- Ha Nam National Seed Enterprise
- Thanh Hoa National Seed Enterprise
- Thuong Tin National Seed Processing Plant
- Researching, Applying and Transferring Technology Center in Khoai Chau
- Researching, Applying and Transferring Technology Center in Ba Vi
- Division of Agriculture Products trade

- National Seed Joint Stock Company- Nghe An branch
- National Seed Joint Stock Company Central Highlands branch

- Tay Ninh Representative Office



## Supervisory Board

### Subsidiaries

- Southern Seed Joint Stock Company
- Quang Nam Seed Joint Stock Company
- Ha Tay Seed Joint Stock Company
- Ha Nam Hi-tech Agricultural Training and Development Joint Stock Company

### Operating Units

- Department of Planning & Investment
- Department of Production
- Department of Quality Control
- Department of Marketing and Product development
- Department of Sales No. 1
- Department of Sales No. 2

## Laos

- Udomxay Representative Office

### Supporting Units

- Department of HR and Administration
- Department of Finance and Accounting-



# PORTFOLIO OF CORE PRODUCTS

Portfolio of key strategic products of the company:

## SEED PRODUCTS

In 2017, the company produced and supplied over 65,000 tons of plant seeds of all kinds, which is equivalent to more than 1 million hectares. The structure will come as follows:



### Rice seeds

#### Pure rice variety:

- Quality genuine rice varieties: Thom RVT, Dai Thom 8, Tran Chau Huong, VS1, T10,...
- High-yield rice varieties: Thien Uu 8, Khang Dan DB, OM6976, Kim Cuong 111,...
- Specialty genuine rice varieties: Nep vang DB, Japonica DS1, J03, .....

#### Hybrid rice variety:

- Hybrid rice variety in two lines: HC1, TH3-4, HYT108, KC06-1, HR182 ...
- Hybrid rice variety 3 lines: Thuy Huong 308, CNR6206, 86b, Xuyen Huong 506, Phong Uu 36 ...

### Corn seeds

**Corn variety for animal feed:** F1 HN45 hybrid corn, NSC87, LVN10, LVN4, ...

#### Corn for food:

- Hybrid corn F1 HN88, HN68, HN90, HN92, CX207, Glutinous corn HN66, ...
- Sugar Hybrid corn LVN20, ...
- Corn vegetable varieties: HN268, ..

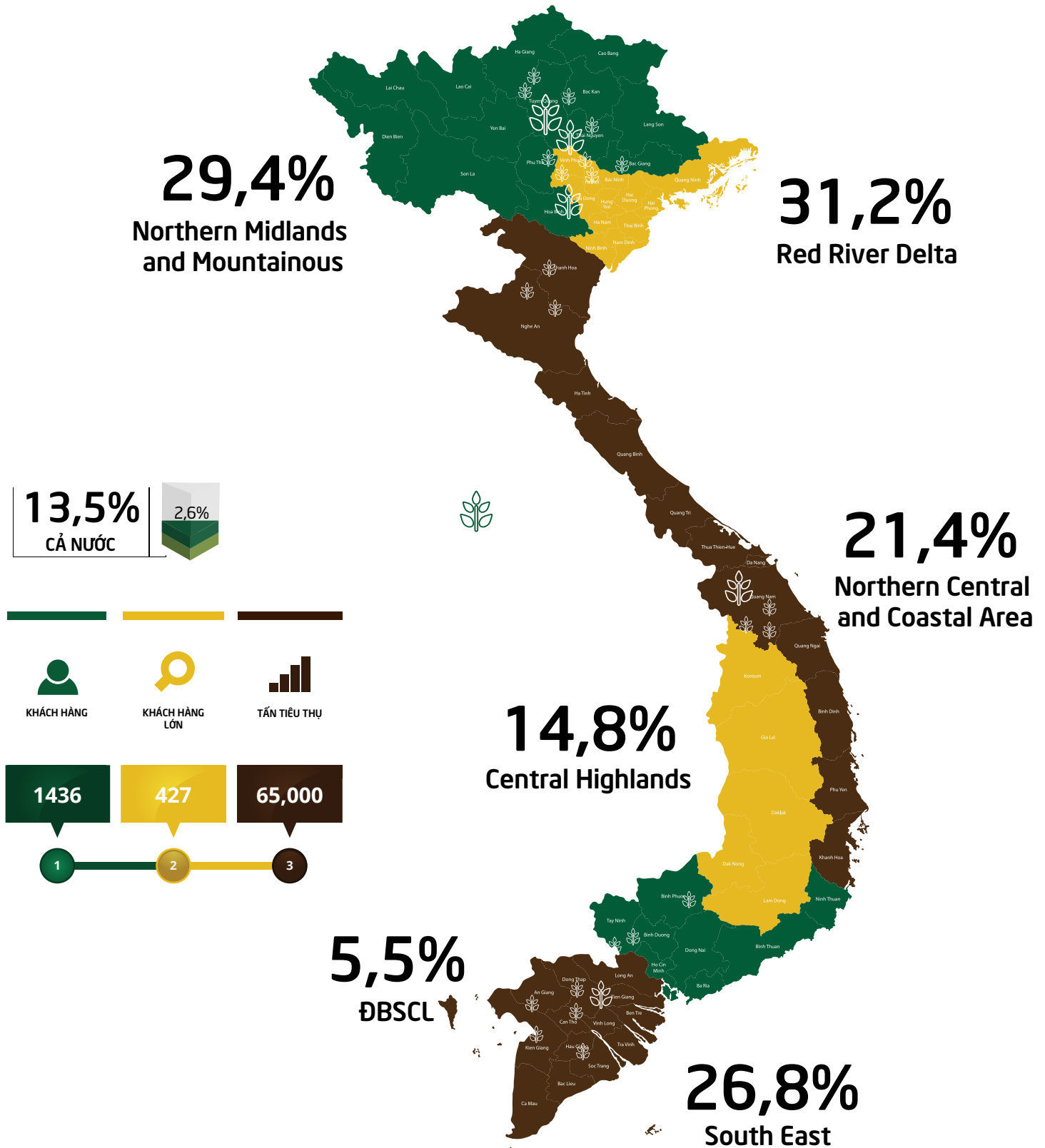
### Vegetable seeds

- Calabash group: Hybrid Pumpkin F1 with Goldstar 998, Super Goldstar 999, Koshi, Blue Hybrid F1 Fuji 868, F1 Hybrid Tara 888
- Pepper Group: Chilly Deli 686, Heat-resistant Tomato, ...
- Leaf Vegetables: Sakata Cabbage, Green Lettuce, amaranth HN666, Chinese Broccoli HN888, ...
- Bean Group: Mung bean DX208, Phaseolus vulgaris, Refined Cowpea HN338, ...
- Yellow melon varieties, hybrid watermelon, watermelon types..

### Other agricultural products

- Specialty Rice: RVT Jasmine Rice, Pearl Perfume, Japanese Japoni, yellow flowers
- Functional-food rice: Purple rice, Phuc Tho dragon blood rice, Phuc Tho black rice, brown rice, ...
- Quality melon, other types: Yellow melon, watermelon.
- Tomatoes of all kinds, baby cucumber, pumpkin, ..
- Beans: Green peas, soybeans, peanuts..

# DISTRIBUTION CHANNELS AND MARKET SHARE



## List of subsidiaries and branches

### 1. Head Office:

Address: No.1 Luong Dinh Cua street, Phuong Mai ward, Dong Da district, Hanoi.

Tel: 024.38523294 - Fax: 024.38527996

### 2. Ba Vi National Seed Enterprise

Address: Dong Quang commune, Ba Vi ward, Hanoi.

Tel: 024.3863091 - Fax: 024.3864185

### 3. National Seed Enterprise - Ha Nam branch

Address: Dong Van town, Duy Tien ward, Ha Nam province.

Tel: 0226.3835463 - Fax: 0226.3835061

### 4. National Seed Enterprise - Thanh Hoa branch

Address: Dinh Tuong commune, Yen Dinh ward, Thanh Hoa province.

Tel/Fax: 0237.3869251

### 5. National Seed Joint Stock Company - Thai Binh branch

Address: Dong Hop commune, Dong Hung ward, Thai Binh province

Tel: 0227.3851256 - Fax: 0227.3550684

### 6. National Seed Joint Stock Company - Nghe An branch

Address: 11 Tran Nhat Duat, Doi Cung ward, Vinh city, Nghe An province.

Tel: 0238.3531822 - Fax: 0238.3844937

### 7. National Seed Joint Stock Company - Central Highland branch

Address: Group 4, Eatu Commune, Buon Ma Thuot city, Dak Lak province..

Tel: 0262.3873816 - Fax: 0262.3873817

### 8. National Seed Joint Stock Company - Agricultural product trading branch

Address: Dong Van industrial zone, Dong Van town, Duy Tien, Ha Nam.

Tel: 024.38523294 - Fax: 024.38527996

### 9. Researching, Applying and Transferring Technology Center in Ba Vi

Address: Dong Quang commune, Ba Vi ward, Hanoi

Tel/Fax: 024.66736717

### 10. Khoai Chau Experiment Station

Address: Tan Dan ward, Khoai Chau district, Hung Yen province

Tel/Fax: 0221.3910348

### 11. Thuong Tin National Seed Processing Plant

Address: 350 Tran Phu, Thuong Tin Commune, Hanoi

Tel/Fax: 024.3853239

### 12. Udomxay Respresentative Office, Laos

Address: Udomxay province, Lao People's Democratic Republic.

Tel/Fax: 0085 681212554.

## SUBSIDIARIES

### 13. Southern Seed Joint Stock Company (Stock code: SSC)

Address: 282 Le Van Sy, Ward 1, Tan Binh district, Ho Chi Minh City.

Tel: 0283.8442414 - Fax: 0283.8442387..

Producing and trading plant seeds.

NSC ownership: 74.9% of voting shares.

### 14. Quang Nam National Seed Joint Stock Company

Address: Km943, National road 1A, Dien Thang Bac, Dien Ban, Quang Nam

Tel: 0235.3869455 - Fax: 0235.3869253

Producing and trading agro-forestry plant seeds.

NSC ownership: 90.02% of chartered capital.

### 15. Ha Tay Seed Joint Stock Company

Address: Phu Lam ward, Ha Dong district, Hanoi.

Tel: 0243.3530655 - Fax: 0243.3535421

Producing and trading plant seeds.

NSC ownership: 53.8% of chartered capital.

### 16. Ha Nam Hi-Tech Agriculture Investment and Development Joint Stock Company

Address: Nhan Khang commune, Ly Nhan district, Ha Nam province.

Tel: 0226.3652888 - Fax: 0226.3652666

Producing, trading and transferring technology of producing highquality melon and vegetables and fruits according to the model of hi-tech agriculture

NSC ownership: 100,0% of chartered capital (Chartered capital: 50.000.000.000 đồng).

# RESOURCES ARE STRATEGIC FOUNDATION.

## Infrastructure resources for research

Resources are foundation of strategy implementation:

| Area (hectare)                              | (ha)          |
|---|---------------|
| BA VI RESEARCH CENTER                       | 56,5          |
| KHOAI CHAU BIOTECHNOLOGY CENTER             | 9             |
| HA NAM HI-TECH AGRICULTURAL PRODUCTION ZONE | 21,59         |
| THANH HOA BRANCH                            | 26            |
| CENTRAL HIGHLAND BRANCH                     | 14,4          |
| LAM HA BREEDING FARM                        | 38            |
| SOUTHERN RESEARCH CENTER                    | 78            |
| FLOWER RESEARCH CENTER                      | 28            |
| CO DO BREEDING FARM                         | 336           |
| CAI LAY EXPERIMENTAL CAMP                   | 1,5           |
| CU CHI EXPERIMENTAL CAMP                    | 4             |
| <b>TOTAL</b>                                | <b>550,59</b> |

13 packaging facilities



Warehouse capacity: 20.000 m2  
Production area: 38.000 m2



Production capacity: 75.000 tons/year  
Packaging capacity: 65.000 tons/year





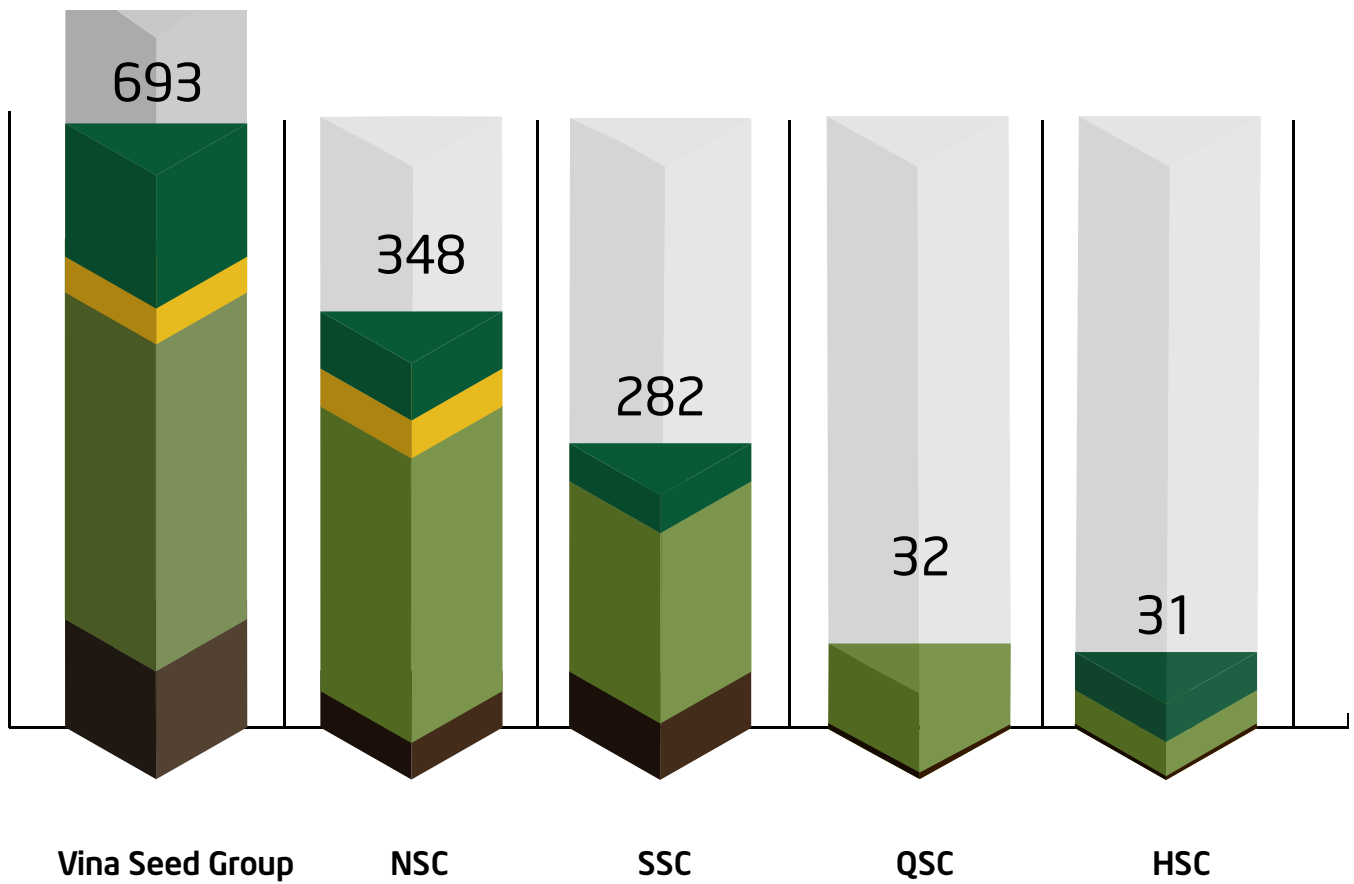
**GLOBAL GAP HIGH-TECH AGRICULTURAL PRODUCTION ZONE**



**HACCP RICE PROCESSING SYSTEM**

## ORGANIZATIONS STRUCTURE

- Worker 01, worker (82 persons, 12%)
- Specialists
- Employees (497 persons, 72%)
- Managers (109 persons, 16%)



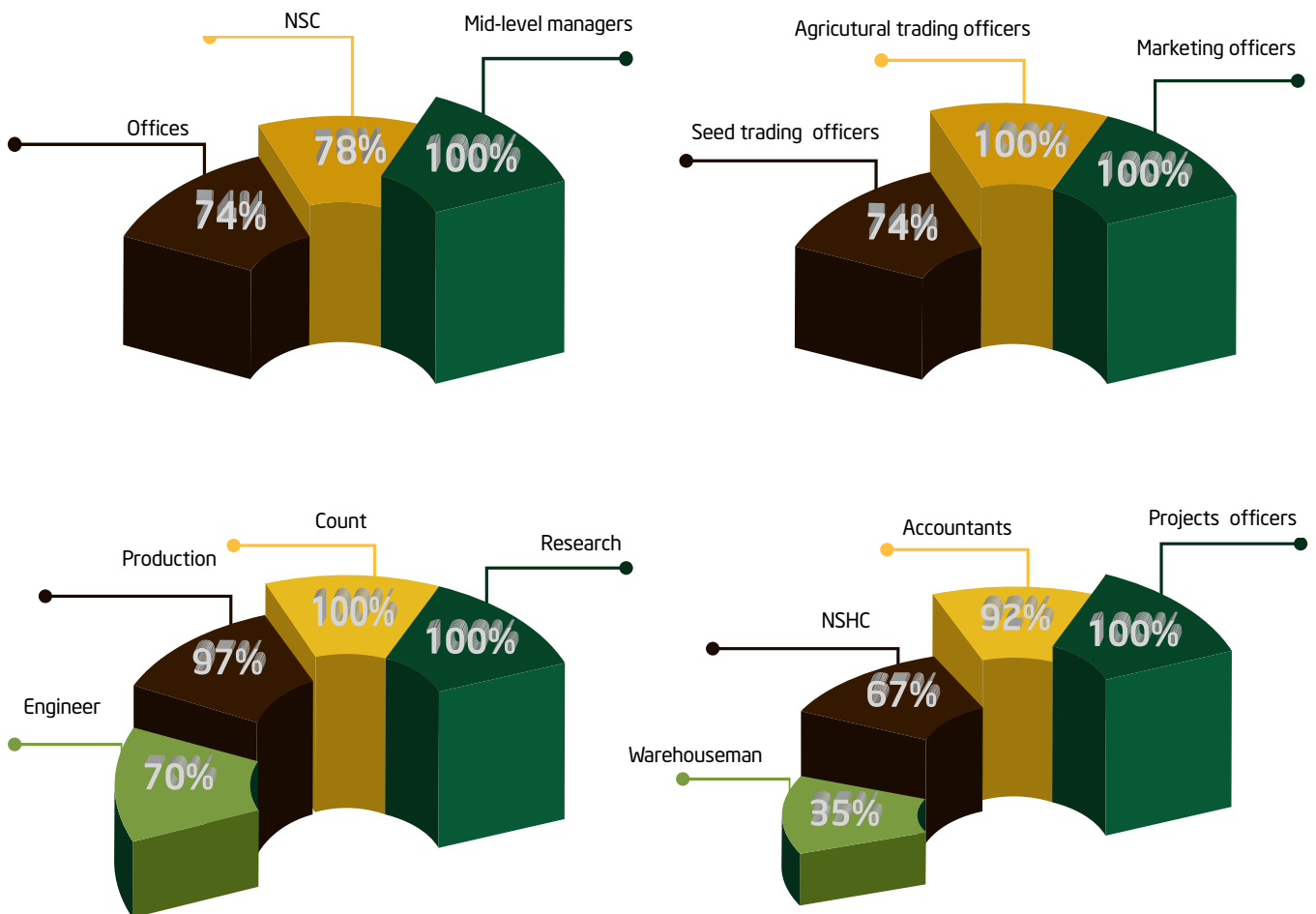
**Total of Vinaseed Group pesonnels: 693 persons. In details:**

- Paid labors, specialist: 611
- 82 người (43 Workers 01 of NSC, 29 loading workers at Cai Lay and Tra Vinh of SSC, 10 Workers 01 HSC)



| Targets            | Vina seed group | NSC | SSC | QSC | HSC |
|--------------------|-----------------|-----|-----|-----|-----|
| <b>Total</b>       | 693             | 348 | 282 | 32  | 31  |
| <b>Managers</b>    | 109             | 44  | 53  | 7   | 5   |
| <b>% Managers</b>  | 69%             | 13% | 19% | 22% | 16% |
| <b>Employees</b>   | 497             | 256 | 200 | 25  | 16  |
| <b>Specialists</b> | 5               | 5   | -   | -   | -   |
| <b>Worker</b>      | 82              | 43  | 29  | -   | 10  |

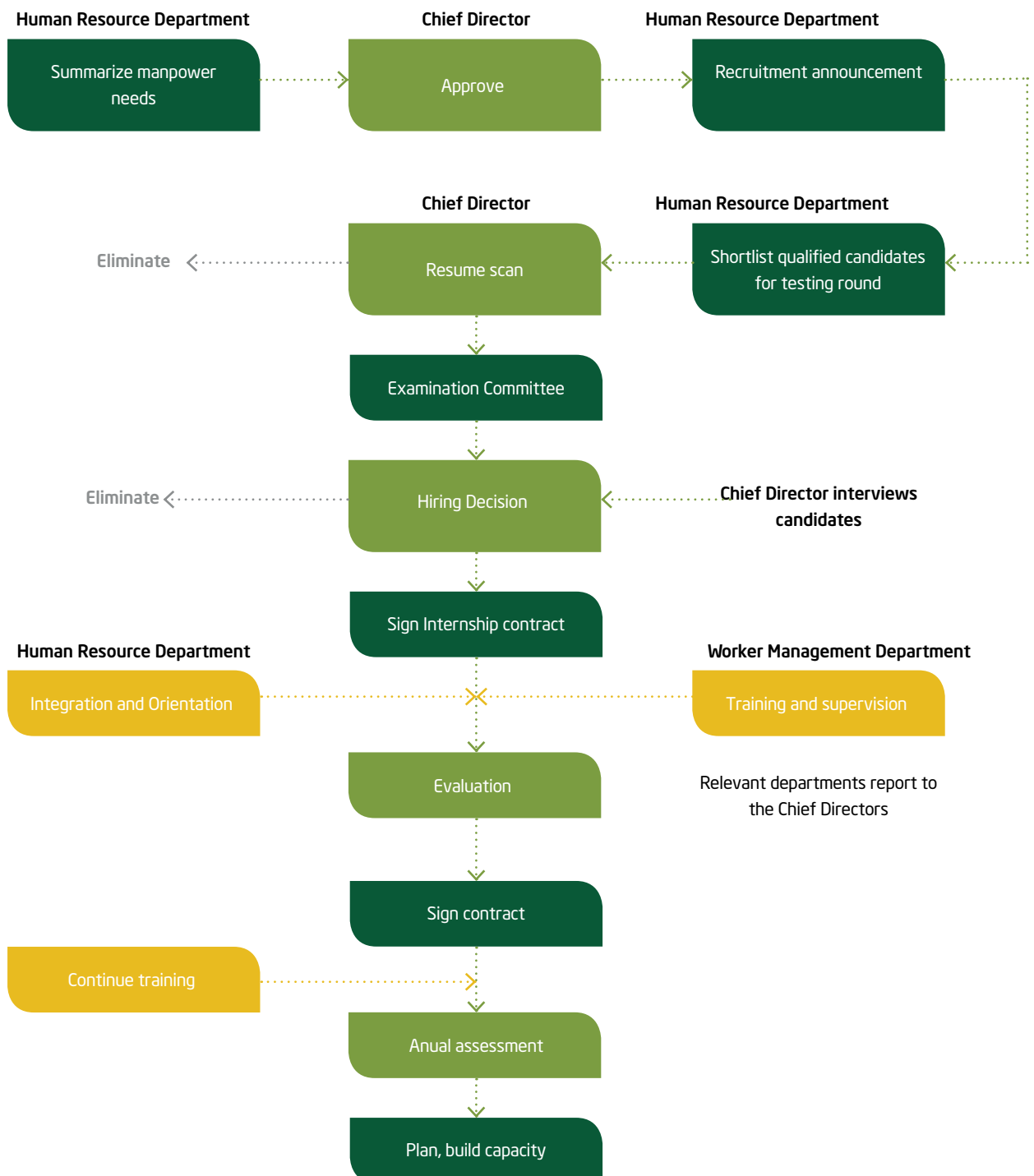
Post-graduates personnels: 78%



## Recruitment

The company's recruitment process is carried out in a transparent and objective procedure that complies with the company's formal protocols for recruitment, from job posting to profile scanning with a fair, professional and efficient recruiting committee. In 2017, the company hired 94 qualified workers, adding to the quality human resource that is the backbone for sustainable growth.

### Process:



## Training

- In 2017, the company organized 48 courses with a staff training count of 342. Guidelines for training: for the right purposes, right target staff, avoiding ineffective mass training, relevant to the job requirements, emphasizing on practical application.

Nội dung chương trình và hình thức đào tạo phù hợp với từng đối tượng như sau Training programs are designed for each type of staff level as follows:

| Target Staff      | Training agenda   | Means of training  |
|-------------------|---|--------------------|
| Mid-level Manager | <ul style="list-style-type: none"> <li>Advanced management training</li> <li>CEO, CFO,...</li> </ul>  | External           |
| Core Manager      | <ul style="list-style-type: none"> <li>Management training</li> </ul>   | External           |
| Staff             | <ul style="list-style-type: none"> <li>Educate on development strategy, rules and regulations</li> <li>Advanced training on specific relevant skills</li> <li>Training on working skills</li> </ul> | Internal, external |
| Intern            | <ul style="list-style-type: none"> <li>Integration training</li> <li>Individual supervision</li> </ul>  | Internal           |



# SUMMARY OF ACTIVITIES IN 2017

## BUSINESS PERFORMANCE

- Productivity: 65,000 tons of seed, corresponding to 1 million hectare of crops
- Market share: 13.5% nation-wide
- Revenue: 1,512 billion VND, 13.7% anual growth rate
- Net profit: 234.6 billion VND, 21.9% compare to 2016



## DEVELOPMENT OF HUMAN RESOURCE

- 12 branches and 4 subsidiaries
- 693 staffs, 78% with a bachelor's degree qualification or higher
- Organized 48 courses with a staff training count of 342

## COOPERATION WITH MULTI-NATIONAL CORPORATIONS

- Research, create and evaluate new breeds on the basis of sharing ownership and benefits
- Evaluate on production and packaging according to Japanese standards, design packaging for the Japonica rice for domestic consumption and exportation.



## R&D ACTIVITIES

- Officially registered and trial productions:  
4 new rice varieties.
- Successfully select 8 genuine rice varieties, 10 hybrid rice varieties, 9 hybrid glutenous maize varieties, 2 hybrid maize varieties, 3 muskmelon varieties, 3 watermelon varieties, 1 bitter melon variety, 3 hybrid pumpkin varieties and 1 gourd variety

# EVALUATE ON PERFORM 2017'S ANNUAL SHAREHOLDERS GENERAL MEETING'S RESOLUTION

## Evaluate the performing of the 2017's business target

In 2017, climate change across the nation from Red River Delta to MeKong Delta had a negative impact on the company's production activities. Nonetheless, the Board of Management, Board of Supervisory and Board of Directors was very determined and closely monitored the company's business activities in a proactive and innovative manner to utilize opportunities and tackle problems to best meet the expectations set at the annual general meeting.

## Holding company's 2017 financial results

| TT | Targets          | Unit   | Target 2016 | Actual 2016 | Actual 2015 | Act./Tar. | Act.16/Act.15 |
|----|------------------|--------|-------------|-------------|-------------|-----------|---------------|
| 1  | REVENUE          | MN VND | 900,000     | 944,733     | 821,997     | 105.0%    | 114.9%        |
| 2  | AFTER-TAX PROFIT | MN VND | 189,000     | 189,821     | 187,186     | 100.4%    | 101.4%        |

2017 marks the success of the holding company in meeting the target set at the shareholders general meeting. Revenue reaches 944,7 billion VND, exceeding target revenue by 5.0% with a 14.9% growth. After-tax income is at 189,9 billion VND, exceeding target by 0.4% with a 1.4% growth.

## Consolidated financial results - 2017

| TARGETS                                     | UNIT      | Target 2017 | Actual 2017 | Actual 2016 | Act./Tar. | Act.17/Act.16 |
|---|-----------|-------------|-------------|-------------|-----------|---------------|
| REVENUE                                     | MN VND    | 1,514,000   | 1,512,602   | 1,330,783   | 100%      | 113.7%        |
| AFTER-TAX PROFIT                            | MN VND    | 228,500     | 234,615     | 192,460     | 102.7%    | 121.9%        |
| PROFIT AFTER TAX OF SHAREHOLDERS OF HOLDING | MN VND    | 194,600     | 210,797     | 175,205     | 108.3%    | 120.3%        |
| EPS   | VND/SHARE |             | 13,792      | 10,316      |           | 133.6%        |
| CASH DIVIDEND                               | %         | 30%         | 30% (DK)    | 30%         | 100%      | 100%          |

The company has successfully met the targets set at the annual general meeting. Revenue is at 1512,6 billion VND, meeting to the target with a 13.7% growth. After-tax profit of the holding company reaches 210.8 billion VND, exceeding the target by 8.3% with a 20.3% growth.

## Reporting on company's investment at Ha Nam High-Tech Agricultural Development and Investmet JSC

On fulfilling the 2020 development strategies and vision till 2025 to become the leading corporations in providing sustainable agricultural solutions, the company focuses on technology-integrated products and R&D on high quality vegetables. Ha Nam High-Tech Agricultural Development and Investment company officially began its operations on 01/01/2017 as part of Ha Nam province's project for high quality crops.

**Authorized capital: 50,000,000,000 VND. 100% acquired by NSC.**

Main business: production, trade and technology transfer of musk melon and other high quality agricultural products. Production area: 21.59 hectares.

#### Operation targets:

- Establish a large scale high-tech agriculture center for research, application and technique transfer, providing lines of muskmelon products and vegetables for domestic consumption and export
- Expand co-production area in the Mekong delta region as part of the chain value of the company's brand name to catalyze restructuring of the nation's agriculture from traditional farming to technology-integrated production

#### 2017 results

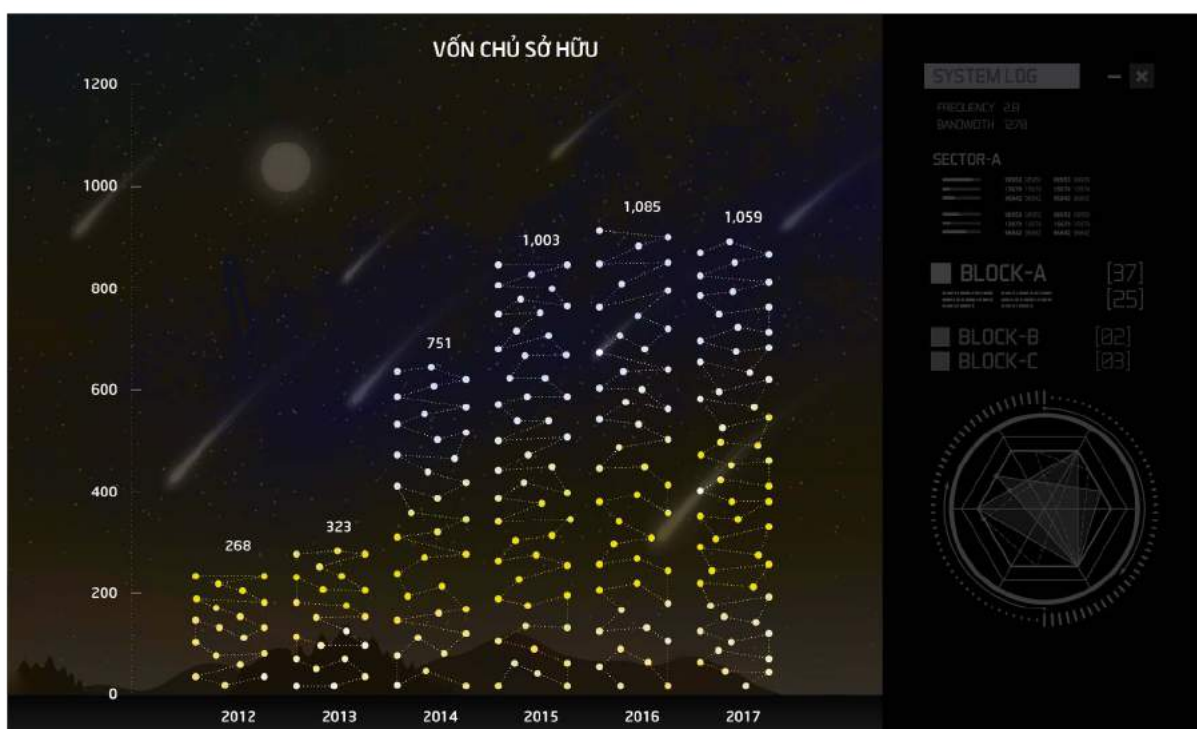
Balancing between development and operation, in 2017, the hi-tech agriculture project zone has achieved its initial milestones:

- Stable production and proficiency of supporting technology
- Output: 130 tons
- Revenue: approx. 5 billion VND

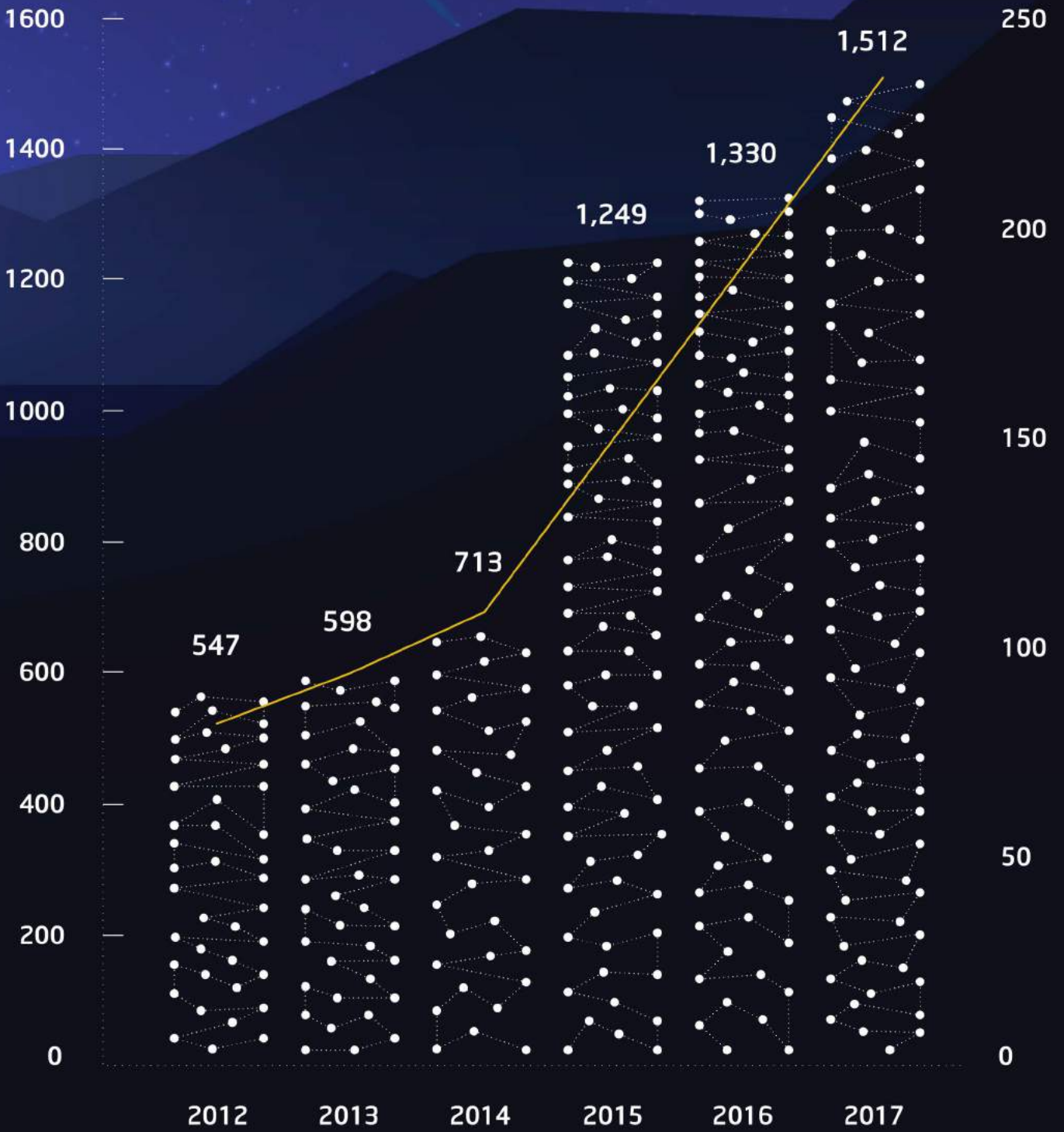
Established a distribution network of 350 supermarkets, safe food chain and distributors in major cities: Hanoi, Thanh Hoa, Vinh, Hai Phong, Vinh Phuc, Bac Ninh,...



# BUSINESS PERFORMANCE IN PREVIOUS YEARS







Doanh thu

Lợi nhuận sau thuế

**Growth indicators over previous years:**

Calculation Unit: billion VND

| Indicators                             | 2012 |      | 2013 |      | 2014 |      | 2015  |       | 2016  |       | 2017  |       | 2017<br>/<br>2012<br>(Times) | Growth<br>Rate (%) |
|--|------|------|------|------|------|------|-------|-------|-------|-------|-------|-------|------------------------------|--------------------|
|  | Tar. | Act. | Tar. | Act. | Tar. | Act. | Tar.  | Act.  | Tar.  | Act.  | Tar.  | Act.  |                              |                    |
| Revenue                                | 525  | 547  | 598  | 598  | 650  | 713  | 1,200 | 1,249 | 1,277 | 1,330 | 1,514 | 512   | 2.8                          | 24.8%              |
| Profit after- tax                      | 73   | 78   | 96   | 96   | 115  | 124  | 170   | 157   | 200   | 192   | 228.5 | 234.6 | 3.0                          | 24.6%              |
| Holding<br>company profit<br>after-tax |      | 78   |      | 95   |      | 123  |       | 142   | 175   | 175.2 | 194.6 | 210.7 | 2.7                          | 22.2%              |
| Total assets                           |      | 393  |      | 440  |      | 953  |       | 1,558 |       | 1,486 |       | 1,561 | 4.0                          | 38.5%              |
| Equity                                 |      | 268  |      | 323  |      | 751  |       | 1,003 |       | 1,085 |       | 1,059 | 4.0                          | 38.5%              |
| Chartered<br>capital                   | 100  | 100  | 100  | 100  | 153  | 153  | 153   | 153   | 153   | 153   | 153   | 153   | 1.5                          | 10.5%              |

**Efficiency indicators over years:**

Calculation Unit: billion VND

| INDICATORS        | 2012  | 2013  | 2014  | 2015  | 2016   | 2017     |
|-------------------|-------|-------|-------|-------|--------|----------|
| ROA               | 19.9% | 21.9% | 13.0% | 10.1% | 12.9%  | 15.0%    |
| ROE               | 29.2% | 30.0% | 16.5% | 15.7% | 17.7%  | 22.2%    |
| EBIT              | 80.1  | 99.1  | 126.8 | 187.0 | 226.5  | 263.2    |
| DEPRECIATION      | 9.0   | 9.9   | 10.4  | 20.2  | 32.2   | 32.6     |
| EBITDA            | 89.1  | 109.0 | 137.2 | 207.2 | 258.7  | 295.8    |
| EPS               | 7,737 | 9,518 | 8,293 | 8,124 | 10,316 | 13,792   |
| PAY-OUT DIVIDENDS | 50.0% | 30.0% | 30.0% | 30.0% | 30.0%  | 30% (dk) |
| IN WHICHES:       |       |       |       |       |        |          |
| CASH DEIVIDEND    | 30.0% | 30.0% | 30.0% | 30.0% | 30.0%  | 30.0%    |
| STOCK DEIVIDEND   | 20.0% |       |       |       |        |          |

# SCIENTIFIC AND TECHNOLOGICAL RESEARCH AND APPLICATION 2017:

- Officially announced Dai thom 8 and Kim cuong 111 breeds, test produced HN92 and HN268 maize breeds
- Selected 8 pure rice breeds (6 ordinary breeds and 2 glutenous breeds) and 10 crossbreeds that are potential
- Selected 9 breeds of glutenous maize and 2 breeds of ordinary maize, 1 breed of each type will be put into mass production in the 2018 summer-fall season
- Selected 2 breeds of muskmelon, 3 breeds of watermelon, 1 breed of bittermelon, 3 breeds of pumpkin and 1 breed of gourd
- Fully optimized genetic technology for rice breeds that are free of bacterial leaf blight disease. One such breed is Thien uu 8, which shall be fully developed in 2018

In 2017, NSC and SSC ensured patented products accounted for over 80% of production, hence enjoyed corporate tax exemption scheme for science and technology corporates (...). Amount of corporate tax reduction:

NSC: 28,45 billion VND

SSC: 6,74 billion VND

**Total exempt tax 2017: 35,19 billion VND**

The whole of tax benefit was channeled into the company development fund for research, integration and transfer of technology, and company's infrastructure.

## INTERNATIONAL COOPERATION IN 2017

- Cooperation with multinational corporation: Sojitz group, Nagoya group, Simeiz to evaluate capacity and quality of production, to produce and package following the Japanese standards, design packaging for lines of Japonica rice products for domestic consumption and export
- Implemented Farm Record - software system for tracibility of products
- Cooperated with Quangxi Agriculture Technology Institutie and other partners from China in research, selection and evaluation of new breeds on the basis of shared utilization and shared ownership of patent proportionate of 10-12% of revenue. Recently 10 crossbreeds and pure breeds of rice are deemed potential for next year's mass production



## Mergers & acquisitions activities in 2017

| ĐẦU TƯ M&A    | Ownership at 01/01/2017 |                                   | Investments in 2017 |                          | Ownership at 31/12/2017 |                                   |
|---------------|-------------------------|-----------------------------------|---------------------|--------------------------|-------------------------|-----------------------------------|
|               | Number of shares        | Percentage of total voting shares | Number of shares    | Cost of investment (VND) | Number of shares        | Percentage of total voting shares |
| QSC           | 450,100                 | 90.02%                            |                     |                          | 450,100                 | 90.02%                            |
| TSC           | 99,938                  | 10.03%                            |                     |                          | 99,938                  | 10.03%                            |
| SSC           | 9,219,130               | 61.74%                            | 904,674             | 62,932,763,670           | 10,123,804              | 74.90%                            |
| HSC           | 306,080                 | 53.80%                            |                     |                          | 306,080                 | 53.80%                            |
| HI-TECH HANAM | 1,779,193               | 35.58%                            | 2,970,807           | 29,708,073,600           | 4,750,000               | 100.0%                            |
| TOTAL         |                         |                                   |                     | 92,640,837,270           |                         |                                   |

## M&A in period 2011 - 2017

| M&A Investment | Ratio of voting rights of shareholders |        |        |        |        |        |
|----------------|--|--------|--------|--------|--------|--------|
|                | 2011                                   | 2013   | 2014   | 2015   | 2016   | 2017   |
| QSC            | 32.20%                                 | 60.24% | 84.17% | 90.02% | 90.02% | 90.02% |
| TSC            |  |        | 6.24%  | 10.03% | 10.03% | 10.03% |
| SSC            |  |        | 40.16% | 61.49% | 61.49% | 74.90% |
| HSC            | 53.80%                                 | 53.80% | 53.80% | 53.80% | 53.80% | 53.80% |
| HANAM HITECH   |  |        |        |        | 35.58% | 100.0% |

## Business Management

### 1. Restructuring:

- Consolidated organization and staff of Hanam Hightech, R&D, NSHC, established
- Perfected compensation, bonus and internal evaluation scheme, adding salary scale and insurance scheme pursuant to new regulation, enacted new management system at Ha nam Hi-Tech.

### 2. Established Vinaseed's brand communication campaign, video clip and catalogue to promote muskmelon.

### 3. Successfully organized 2017 annual general meeting

### 4. Implemented online staff management software, tracability software and sale tracking software.



# DEVELOPMENT STRATEGY

STRATEGIC ACTIVITIES





NON GMO



100% NATURAL

# STRATEGIC ACTIVITIES

## FOCUSING ON CORPORATE GOVERNANCE, HUMAN RESOURCES DEVELOPMENT FOR THE NEW DEVELOPMENTAL SCALE OF THE COMPANY

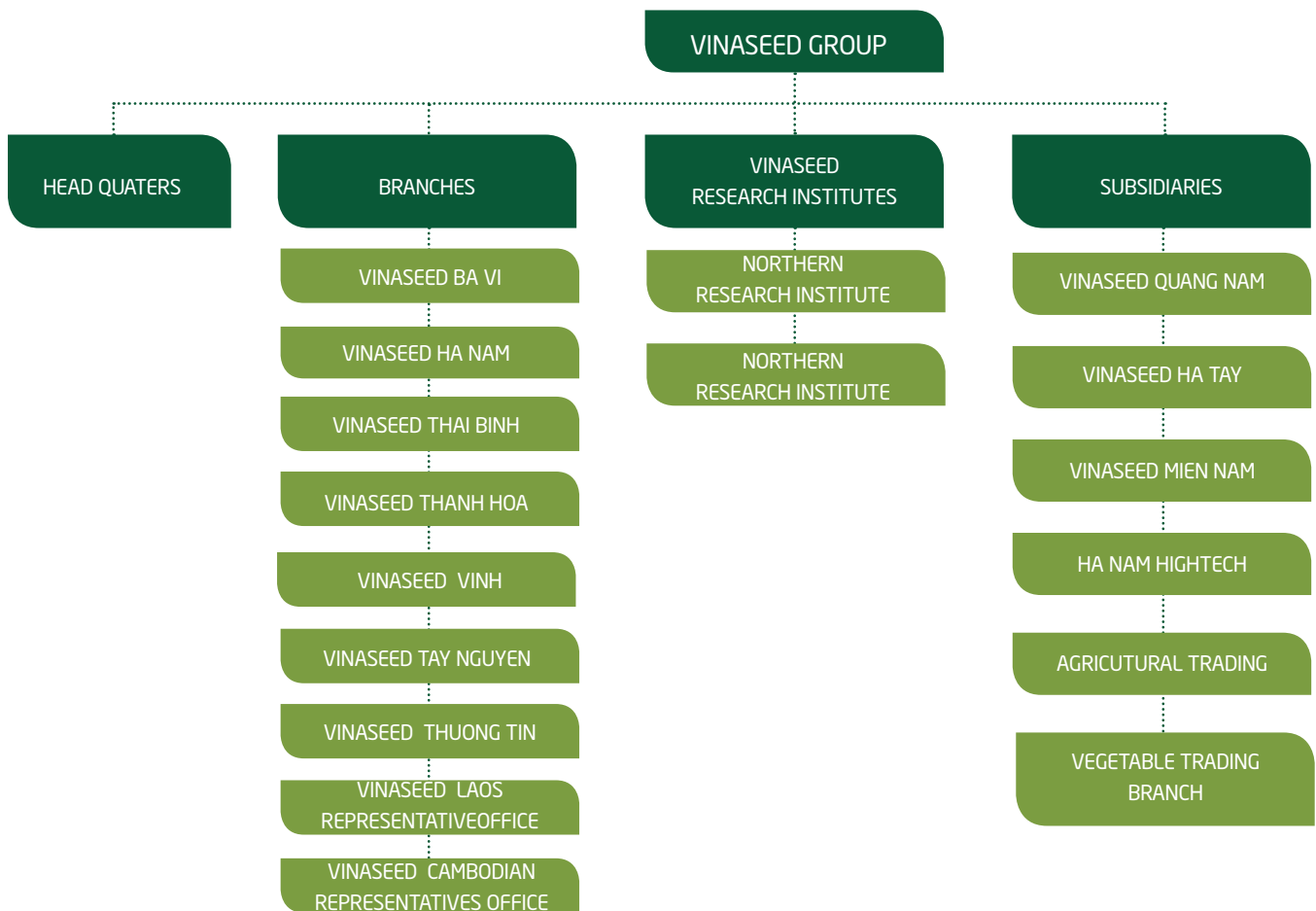
Consolidating, organizing the managerial apparatus, arranging and training human resources, and recruiting extra personnel to meet the requirements of expanding the size of the company

Building, upgrading the advanced management system, transparency and special attention to risk management for the company

Investing in the upgrading of facilities and working conditions, formulating policies of good for the contingent of experts, researchers, mid-level and near-construction staffs, and building a sustainable development platform for business.

Establishing Research Institute by consolidating and utilizing strength of three existing Research Institutes (Khoai Chau, Ba Vi and SRC) to accelerate the advantages of facility, genetic resource and human capital

the Company's croup business model:







**CONTINUE INVESTING ON AND COOPERATING WITH COMPANIES IN THE SAME INDUSTRY AND OF SIMILAR PRODUCTION CHAIN VALUE TO MAXIMIZE COMPETITIVE ADVANTAGES FROM FACILITY, HUMAN RESOURCE AND MARKET.**

**PIONNER THE AGRICULTURE SECTOR IN THE 4.0 ERA, DEVELOP PRODUCTS BY CHAIN VALUE, FOCUSING ON AGRICULTURE PRODUCTS (BRANDED RICE AND HIGH QUALITY VEGETABLES) AND TECHNOLOGY TRANSFER**

# BUSINESS REPORT 2017

OVERALL ASSESSMENT 2017

OVERVIEW OF ACTIVITIES' RESULTS AND BUSINESS OUTCOMES IN 2017

FINANCIAL HIGHLIGHTS

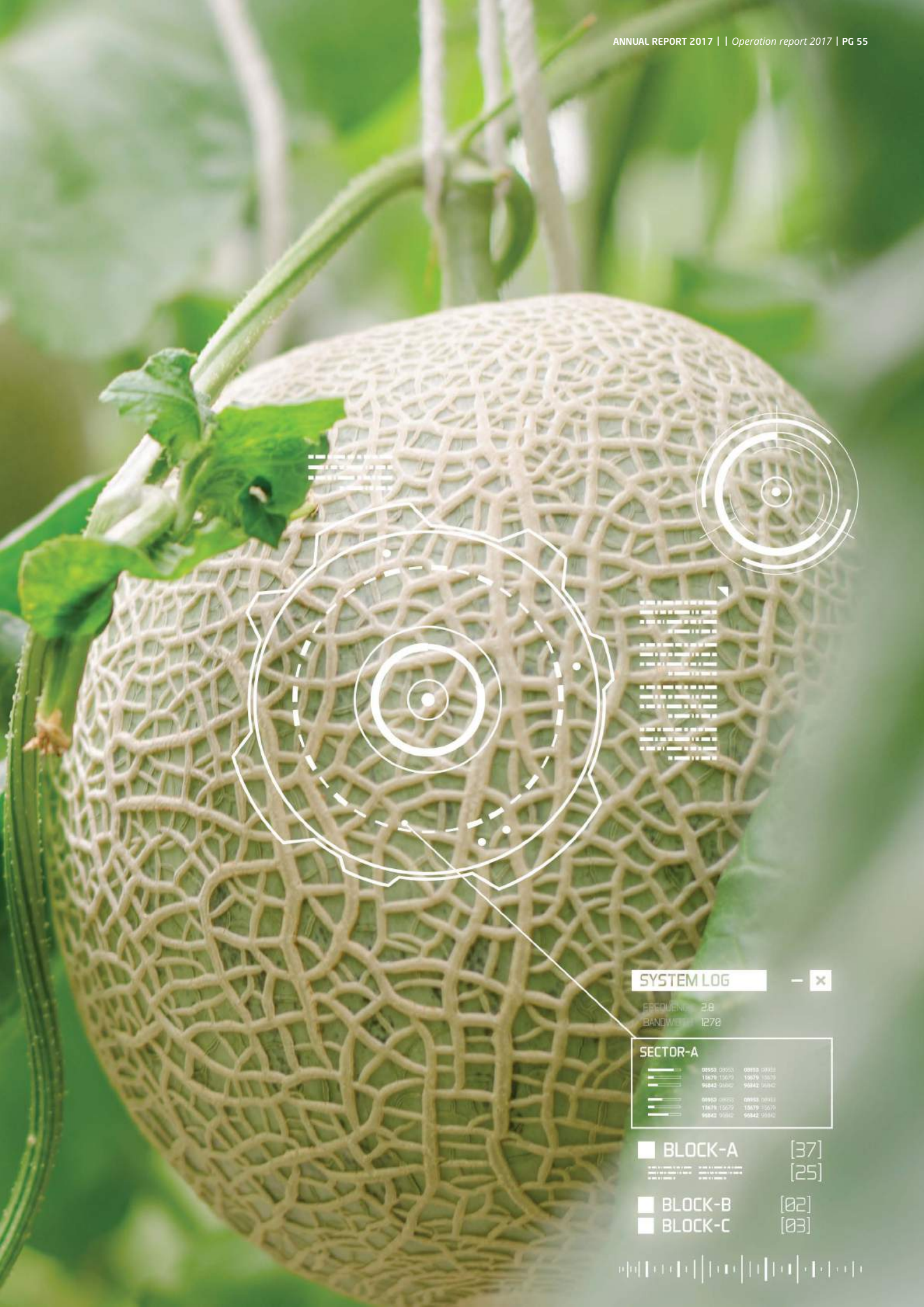
ACTIVITIES OF THE BOARD OF DIRECTORS IN 2017



NON GMO



100% NATURAL



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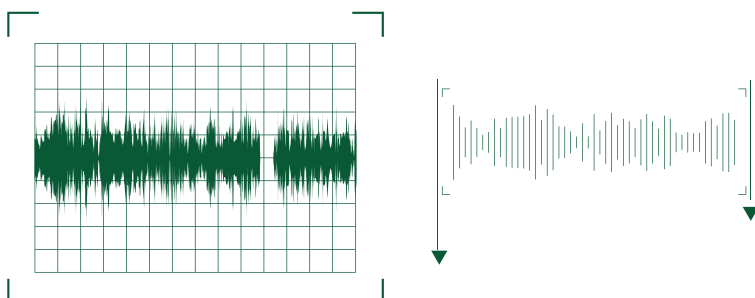
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# Business window in 2017

## Opportunity

- Vietnam's agriculture sector saw a considerable recovery of 2.9% in 2017 (compared with 2016 growth of 1.36%), accounting for 0.44 bp of national economic growth.
- Company's international cooperation was highly supported, leading to potential opportunities for cooperation on research and trade
- Company's new product lines were in high demand by the market.
- Government's emphasizing on agriculture development with regulations that brought about opportunities





## Risk

Climate across the country was harsh and unpredictable with 16 storms in the East Sea. 7 of which had a direct impact on Vietnam. Over 350.000 hectare of crops were affected.

Regarding rice crops:

- Production area: 7.72 million hectares. shrunk by 26.1 thousand hectares from 2016..
- Output: 42.84 million tons. falling by 318.3 thousand tons from 2016.
- Production capacity: 5.55 tons/hectare. decreasing by 20 kilograms/ha

Climate change had a negative impact on the company's production. maize crops were unable to harvest while inventory was behind.



In 2017, the subsidiary company: Southern Seed Corporation (SSC) has comprehensively innovated in management, production and business, product development, especially research.

# OVERVIEW OF OPERATIONS AND BUSINESS PERFORMANCE IN 2017

Evaluate on company's operation in 2017:

## BUSINESS RESULTS

- Output: 65,000 tons of seed products, seeing a 23% growth rate.
- Market share: 13.5% nation-wide.
- Number of level 1 distributors: 1,436
- Production percentage of patented products: 70%.
- Revenue: 1,512 billion VND, meeting 100% target, 13.7% growth rate compared last year same period.
- After-tax profit: 234.6 billion VND, 102.7% of target, 21.9% growth rate compared last year same period.
- EPS: 13,792 dong/share, 20.3% growth rate compared last year same period.

## PRODUCTION

Met market demand with 18,530 hectare of production area, seed output of 62,608 tons.

## HIGHLIGHTS IN 2017

Strong growth with strengthened cooperation with foreign companies:

- Cooperation with multinational corporation: Sojitz group, Nagoya group, Simeiz to evaluate capacity and quality of production, to produce and package following the Japanese standards, design packaging for Japonica rice products for domestic consumption and exportation.
- Implementation of Farm Record tracibility software.
- Cooperation with the Agricultural Technology Institute and foreign partners in research, selection, evaluation and trial productions of new breeds on the basis of sharing ownership and benefit proportionating to revenue, 10 type of breeds of rice were developed and showed potential for mass production in the next year.

Subsidiaries: Southern Seed Corporation JSC ("SSC") has completely restructured its organization, production, business, research and development. The company has registered two new breeds Kim Cuong 111 và Dai Thom 8, increasing the weight of technology-embedded products to 70%, bringing about income tax benefit. Moreover, in the first crop season, SSC produced 8,000 tons of new seeds, increasing the company's market share in the Mekong Delta region to 4.5 %.



# FINANCIAL HIGHLIGHTS

## Results of operations in 2017 - Holding company

| TARGETS           | Unit   | Target 2017 | Actual 2017 | Actual 2016 | Act./Tar. | Act.2017/Act.2016 |
|-------------------|--------|-------------|-------------|-------------|-----------|-------------------|
| REVENUE           | MN VND | 900.000     | 944.733     | 821.997     | 105.0%    | 114.9%            |
| GROSS PROFIT      | MN VND |             | 370.514     | 331.816     |           | 111.7%            |
| PROFIT AFTER TAX  | MN VND | 189.000     | 189.821     | 187.186     | 100.4%    | 101.4%            |
| ROS (PROFIT/SALE) | %      | 21.0%       | 20.1%       | 22.8%       | 95.7%     | 88.2%             |
| EBIT              | MN VND |             | 206.178     | 204.493     |           | 100.8%            |
| EBITDA            | MN VND |             | 223.072     | 222.102     |           | 100.4%            |
| ROA               | %      |             | 13.4%       | 15.0%       |           | 89.3%             |
| ROE               | %      |             | 18.2%       | 20.0%       |           | 91.0%             |

## The liquidity measurements of the holding company in 2017

| INDICATORS  | Unit  | Actual 2017 | Actual 2016 |
|---|-------|-------------|-------------|
| CASH RATIO<br>(CASH & CASH EQUIVALENTS / CURRENT LIABILITIES)                       | Times | 0.31        | 0.44        |
| CURRENT RATIO<br>(CURRENT ASSETS / CURRENT LIABILITIES)                             | Times | 1.50        | 1.56        |
| QUICK RATIO<br>(CURRENT ASSETS - INVENTORY) / CURRENT LIABILITIES                   | Times | 0.93        | 0.87        |
| CASH RATIO (CASH & CASH EQUIVALENTS + MARKETABLE SECURITIES) / CURRENT LIABILITIES) | Times | 0.31        | 0.44        |



## Results of operation in 2017 - Consolidated Business:

| TARGETS                             | Unit      | Target 2017 | Actual 2017 | Actual 2016 | Act./Tar. | Act.2017/Act.2016 |
|-------------------------------------|-----------|-------------|-------------|-------------|-----------|-------------------|
| REVENUE                             | MN VND    | 1.514.000   | 1.512.602   | 1.330.783   | 100%      | 113.7%            |
| GROSS PROFIT                        | MN VND    |             | 560.718     | 499.065     |           | 112.4%            |
| PROFIT BEFORE TAX                   | MN VND    |             | 255.595     | 214.091     |           | 119.4%            |
| PROFIT AFTER TAX                    | MN VND    | 228.500     | 234.615     | 192.460     | 102.7%    | 121.9%            |
| PROFIT AFTER TAX OF HOLDING COMPANY | MN VND    | 194.600     | 210.797     | 175.205     | 108.3%    | 120.3%            |
| ROS (PROFIT/SALE)                   | %         | 15.1%       | 15.5%       | 14.5%       | 102.6%    | 106.9%            |
| EBIT                                | MN VND    |             | 263.246     | 226.484     |           | 116.2%            |
| EBITDA                              | MN VND    |             | 295.810     | 258.668     |           | 114.4%            |
| ROA                                 | %         |             | 15.0%       | 12.9%       |           | 116.3%            |
| ROE                                 | %         |             | 22.2%       | 17.7%       |           | 125.4%            |
| EPS                                 | VND/SHARE |             | 13.792      | 10.316      |           | 133.6%            |

## The growth rate of the consolidated business

| GROWTH RATE   | 2017/2016 |
|---|-----------|
| REVENUE   | 114%      |
| GROSS PROFIT  | 112%      |
| PROFIT AFTER TAX                                    | 122%      |
| PROFIT AFTER TAX OF SHAREHOLDERS OF HOLDING COMPANY | 120%      |
| ROS   | 107%      |
| EBIT  | 116%      |
| EBITDA  | 114%      |
| ROA   | 116%      |
| ROE   | 125%      |
| EPS   | 133%      |

### Management efficiency indicators of consolidated business:

| INDICATORS                               | Unit   | 2017      | 2016      | 2017/2016 |
|--|--------|-----------|-----------|-----------|
| TOTAL ASSETS                             | MN VND | 1.561.421 | 1.486.530 | 105.0%    |
| TOTAL EQUITY                             | MN VND | 1.059.271 | 1.085.675 | 97.6%     |
| INVENTORY TURNOVER (COGS/INVENTORY)      | TURN   | 3.00      | 2.42      | 124.0%    |
| RECEIVABLE TURNOVER (REVENUE/RECEIVABLE) | TURN   | 4.24      | 4.93      | 86.0%     |
| ASSET TURNOVER (REVENUE / TOTAL ASSETS)  | TURN   | 0.97      | 0.90      | 107.8%    |

### The capital structure of consolidated business in 2017:

| INDICATORS   | Unit   | 2017      | 2016      |
|--|--------|-----------|-----------|
| LIABILITIES  | MN VND | 502.150   | 400.854   |
| OWNER EQUITY                                       | MN VND | 1.059.271 | 1.085.675 |
| TOTAL CAPITAL                                      | MN VND | 1.561.421 | 1.486.530 |
| DEBT-EQUITY RATIO (TOTAL LIABILITIES/TOTAL EQUITY) | %      | 47.4%     | 36.9%     |
| EQUITY MULTIPLIER (TOTAL ASSETS/TOTAL EQUITY)      | %      | 147.4%    | 136.9%    |

### The liquidity measurements of the consolidated business:

| INDICATORS  | Unit  | Actual 2017 | Actual 2016 | 2017/2016 |
|---|-------|-------------|-------------|-----------|
| CASH RATIO<br>(CASH & CASH EQUIVALENTS / CURRENT LIABILITIES)                         | Times | 0.41        | 0.50        | 82%       |
| CURRENT RATIO<br>(CURRENT ASSETS / CURRENT LIABILITIES)                               | Times | 1.89        | 2.24        | 84%       |
| QUICK RATIO<br>(CURRENT ASSETS - INVENTORY) / CURRENT LIABILITIES                     | Times | 1.20        | 1.27        | 94%       |
| CASH RATIO (CASH & CASH EQUIVALENTS +<br>MARKETABLE SECURITIES) / CURRENT LIABILITIES | Times | 0.41        | 0.50        | 82%       |



# MANAGEMENT REPORT OF BOARD OF DIRECTORS IN 2017

## BOARD OF DIRECTORS' MEETINGS IN 2017

NUMBER OF MEETINGS: 4

NUMBER OF WRITTEN COMMENTS: 3

### INFORMATION ON THE MEETINGS OF THE BOARD OF DIRECTORS FOR 2017-2021 TERM:

| TT | MEMBERS OF BOD          | POSITION                  | STARTING DAY | ATTENDANCE | PERCENTAGE | Note                         |
|----|-------------------------|---------------------------|--------------|------------|------------|------------------------------|
| 1  | Ms. Tran Kim Lien       | Chairwoman cum CEO        | 19/3/2012    | 4/4        | 100%       |                              |
| 2  | Ms. Le Thi Le Hang      | Vice Chairwoman           | 19/3/2012    | 4/4        | 100%       | Non-executive members        |
| 3  | Ms. Nguyen Thi Tra My   | Board member              | 21/3/2013    | 4/4        | 100%       | Non-executive members        |
| 4  | Mr. Nguyen Khac Hai     | Board member              | 19/3/2012    | 4/4        | 100%       | Non-executive members        |
| 5  | Mr. Tran Dinh Long      | Board member              | 19/3/2012    | 4/4        | 100%       | Non-executive members        |
| 6  | Mr. Do Ba Vong          | Board member & Deputy CEO | 19/3/2012    | 4/4        | 100%       |                              |
| 7  | Mr. Nguyen Quang Truong | Board member & Deputy CEO | 18/4/2017    | 2/4        | 50%        | (*) Appointed from 18/4/2017 |

(\*) Pursuant to Resolution 26/NQ-ĐHĐCĐ signed on 18/4/2017 during the annual general meeting, a new Board of Directors was elected, consisting of 6 existing members and 1 newly elected board member - Mr. Nguyen Quang Truong, increasing Board of Directors' size to 7 members.

## RESOLUTIONS, DECISIONS ISSUED BY THE BOARD OF DIRECTORS IN 2017

| No. | RESOLUTION NUMBER | DATE       | Content   |
|-----|-------------------|------------|---|
| 1   | 01/BC-CTG         | 01/01/2017 | Report on company management in the last 6 months period and entire year of 2016  |
| 2   | 05/NQ-CTG-HDQT    | 09/01/2017 | <p>Confirming the time, place and content of the annual meeting in 2016.</p> <p>Confirming the plan to distribute profits in 2016 for submission to the Annual General Meeting of Shareholders in 2017.</p> <p>Confirming the report on payment of business salary, remuneration, and bonus for the Board of Directors, Board of Supervisors in 2016 and the plan for payment in 2017 for submission to the Annual General Meeting of Shareholders for 2017.</p> <p>Passing the Statement of mandate to select auditing company for financial year 2017 and to submit to the Annual General Meeting of Shareholders 2017.</p> <p>Approving to submit to the Annual General Meeting of Shareholders for the year 2017 Report to the Chairman cum CEO.</p> <p>Approving the plan to increase the ownership stake in Southern Seed Joint Stock Company.</p> <p>Approval of Report on business and development result in 2016. Report on management result 2012-2016, operation plans for 2017.</p> |
| 3   | 19/NQ-CTG-HDQT    | 27/3/2017  | <p>Approval of the agenda of 2017 annual general meeting</p> <p>Approval of the materials of 2017 annual general meeting</p> <p>Approval of the foundation of a branch: Vinaseed - Branch of agriculture product trading</p> <p>Addition of 2 members to Board of Directors and assignment of Mr. Nguyen Quang Truong as Vice chairman in charge of R&amp;D and International Cooperation, Mr. Pham Trung Dung as Vice Chairman in charge of System Management.</p>   |
| 4   | 22/QĐ-CTG-HDQT    | 01/04/2017 | Consent by Chair of Board of Management regarding assignment of Mr. Nguyen Quang Truong as Vice chairman in charge of R&D and international cooperation   |
| 5   | 23/QĐ-CTG-HDQT    | 01/04/2017 | Consent by Chair of Board of Management regarding assignment of Mr. Pham Trung Dung as Vice Chairman in charge of System Management.  |
| 6   | 32/NQ-CTG-HDQT    | 22/06/2017 | Consensus by Board of Management on the foundation of a Vinaseed - Hanoi Branch   |
| 7   | 647/BC-CTG        | 07/07/2017 | Report on the company's management...   |
| 8   | 38/NQ-CTG-HDQT    | 17/07/2017 | Thông qua việc chi trả nốt cổ tức đợt 2 năm 2016 cho cổ đông hiện hữu bằng tiền mặt, tỷ lệ chi trả: 15%/CP.   |
| 9   | 46/NQ-CTG-HDQT    | 06/12/2017 | Approval on the second dividend cash payout of the year 2016. Payout rate: 15% of share price   |
| 10  | 50/NQ-CTG-HDQT    | 22/12/2017 | Approval on the first dividend cash payout of the year 2017   |
| 11  | 52/NQ-CTG-HDQT    | 22/12/2017 | Approval by the Board of Management of the dissolution of the Mekong Delta starting 01/01/2018 to restructure member division of NSC, transfer the business over the Mekong Delta area over to SSC  |

## THE ACTIVITIES OF THE DEPARTMENT UNITS IN 2017

### DEPARTMENT OF MANAGEMENT, HUMAN RESOURCE AND COMPLIANCE:

- Participate in organizing the 2017 annual general
- Provide compliance advisory, announce information, regulation drafts, internal management regulation.
- Participate in developing restructuring plan for SSC, NSC, transferring SSC Hanoi, SSC Mekong Delta branch, establishing Agricultural Trading branch.
- Supervise development of human resource, sourcing human capital for the development of the Company.

### DEPARTMENT OF INVESTMENT:

- Set development strategies for the period of 2017-2021, and 2025 vision.
- Construct, implement and supervise company's investments and basic constructions .
- Participate in equity investment plan at SSC.

### SCIENTIFIC AND TECHNOLOGICAL RESEARCH AND APPLICATION:

- Propose strategies for scientific research, direct, and supervise the implementation of the strategies.
- Advice on investing and managing facility and human resource for research and development. Advice on pricing for science research patents in the technology transfer process.
- Provide information support about agriculture technology advancements, guide company's research activities.
- Search and introduce research and development partners.
- Evaluate and gauge research results.



## Mangament Training

At the moment the company has acquired 3 certificates of business management. In 2017, company representatives have completed all trainings on publishing protocols and information announcement regulations by State Securities Commission and the Ho Chi Minh City Stock Exchange.

List of certified personnels

| Name                    | POSITION                    |
|-------------------------|-----------------------------|
| Mr. Nguyen Khac Hai     | Board member                |
| Mr. Nguyen Quang Truong | Board member. Vice chairman |
| Mr. Pham Trung Dung     | Vice chairman               |

## DIRECTION. SUPERVISION OF THE BOARD OF DIRECTORS TO BOARD OF MANAGEMENT

The Board of Directors has guided and carried out regular and quarterly supervision activities for the executive apparatus to ensure the Company's operation in accordance with the development orientation and comply with the provisions of law. . Company rules:

- Direct and supervise the implementation of resolutions of the General Assembly of Shareholders. BoM resolutions.
- Direct and supervise investment activities of projects. urge the Board of Directors in implementing the business plan. investment in capital construction in 2017 in accordance with the Annual General Meeting of Shareholders.
- To direct the strict implementation of the financial reporting regime. the periodical or extraordinary management reports at the request of the State Securities Commission and the Ho Chi Minh City Stock Exchange to ensure the provision of transparent and fair information among shareholders. Respect the interests of the parties concerned. The resolutions of the General Meeting of Shareholders. the Board of Directors and relevant information are publicly disclosed in the SSC's IDS software. sent to the SSC. the Ho Chi Minh City Stock Exchange. and posted on the company's website in accordance with the disclosure requirements. Information of the SSC and Regulations of the Stock Exchange. HCM.

## REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY IN 2017 AS AT 31/12/2017

| INDICATORS                                      | TITLE                     | PLAN                 | SPENT                |
|---|---------------------------|----------------------|----------------------|
| <b>Remuneration of the Board of Directors</b>   |                           | <b>1.200.000.000</b> | <b>1.200.000.000</b> |
| Tran Kim Lien                                   | Chairwoman                | 178.881.988          | 178.881.988          |
| Le Thi Le Hang                                  | Vice-Chairwoman           | 178.881.988          | 178.881.988          |
| Nguyen Thi Tra My                               | Board member              | 178.881.988          | 178.881.988          |
| Nguyen Khac Hai                                 | Board member              | 178.881.988          | 178.881.988          |
| Tran Dinh Long                                  | Board member              | 178.881.988          | 178.881.988          |
| Do Ba Vong                                      | Board member              | 178.881.988          | 178.881.988          |
| Nguyen Quang Truong                             | Board member              | 126.708.072          | 126.708.072          |
| <b>Remuneration of the Board of Supervisors</b> |                           | <b>250.000.000</b>   | <b>250.000.000</b>   |
| Nguyen Khanh Quynh                              | Head of Superviosry Board | 83.333.334           | 83.333.334           |
| Do Tien Sy                                      | Member                    | 83.333.333           | 83.333.333           |
| Nguyen Tuan Anh                                 | Member                    | 83.333.333           | 83.333.333           |

# DEVELOPMENTAL STRATEGY FOR THE 2018-2021 PERIOD

## FACTORS AFFECT THE STRATEGY FOR DEVELOPMENT OF THE COMPANY 2018 - 2021

### Challenges:

- Competitive pressures from foreign corporations
- (They are the strong opponent at product quality, financial health and marketing activities and market development).
- The process of urbanization and industrialization and reassign agricultural workers in labor leads to quality in agriculture decline.
- Price subsidy, subsidy policies, protection policies of some localities.
- The forecast of rice production is difficult, prices of agricultural products continue to decline, high input prices => difficulties in production
- New field of business - agro-product business which is challenging as many strong competitors in products and markets.
- Uncertainty about suppliers, especially in the manufacturing sector.
- The rapid changes of technology in the world, the product life cycle is increasingly short, the development of GMO products.

### Opportunities:

- Market is expanding due to the change of society and habitat, increasing in social intellectual, improvement of income level which lead to change in purchasing behavior, increase use of seed products
- Opportunities for business cooperation to countries in the region is growing as Vietnam officially joins the international trade mark.
- Macroeconomic policies of the Party and State in the period 2016-2020 focus on agricultural development towards the production of goods and agricultural products of high technology, Require restructuring agriculture towards commodity production and export oriented quality products.
- Differentiation and rejection merger of small businesses.
- Advanced management system with international standards, young manpower with good morale and attitude, self-control, professional skill and the ability to adapt well
- A wide, diverse, multi-unit distribution channel system, fast response capability.
- Strong financial strength.





## STRATEGIC OBJECTIVES 2018 - 2021

### VISION

Vinaseed strives to be the leading provider of sustainable agricultural development solutions in Vietnam, realizing the dream of improving the incomes and living conditions of Vietnamese farmers.

### OBJECTIVES

#### Orientations for the development of the period 2018 - 2021:

- Focusing on developing the core professions that produce and trade in plant seeds.
- Trading in agro-products in the value chain and developing high-tech agriculture.
- Trading in agricultural materials.
- Transferring technology and providing sustainable farming solutions.

#### Target for 2021 - Consolidated business

- Maintaining an after-tax profit growth rate of 20% per year.  
Reaching the growth rate of market share, output, and revenue of copyright products at 16% / year.
- Holding the firm position of Vietnam's leading plant breeding company.





# REPORT OF THE BOARD OF MANAGEMENT 2017

## Current situation

### ADVANTAGE:

- Increased international cooperation activities, bringing about opportunities for cooperation on research and development
- The Company owns high quality products that have strong market position. New products are well accepted by market.
- Government have many supports for the agriculture sector's development.
- Strong spirit and trust in company and leadership team.

### DIFFICULTY:

- Climate across the country was harsh and unpredictable with 16 storms in the East Sea, 7 of which had a direct impact on Vietnam. Over 350,000 hectare of crops were affected. Climate change had a negative impact on the company's production, maize crops were unable to harvest while inventory was shortage.

In particular:

- Output: 42.8 million tons, falling by 318.3 thousand tons from 2016.
- Production area: 7.72 million hectares, shrunk by 26.1 thousand hectares from 2016.
- Production capacity: 5.55 tons/hectare, decreasing by 20 kilograms/ha.
- 350,000 hectares of crops were affected, damage estimated 60,000 billion VND
- Larger company scale with a broad range of business that demanded for qualified mid-level staff.

## Business performance in 2017

Business results in 2017 of holding company:

| INDICATORS           | Unit   | Target 2017 | Actual 2017 | Actual 2016 | Actual/Target | Actual 2017/2016 |
|----------------------|--------|-------------|-------------|-------------|---------------|------------------|
| REVENUE              | MN VND | 900.000     | 944.733     | 821.997     | 105.0%        | 114.9%           |
| GROSS REVENUE        | MN VND |             | 370.514     | 331.816     |               | 111.7%           |
| PROFIT AFTER TAX     | MN VND | 189.000     | 189.821     | 187.186     | 100.4%        | 101.4%           |
| ROS (PROFIT/REVENUE) | %      | 21.0%       | 20.1%       | 22.8%       | 95.7%         | 88.2%            |
| EBIT                 | MN VND |             | 206.178     | 204.493     |               | 100.8%           |
| EBITDA               | MN VND |             | 223.072     | 222.102     |               | 100.4%           |
| ROA                  | %      |             | 13.4%       | 15.0%       |               | 89.3%            |
| ROE                  | %      |             | 18.2%       | 20.0%       |               | 91.0%            |

**THE LIQUIDITY MEASUREMENTS OF HOLDING COMPANY:**

| INDICATORS   | Unit | Actual 2017 | Actual 2016 |
|--|------|-------------|-------------|
| CASH RATIO<br>(CASH & CASH EQUIVALENTS / CURRENT LIABILITIES)                          | Time | 0.31        | 0.44        |
| CURRENT RATIO<br>(CURRENT ASSETS / CURRENT LIABILITIES)                                | Time | 1.50        | 1.56        |
| QUICK RATIO<br>(CURRENT ASSETS - INVENTORY) / CURRENT LIABILITIES                      | Time | 0.93        | 0.87        |
| CASH RATIO (CASH & CASH EQUIVALENTS + MARKETABLE SECURITIES) /<br>CURRENT LIABILITIES) | Time | 0.31        | 0.44        |

**RESULTS BUSINESS ACTIVITIES IN 2017 - CONSOLIDATED BUSINESS:**

| INDICATORS  | Unit           | Target 2017 | Actual 2017 | Actual 2016 | Actual/Target | Actual<br>2017/2016 |
|---|----------------|-------------|-------------|-------------|---------------|---------------------|
| REVENUE   | MN VND         | 1,514,000   | 1,512,602   | 1,330,783   | 100%          | 113.7%              |
| GROSS PROFIT  | MN VND         |             | 560,718     | 499,065     |               | 112.4%              |
| PROFIT BEFORE TAX                                     | MN VND         |             | 255,595     | 214,091     |               | 119.4%              |
| PROFIT AFTER TAX                                      | MN VND         | 228,500     | 234,615     | 192,460     | 102.7%        | 121.9%              |
| AFTER-TAX PROFIT OF HOLDING<br>COMPANY'S SHAREHOLDERS | MN VND         | 194,600     | 210,797     | 175,205     | 108.3%        | 120.3%              |
| ROS (PROFIT/REVENUE)                                  | %              | 15.1%       | 15.5%       | 14.5%       | 102.6%        | 106.9%              |
| EBIT  | MN VND         |             | 263,246     | 226,484     |               | 116.2%              |
| EBITDA  | MN VND         |             | 295,810     | 258,668     |               | 114.4%              |
| ROA   | %              |             | 15.0%       | 12.9%       |               | 116.3%              |
| ROE   | %              |             | 22.2%       | 17.7%       |               | 125.4%              |
| EPS   | VND/<br>shares |             | 13.792      | 10.316      |               | 133.6%              |

## PRODUCTION ACTIVITY

Climate change posed challenges on production and storage, increasing production cost. Production was unable to keep up with the demand, especially of exclusive products, greatly affecting business efficiency.

| INDICATORS             | Unit | Actual | Actual | Actual<br>2017/2016 |
|------------------------|------|--------|--------|---------------------|
| Size                   | Ha   | 18,530 | 13,372 | 139%                |
| Quantity               | Tons | 62,608 | 46,447 | 135%                |
| OF WHICH: HYBRID SEEDS | Tons | 5,062  | 3,087  | 163%                |

### Results of research and technology transfer activities in 2017

- Officially announced Dai thom 8 and Kim cuong 111 varieties, trial production of HN92 and HN268 maize varieties.
- Selected 8 genuine rice varieties (6 ordinary breeds and 2 glutenous breeds) and 10 crossbreeds that are potential
- Selected 9 breeds of glutenous maize and 2 breeds of ordinary maize. 1 breed of each type will be put into mass production in the 2018 summer-fall season
- Selected 2 breeds of muskmelon, 3 breeds of watermelon, 1 breed of bittermelon, 3 breeds of pumpkin and 1 breed of gourd
- Fully optimized genetic technology for rice breeds that are free of bacterial leaf blight disease. One such breed is Thien uu 8, which shall be fully developed in 2018

In 2017, NSC and SSC ensured patented products accounted for over 80% of production, hence enjoyed corporate tax exemption scheme for science and technology corporates (Decision No 80/2007/ NĐ-CP dated on 19/5/2007 about science and technology enterprises). Amount of corporate tax reduction:

- NSC: 28.45 bn VND.
- SSC: 6.74 bn VND.

**TOTAL TAX EXEMPTED IN 2017: 35.19 BN VND.**

The whole of tax benefit was channeled into the company development fund for research, integration and transfer of technology, and company's infrastructure.

### International Corporation:

- Cooperation with multinational corporation: Sojitz group, Nagoya group, Simeiz to evaluate capacity and quality of production, to produce and package following the Japanese standards, design packaging for lines of Japonica rice products for domestic consumption and export
- Implemented Farm Record - software system for tracibility of products
- Cooperated with Quangxi Agriculture Technology Institute and other partners from China in research, selection and evaluation of new breeds on the basis of shared utilization and shared ownership of patent proportionate of 10-12% of revenue. Recently 10 crossbreeds and pure breeds of rice are deemed potential for next year's mass production

### Corporate Governance:

#### 1. Restructuring:

- Consolidated organization and staff of Hanam Hightech, R&D, NSHC, established branch of agricultural products, receiving the Hanoi branch, handing over the Mekong Delta branch.
- Perfected compensation, bonus and internal evaluation scheme, adding salary scale and insurance scheme pursuant to new regulation, enacted new management system Hanam Hi-tech.

2. Established Vinaseed's corporation identify program, video clip and catalogue to promote muskmelon.

3. Successfully organized 2017 annual general meeting

4. Implemented online staff management software, tracibility software and sale tracking software.

**ACTIVITIES OF SUBSIDIARIES IN 2017:**

## SOUTHERN SEED JOINT STOCK COMPANY (SSC)

| INDICATORS        | Unit   | Target 2017 | Actual 2017 | Actual 2016 | Actual/Target | Actual 2017/2016 |
|-------------------|--------|-------------|-------------|-------------|---------------|------------------|
| Sale volume       | TONS   | 27,763      | 25,194      | 15,870      | 91%           | 159%             |
| Revenue           | MN VND | 522,419     | 550,546     | 436,958     | 105%          | 126%             |
| Gross revenue     | MN VND | 152,460     | 163,303     | 127,633     | 107%          | 128%             |
| Profit before tax | MN VND | 48,701      | 74,122      | 45,204      | 152%          | 164%             |
| Profit after tax  | MN VND | 43,072      | 64,681      | 36,145      | 150%          | 179%             |
| Total Asset       | MN VND |             | 433,236     | 394,975     |               | 110%             |
| Total Equity      | MN VND |             | 300,380     | 346,689     |               | 87%              |
| Charter Capital   | MN VND | 149,923     | 149,923     | 149,923     | 100%          | 100%             |

## QUANG NAM NATIONAL SEED JOINT STOCK COMPANY (QSC)::

| INDICATORS        | Unit   | Target 2017 | Actual 2017 | Actual 2016 | Actual/Target | Actual 2017/2016 |
|-------------------|--------|-------------|-------------|-------------|---------------|------------------|
| Sale volume       | TONS   | 5,300       | 4,373       | 4,718       | 83%           | 93%              |
| Revenue           | MN VND | 110,000     | 80,542      | 99,665      | 73%           | 81%              |
| Gross revenue     | MN VND | 27,000      | 21,734      | 23,283      | 81%           | 93%              |
| Profit before tax | MN VND | 12,000      | 11,207      | 10,445      | 93%           | 108%             |
| Profit after tax  | MN VND | 9,600       | 8,921       | 8,245       | 93%           | 108%             |
| Total Asset       | MN VND |             | 38,760      | 36,432      |               | 106.4%           |
| Total Equity      | MN VND |             | 24,026      | 16,684      |               | 144.0%           |
| Charter Capital   | MN VND | 5,000       | 5,000       | 5,000       | 100%          | 100%             |

## HA TAY SEED JOINT STOCK COMPANY(HSC)

| INDICATORS        | Unit   | Target 2017 | Actual 2017 | Actual 2016 | Actual/Target | Actual 2017/2016 |
|-------------------|--------|-------------|-------------|-------------|---------------|------------------|
| Sale volume       | TONS   | 1,100       | 999         | 1,133       | 91%           | 88%              |
| Revenue           | MN VND | 29,700      | 28,467      | 28,774      | 96%           | 99%              |
| Gross revenue     | MN VND | 10,500      | 10,184      | 9,911       | 97%           | 103%             |
| Profit before tax | MN VND | 4,000       | 4,003       | 3,664       | 100%          | 109%             |
| Profit after tax  | MN VND | 3,200       | 3,232       | 2,927       | 101%          | 110%             |
| Total Asset       | MN VND |             | 16,158      | 16,738      |               | 97%              |
| Total Equity      | MN VND |             | 13,745      | 12,457      |               | 110%             |
| Charter Capital   | MN VND | 5,688.9     | 5,688.9     | 5,688.9     | 100%          | 100%             |

**GENERAL ASSESSMENT:**

Amid difficulties, the company has successfully met its targets for 2017:

**Business Results:**

- Revenue: 1,512 billion VND. 13.7% growth
- Consolidated after-tax margin: 234.6 billion VND. equivalent to 102.7% of target. 21.9% growth
- Holding company's after-tax margin: 210.7 billion VND. equivalent to 108.3% target. 120.3% growth

**Satisfactory business management, public debt management that prevented bad debt**



**CONSOLIDATED BUSINESS PLAN IN 2018**

| Indicators  | Unit   | KPI 2018  |
|---|--------|-----------|
| REVENUE   | MN VND | 1,625,000 |
| PROFIT AFTER TAX                                    | MN VND | 256,000   |
| AFTER-TAX PROFIT OF SHAREHOLDERS OF HOLDING COMPANY | MN VND | 217,000   |
| ROS (REVENUE/PROFITS)                               | %      | 15.7%     |
| EBIT  | MN VND | 307,000   |
| EBITDA  | MN VND | 324,000   |
| ROA   | %      | 11.4%     |
| ROE   | %      | 16.5%     |
| EPS   | Đ/CP   | 16,700    |





# HA TAY SEED JOINT STOCK COMPANY

## Company information

Trading name: **Ha Tay Seed Joint Stock Company**  
English company name: **Ha Tay Seed Joint Stock Company**

Business Registration Certificate No. 0500437239 issued by the Hanoi Department of Planning and Investment on 15/11/2010 (9th version).

**Address:** Ba La, Phu Lam Ward, Ha Dong District, Hanoi.  
**Tel:** (043) 3 530 655 / Fax: (043) 3 535 421

## COMPANY HISTORY:

1996: Ha Tay Seed Company was established following Decision No. 997/QD/UB on 17/12/1996 issued by the People's Committee of Ha Tay Province (merged with sericulture Company).

2003: Ha Tay Seed Company was equitized following Decision No. 272/QD-UB on 11/3/2003 issued by the People's Committee of Ha Tay Province with name changed to Ha Tay Seed Company JSC.

## BUSINES AREA

Production, trade, import and export of seed, agricultural products and materials (vegetable seed, agricultural machinery, fertilizer)

Chartered capital (at 31/12/2013) is

# 5,688,900,000

(In words: Five billion six hundred and eighty eight million nine hundred thousand).

- Production, trade, import and export of animal feed
- Trade in machines and equipment
- General Trade Services
- Domestic Travel
- Eco-tourism and other tourism services
- Freight Services

## SUBSIDIARIES

- Phu Luu Te Sericulture and Seed Farm.  
Address: Phu Luu Te Ward, My Duc District, Hanoi.
- Phuong Bang Sericulture and Seed Farm.  
Address: Song Phuong Ward, Hoai Duc District, Hanoi.



## Financial performance in 2017:

| Indicators        | Unit   | Target 2017 | Actual 2017 | Actual 2016 | Actual/Target | Actual 2017/2016 |
|-------------------|--------|-------------|-------------|-------------|---------------|------------------|
| Sale volume       | TONS   | 1,100       | 999         | 1,133       | 91%           | 88%              |
| Revenue           | MN VND | 29,700      | 28,467      | 28,774      | 96%           | 99%              |
| Gross revenue     | MN VND | 10,500      | 10,184      | 9,911       | 97%           | 103%             |
| Profit before tax | MN VND | 4,000       | 4,003       | 3,664       | 100%          | 109%             |
| Profit after tax  | MN VND | 3,200       | 3,232       | 2,927       | 101%          | 110%             |
| Total Asset       | MN VND |             | 16,158      | 16,738      |               | 97%              |
| Total Equity      | MN VND |             | 13,745      | 12,457      |               | 110%             |
| Charter Capital   | MN VND | 5,688.9     | 5,688.9     | 5,688.9     | 100%          | 100%             |



# QUANG NAM NATIONAL SEED JOINT STOCK COMPANY

## Company information

Trading name: **Quang Nam National Seed Joint Stock Company**

English name: **Quang Nam National Seed Joint Stock Company.**

Certificate of business registration codes Corporation 4000107543 issued by the Business Registration - Department of Planning and Investment dated 17/02/2006 in Quang Nam Province. change registration 2nd Day 06/9 / in 2013.

Address: Km 943 1A Highway. Dien Thang Bac Commune. Dien Ban District. Quang Nam Province.

Tel: (0235) 3869455

Fax: (0235) 3869253

E-mail: giongquangnam@gmail.com

## COMPANY HISTORY:

### 2002:

Quang Nam Seed Agriculture and Forestry Company was established following Decision 479/2002/QD-UB dated on 21/02/2002 issued by the Quang Nam People's Committee. merging the Chien Dan Farm (established in 1979) with the Binh Trung Seed Agriculture Experimental Farm (under the Quang Nam Seed Agriculture and Forestry Experimental Center) and the Center National Seed Farm (under the NSC).

Chartered capital (31/12/2017):

**5,000,000,000**

(In words: Five billion Vietnamese Dong)

### 2005:

Quang Nam Seed Agriculture and Forestry JSC was equitized following Decision No. 3595/QD-UB on 26/09/2005 by the People's Committee of Quang Nam Province.

## BUSINESS AREA

- Research and production of agricultural and forestry seed
- Trade in agricultural and forestry seed
- Trade in agricultural materials. wholesale and retail
- Process agricultural products

## SUBSIDIARIES

- Chien Dan Agriculture and Forestry Seed Enterprise. Dan Tam Commune. Phu Ninh District. Quang Nam Province.
- Binh Trung Agricultural Seed Enterprise. Binh Trung Commune. Thang Binh District. Quang Nam Province.

### Financial performance in 2017:

| Indicators        | Unit   | Target 2017 | Actual 2017 | Actual 2016 | Actual/Target | Actual 2017/2016 |
|-------------------|--------|-------------|-------------|-------------|---------------|------------------|
| Sale volume       | TONS   | 5,300       | 4,373       | 4,718       | 83%           | 93%              |
| Revenue           | MN VND | 110,000     | 80,542      | 99,665      | 73%           | 81%              |
| Gross revenue     | MN VND | 27,000      | 21,734      | 23,283      | 81%           | 93%              |
| Profit before tax | MN VND | 12,000      | 11,207      | 10,445      | 93%           | 108%             |
| Profit after tax  | MN VND | 9,600       | 8,921       | 8,245       | 93%           | 108%             |
| Total Asset       | MN VND |             | 38,760      | 36,432      |               | 106.4%           |
| Total Equity      | MN VND |             | 24,026      | 16,684      |               | 144.0%           |
| Charter Capital   | MN VND | 5,000       | 5,000       | 5,000       | 100%          | 100%             |

NSC's ownership of the company: 90.02% of Charter capital



# SOUTHERN SEED JOINT STOCK COMPANY

## Company information

Trading name: **Southern Seed Joint Stock Company (SSC)**  
English name : **SOUTHERN SEED COPORATION (SSC)**

Business registration No.: 0302634683. issued 1st time on 24/06/2002. reissued 8th time on 09/01/2017..

**Address:** 282 Le Van Sy, Ward 1, Tan Binh District, Ho Chi Minh City, Vietnam

**Telephone:** 08.38442414 - Fax: 08.38442387

**Website:** <http://www.ssc.com.vn>

Charter capital (as of 31/12/2015):

# 149,923,670,000

(In words: one hundred forty-nine billion, nine hundred twenty-three million, six hundred seventy thousand dong).

Ownership of NSC at SSC: 74.9% of voting share outstandings



## Company establishment and development

**2016**

Establishing Tan Hiep and Tra Vinh Branch on the basis of Tra Vinh Processing Plant

**2014**

Tra Vinh Processing Factory came into operation, establishing the Vegetable Seed Center

**2012**

The company is recognized as Enterprise of Science and Technology.

**2007**

Increase charter capital to 100 billion VND

**2002**

Equitized into Southern Seed Joint Stock Company with chartered capital of 60 billion VND

**1989**

Establishment of National Seed Company 2

**1978**

Consolidation to become Branch I

**2015**

Establishing Marketing Department, merging Vegetable Seed Center into Southern Seed Research Center.

**2013**

Establishing representative office in Laos and Branch of Vegetable Seed Center - SSC

**2010**

Issuance of additional 4.499.427 bonus shares to existing shareholders. The chartered capital was 149.923.670.000 VND

**2005**

Shares of SSC officially listed at Ho Chi Minh City Securities Trading Center

**1993**

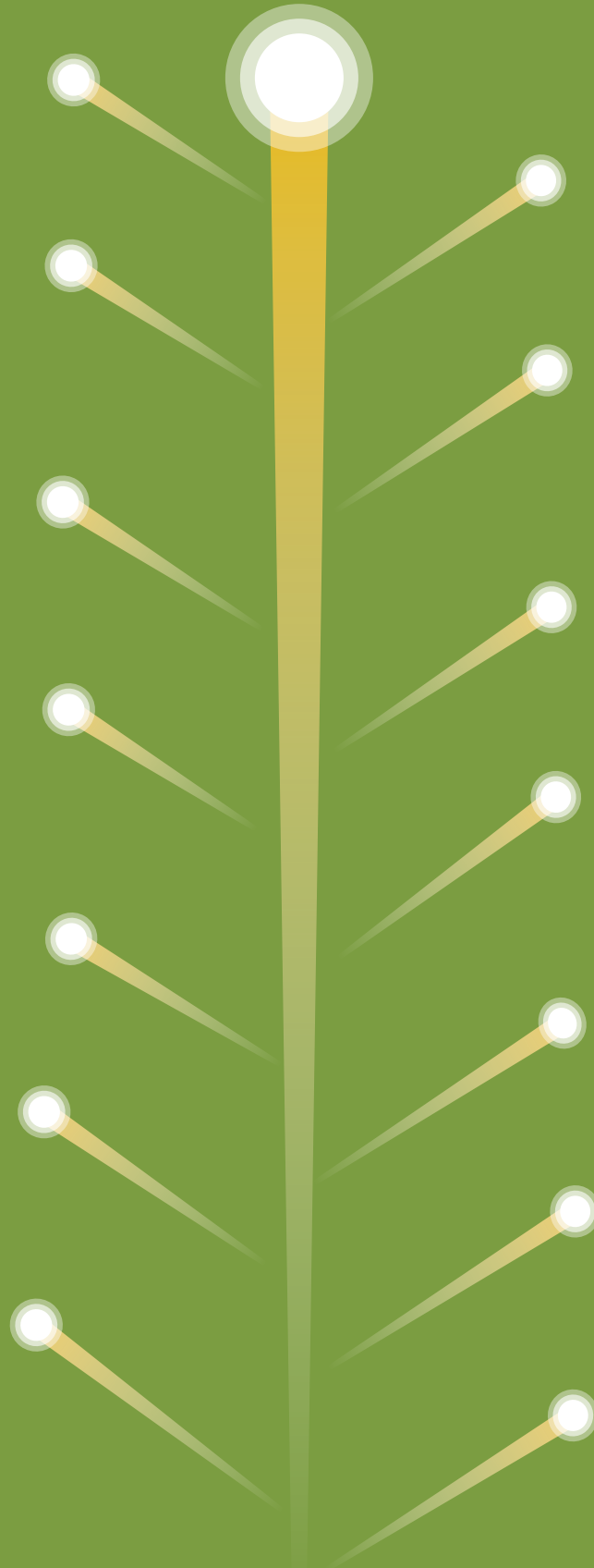
Renamed as Southern Seed Company

**1981**

Change to Seed Company I (directly under the National Seed Company)

**1976**

The company was established with head office located at 282 Le Van Sy, Ward 1, Tan Binh District, Ho Chi Minh City



## Main businesses:

- Research, selection, production and import and export business of plant varieties.
- Production and trading of agricultural products and agricultural materials.

## Branch units:

- Tra Vinh branch
- Red Coat Seed Breeding Branch (Can Tho)
- Station plant seeds Cai Lay (Tien Giang)
- Southern Seed Research Center-SRC (HCMC)
- Seed Station of Cu Chi (HCMC)
- Tan Hiep plant hatcheries (Binh Duong)
- Lam Ha Plant breeding farms (Lam Dong)
- Central Branch (Quang Nam)
- Cambodian branch
- Representative offices Laos

## Subsidiaries

### NAM AN SEED JOINT STOCK COMPANY

- Head office address: Dien Thinh, Dien Chau, Nghe An
- Ngành nghề kinh doanh chính: Mua bán hạt giống, vật tư nông nghiệp, nông sản.
- Chartered capital: 6.000.000.000 VND - SSC owns 70% chartered capital, Southern Mechanical Seed Joint Stock Company

### MECHANICAL JOINT STOCK COMPANY SOUTHERN SEED

- Head office address: 282 Le Van Sy, Ward 1, Tan Binh district, Ho Chi Minh City
- Business:
  - Production of agricultural and forestry machines.
  - Reparation, maintenance and installation of machinery and equipment.
  - Installation of machinery and industrial equipment.
  - Industrial construction, civil construction.
  - Chartered capital: 4.000.000.000 VND - SSC owns 83.74% of charter capital.

## FINANCIAL PERFORMANCE IN 2017:

| Indicators        | Unit   | Target 2017 | Actual 2017 | Actual 2016 | Actual/Target | Actual 2017/2016 |
|-------------------|--------|-------------|-------------|-------------|---------------|------------------|
| Sale volume       | TONS   | 27,763      | 25,194      | 15,870      | 91%           | 159%             |
| Revenue           | MN VND | 522,419     | 550,546     | 436,958     | 105%          | 126%             |
| Gross revenue     | MN VND | 152,460     | 163,303     | 127,633     | 107%          | 128%             |
| Profit before tax | MN VND | 48,701      | 74,122      | 45,204      | 152%          | 164%             |
| Profit after tax  | MN VND | 43,072      | 64,681      | 36,145      | 150%          | 179%             |
| Total Asset       | MN VND |             | 433,236     | 394,975     |               | 110%             |
| Total Equity      | MN VND |             | 300,380     | 346,689     |               | 87%              |
| Charter Capital   | MN VND | 149,923     | 149,923     | 149,923     | 100%          | 100%             |



# HA NAM HI-TECH AGRICULTURAL DEVELOPMENT AND INVESTMENT JOINT STOCK COMPANY

## Business information

Trading name: **HA NAM HI-TECH AGRICULTURE DEVELOPMENT AND INVESTMENT JOINT STOCK COMPANY**

English name: **HANAM HIGH TECH AGRICULTURAL DEVELOPMENT AND INVESTMENT JOINT STOCK COMPANY.**

Short name: **HANAM HI-TECH**

Certificate of Business Registration No.: 0700778275 by Department of Planning and Investment of Ha Nam province on 04/10/2016.

**Address:** Hamlet 2, Nhan Khang Commune, Ly Nhan District, Ha Nam Province.

**Tel:** (0226) 365 2888

**Fax:** (0226) 365 2666

## MAIN BUSINESSES:

Producing, trading and transferring technologies of producing melon and high quality agricultural products and vegetables according to the model of agricultural production.

In 2017 the company officially kick started its business

Chartered capital (as at 31/12/2017):

# 50,000,000,000

(in words: One hundred forty nine billion, nine hundred two three million, six hundred seventy thousand).

NSC's ownership: 100.0% of charter capital



# CORPORATE GOVERNANCE REPORT

BOARD OF SUPERVISORS' REPORT

RISK MANAGEMENT REPORT



NON GMO



100% NATURAL



Hanoi, April 18<sup>th</sup> 2017

# REPORTS FROM THE BOARD OF SUPERVISORY & RISK MANAGEMENT

Following the assigned responsibilities of the Board of Supervisory in the company's policies, in 2017 the Board of Supervisory overwatched the company's production and trade, ensuring compliance of headquarter, branches and subsidiaries to management and direction policies.

Operations of Board of Supervisory in 2017:

- Overwatched the execution and feasibility of the annual general meeting's and board of management's resolutions regarding the company's business in 2017.
- Supervised the announcement of information pursuant to the law.
- Analyzed regular reports by the Board of Directors, checked quarterly, bi-quarterly and annual financial statements, ensuring correctness of data presentation. Cooperated with third-party auditors for the effect of accounting errors on the financial statements.
- Analyzed financial statements from subsidiaries, cooperating companies and joint long term investment and proposed solutions to maximize the utility and return of the company's investment
- Ensured the company's compliance to the law, including taxes, insurance and other financial responsibilities.

In 2017, Board of supervisory received no request to go over any unusual activities from the company's operations

## BOARD OF SUPERVISORY MEETINGS AND MINUTES IN 2017

| No. | Board of Management member | Position                      | Starting date | Number of attended meeting | Percentage | Note                         |
|-----|----------------------------|-------------------------------|---------------|----------------------------|------------|------------------------------|
| 1   | Mr. Nguyễn Khánh Quỳnh     | Board of Supervisory director | 19/3/2012     | 2/2                        | 100%       | Non - executive board member |
| 2   | Mr. Đỗ Tiến Sỹ             | Board of Supervisory member   | 19/3/2012     | 2/2                        | 100%       |                              |
| 3   | Mr. Nguyễn Tuấn Anh        | Board of Supervisory member   | 22/4/2015     | 2/2                        | 100%       | Independent board members    |

| No. | RESOLUTION NUMBER | Date      | Detail   |
|-----|-------------------|-----------|--|
| 1   | BKS-BB-2017-01    | 9/3/2017  | Summary of the board of supervisory's sessions at divisions and branches for Board of Supervisory report |
| 2   | BKS-BB-2017-02    | 20/8/2017 | Summary of the Board of supervisory's session at divisions and branches in the first half of 2017        |

## PLAN IMPLEMENTATION PERFORMANCE

Plan execution: evaluation of the company's revenue, profit, EPS compared with targets below:

### BUSINESS PERFORMANCE IN 2017 - PARENT COMPANY

| No. | Targets          | Unit   | Plan 2017 | Actual 2017 | Actual 2016 | Actual/Plan | Actual 2017/2016 |
|-----|------------------|--------|-----------|-------------|-------------|-------------|------------------|
| 1   | Revenue          | MN VND | 900,000   | 944,733     | 821,997     | 105,0%      | 114,9%           |
| 2   | Profit after tax | MN VND | 189,000   | 189,000     | 187,186     | 100,4%      | 101,4%           |

### BUSINESS PERFORMANCE IN 2017 - CONSOLIDATED

| Targets  | Unit           | Plan 2017 | Actual 2017 | Actual 2016 | Actual/Plan | Actual 2017/2016 |
|--|----------------|-----------|-------------|-------------|-------------|------------------|
| Revenue  | MN VND         | 1,514,000 | 1,512,602   | 1,330,783   | 100%        | 113,7%           |
| Profit after Tax                                   | MN VND         | 228,500   | 234,615     | 192,460     | 102,7%      | 121,9%           |
| After-tax profit of shareholders of parent company | MN VND         | 194,600   | 210,797     | 175,205     | 108,3%      | 120,3%           |
| EPS  | VND/<br>SHARES |           | 13,792      | 10,316      |             | 133,6%           |

- Holding company (NSC) has exceeded the target set at the 2017 general meeting by 14.9% in revenue, achieving 14.9% growth, meeting margin target at 1.4% growth
- Consolidated business truly exceeded after-tax earning target by 8.3%, achieving 20.3 growth. Consolidated gross revenue grew by 13.7%.

## FINANCIAL REPORTING AND ACCOUNTING SYSTEM

Company's financial statement was constructed following accounting standards, current business accounting system of Vietnam and relevant legal regulations:

- 2017 half-year and full-year financial statements were audited by Ernst & Young Vietnam, Ltd.
- 2017 financial statement has truly reflected company's important financial aspects as of 31/12/2017, income and cashflow are pursuant to Vietnam's current business accounting system and relevant legal regulations. Published accounting data saw no significant difference when compared to quarterly unaccounted data and to audited data by Ernst & Young Vietnam.

The company has fully complied to regulations regarding information announcement and audited its financial statements according to the securities law and relevant documents applied to publish company

## ON CARRYING OUT RESOLUTIONS FROM THE GENERAL MEETING AND BY THE BOARD OF MANAGEMENT

- The company has exceeded targets for production and business set by the general meeting and Board of Management for the year of 2017
- Matters of management, information announcement and communication among Board of Management, Board of Directors and Board of Supervisory were in accordance with company's policies and regulations by the State Securities Commission.

## ON THE COLLABORATION OF THE BOARD OF SUPERVISORY, BOARD OF MANAGEMENT AND BOARD OF DIRECTORS

- In 2017, Board of Supervisory was fully collaborated with by the Board of Management, Board of Directors and departments within the company and were reported with adequate relevant information.
- Meeting documents and Board of Management's consensus were delivered to the Board of Supervisory in a timely manner
- The board of supervisory has contributed to the business management matters of the Board of Management, Board of Directors, thereby aided in tackling problems

## ON COMPLIANCE TO THE COMPANY'S POLICIES BY DIVISIONS

- Divisions, branches and offices within the company in general have followed policies and guidelines regarding production, trade, distribution and other operations
- However, there were untackled problem, including that cash transaction still accounted for a considerable portion, leading to a large cash reserve, especially at the end of a fiscal year and at the end of a crop cycle. In addition, estimated loss from production and storage issued in May 2016 were not justifiable given the current situation.

## CONCLUSION AND SUGGESTION

- In 2017, the Board of Management and Board of Directors has successfully met the targets set at the general meeting, maintaining healthy growths in production and business of the company. Board of Management and Board of Directors have acted according to their assigned responsibility, pursuant to business law, company's policies and annual meeting's resolutions.
- Board of Supervisory urges the company's management committee to update the depreciation loss from production and storage according to current situation at production divisions. In addition, it is essential that the company minimizes cash transactions, especially with distributors to minimize risk arising from cash transactions and from having a larger than necessary cash reserve.

**Best Regards!**

ON BEHALF OF BOARD OF SUPERVISORS



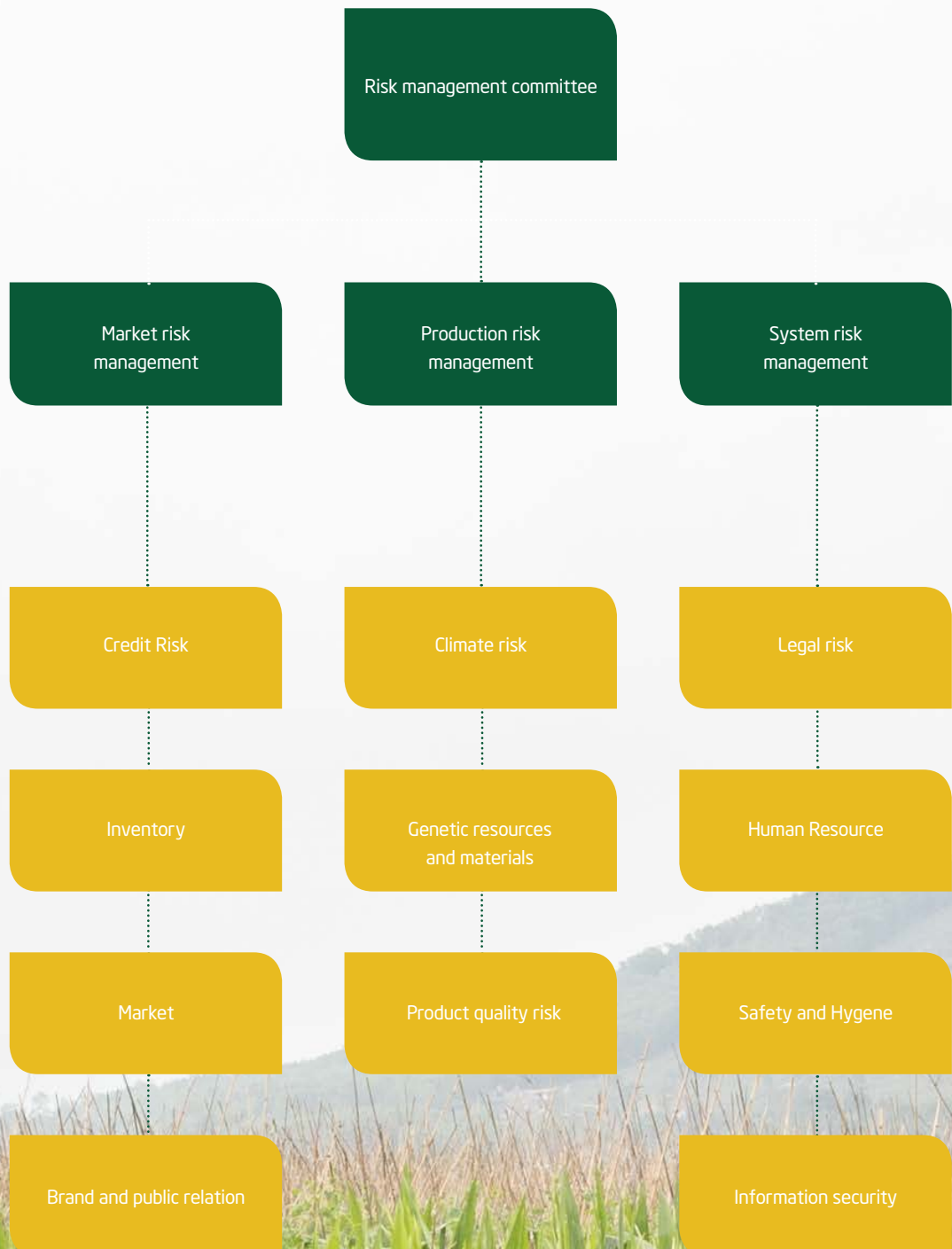
NGUYỄN KHÁNH QUỲNH



# REPORT ON RISK MANAGEMENT

Vinaseed constructs its risk management framework according the COSO standard. Vinaseed's risk management system (consist of policy system, risk management protocols, internal supervisory committee, emergency committee, labor safety committee, ...) was established to analyze and evaluate possible risks, optimize the risk-opportunity correlation and deal with bad situations to achieve business targets.

## RISK MANAGEMENT SYSTEM





## RISK MANAGEMENT PROTOCOLS

### ESTABLISHING RISK MANAGEMENT ENVIRONMENT:

- Establishing a working regulation system (policy and guideline system and business ethics)
- Defining core values (vision, mission, core values and strategy)
- Establishing company's structure
  - + Ensure consistency between business mission and company's structure
  - + Make transparent of responsibilities, authorities and relationships within the company.
  - + Establish a staff body of good ethics, capability, passion and adaptability
  - + Establish a management reporting system to ensure good communication within the company
- Establishing a risk management and supervisory system

### RISK MANAGEMENT:

- Establish protection layers, focusing on important risk management activities
- Establish risk prevention centers
- Utilize risk prevention measures. Establish standards for internal control.
- Post-evaluation improvement process and report on prevention result
- Establish a supervisory system: supervise on a frequent basis for effective system operation

### DETERMINING RISK APPETITE FOR EACH OPERATION:

Risks and rewards are correlated, so the company needs to analyze all types of risks, and risk tolerance in a controlled and careful manner, ensuring a reasonable balance of controlled cost and risk appetite to achieve business target

### IDENTIFY AND EVALUATE RISK:

Break down company's operation to identify and evaluate risks:

- Base on current situation to identify risks
- Identify risk arising from each operation with 3 components: cause - risk - effect to construct a list of possible risk. Evaluate on the frequency and degree of effect of risks to determine the suitable solution to tackle each and every issue.
- Determine important success elements to focus on risk management

### COMMUNICATION RISK

- Set up a suitable risk communicating system and a information feedback protocol within the company
- Educate the entire staff body on purpose, responsibility and measures for risk management

Amidst the many risks in the market, Vinaseed strictly adheres to the law, setting up a system of policies and protocols to supervise and ensure staff's good compliance and ethics.

Continuously improving work flow and management efficiency, Vinaseed actively identifies and proposes measures to deal with possible risks that may arise within the organization:

## Primary risks

### LEGAL RISK:

Vinaseed's operations are under the effect of business law, securities law, investment law and other relevant legal documents. Vietnam's legal framework is under the process of establishment, so there are frequent amendments. Vinaseed has systemized relevant legal document to ensure the honor of law for all business activities:

- Systemize regulations under business law and securities law
- System of regulations regarding information announcement
- System of legal document pertinent to seed
- Legal system regarding intellectual property
- Legal system regarding environmental matters, waste management, chemical and fire hazard
- Labor code system
- System of supporting regulations and policies for agriculture and technology business

Vinaseed always honors and strictly adheres to the Vietnam's law, avoiding illegal social or political activities

### CLIMATE RISKS

Climate is one of the key risks that directly affect the company's production and farmers' plantation, playing a defining role in the quality and production capacity of Vinaseed. To tackle these issues, Vinaseed has proposed measures against the harsh weather:

- Diversify production area to different regions across the nation to ensure stable supply for the market.
- Develop a system of warehouse to ensure adequate inventory in the scenario of wide-spread natural disaster.
- Propose strategies for research and development activities: developing lines of products that are able to adapt to a wide range of climate, survive in draught, flood, saline soil and resist diseases.
- Develop technology-integrated agriculture, greenhouse production to gain control over production environment

### FINANCIAL RISKS:

#### Credit risk:

- This is one type of risk arising from partner's non-payment or delayed-payment of due debts.

- To prevent this type of risk, the company has issued a credit-check system for customers that take into consideration of financial situation, evaluation of sale and sensitivity for customer's demand to determine a suitable credit line for each customer, sensitive to sign of non-payment to act in a suitable and timely manner.

#### Liquidity risk:

- Liquidity risk occurs when the company runs into difficulty in liquidating asset that is needed to fulfill payment responsibility to customers and suppliers. At Vinaseed, cashflow management is concerned and is well-managed so as to minimize liquidity risk. Since 2004, the company has never run into an insolvency situation

### INVESTMENT RISKS

To minimize investment risk, Vinaseed have established an Investment Commission of the Board of Directors in charge of evaluating the effectiveness of the company's investment activities. The company also holds frequent training courses for its staff members to raise the quality of its human resources, ensuring the ability of the Company to meet its expansion needs

### CORPORATE GOVERNANCE RISKS:

To prevent risks in corporate governance activities, the company requests the Internal Control Committee, the heads of the departments:

- Monitoring, checking and evaluating the implementation of regulations, processes, procedures in the Company, proposing to supplement and modify contents in time to reduce risks and improve operation efficiency.
- Monitoring, inspecting and evaluating the financial situation of each sub-division and the Company.
- Monitoring accounting activities of the company (financial accounting system, financial reports, cost control arising in the sub-divisions) to ensure
- Inventory management and loss control
- Control the accuracy, timeliness in the management reports (preliminary reports, summaries, market reports, sales reports, inventory reports, cash reports on the demand of managers)
- Monitor task assignment process of each department: planning annual, semi-annual targets, monthly, weekly work plan,
- Supervise the fulfillment of employees' benefits complied with the regulations (salary, bonus, welfare)

**INFORMATION SECURITY:**

- Privilege permission to access company information
- Being cautious in providing information to outside parties.
- All files should be protected by password.
- Preventing personal email from breaching by periodically changing password, safely logging out, logging in other computers, periodically checking activities.
- Restrict other people activities in our own computer and monitor if needed.
- Periodically back up information to prevent data loss, especially in managing seed genetic information and other company secrets

**OCCUPATIONAL SAFETY AND HYGIENE RISKS:**

The Company complied with occupational health safety management system OHSAS:

- Vinaseed continuously improves occupational health and safety management system and based on the measured results and analysis to ensure the best operating system providing maximum protection against unsafe risks and protecting workers' health. This labor safety policy communicated to all employees for clearly understandings and proficiently practicing.
- The Company reviews the employment profile of all employees, including outsourced activities, contractors, suppliers to assess associated labor risks. Arranging appropriate labor arrangements in line with age, gender, health status of workers. Regular health checks or voluntary health insurance programs are one of the most important health insurance policies for workers.

Identify occupational safety and health hazards:

- + Identify hazards and risks that may affect the health and safety of employees or others (including temporary workers and contractors' employees, or any other person at work). Provide solutions to eliminate / lower the risks, consequences in case of occurrence

Establish a working safety committee:

- Supervise all employees to strictly comply with the regulations on occupational safety and health, storage of safety equipment and using personal protective equipment and remind, provide guidance on safe working practices for new employees
- Recommend to supervisors to implement the regime of labor protection, measures to ensure the safety and hygiene of machines, equipment and workplaces.

- Recommend to supervisors to implement the regime of labor protection, measures to ensure the safety and hygiene of machines, equipment and workplaces.

**ENVIRONMENTAL AND SOCIAL RISKS:**

- The Company reviews and adjusts the Company's social and environmental policy based on changes in law, practice requirements, and monitoring of the company's social and environmental performance based on factors : Resource consumption, waste, chemicals use and noise. Periodically the company has reported the impact of these factors and in the investment plan, construction or business production plan all offer optimal solutions to limit the negative impact on the environment. schools, workers' health and the surrounding communities.
- The company identifies and evaluates environmental risks through carefully evaluating all outputs and inputs of all business processes, including those involving suppliers and contractors. The company should have priority measures and risk assessment. Risk assessments are reviewed to suit the actual situation periodically and whenever business expansion.

# PIONEERING APPLICATIONS OF SCIENCE AND TECHNOLOGY IN AGRICULTURE



NON-GMO



100% NATURAL



## **SUSTAINABLE DEVELOPMENT OVERVIEW**

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Inspired by the imagery of seeds from a wild tree carried away by the summer breeze, bringing life to new lands, Vinaseed sets its strategies for sustainable development in the spirits of contributing to a better life. Infused in each and all business activities and products of Vinaseed is the spirit of sustainable, made real by actions that work to spread humble yet long-lasting goodness to the society through both healthy, tangible products and knowledge power to the next generations.





**MS. TRAN KIM LIEN**

Chairwoman - General Director Vinaseed



# CHAIRWOMAN AND CEO'S MESSAGE ON SUSTAINABLE DEVELOPMENT

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Being one of the most vulnerable region to global climate change, Vietnam has been dealing with multiple impact of climate change, including droughts, floods, storms, rise in sea level, unprecedented rainfall level, salinization and others.

Although Vietnam has gained remarkable achievements in economic growth and poverty reduction, they can't preserved if the worst case happens.

According to salinization, unless climate change is effectively constrained, by the end of the 21st century, Vietnam will lose 12.2% of its land - home of 23% population and one of the world largest plantation of rice because of floods and salinization, causing food insecurity at a global scale.

With our vision set on improving Vietnamese farmers' life participating in globalization, we understood the crucial importance of intellectuality in shaping competitive advantage of Vietnamese Agricultural products as well as countering the challenges resulted from climate change. As a result, our scientists work day-and-night in laboratories and research facilities, in search for solutions to counter negative effect climate change, including diminishing plantation area, decreasing productivity, crop failure because of unfavorable weather.

Our Sustainable Development Report is made according to the standards of Global Reporting Initiative (GRI) and the IFC's Sustainability Reporting Handbook to fully state every aspect of our sustainable business model which is to connect Economy - Society - the Environment and other stakeholders'. Sustainability is among top priorities in Vinaseed's mindset throughout the Board Members to our employees and executive, in every facilities and subsidiaries.



# IMPORTANT STRATEGIES AND METHODS TO MAINTAIN SUSTAINABILITY

Sustainable Development is integrated in the set of standards, procedures and managerial conducts, here at Vinaseed.

**Standards:** Every branches, departments and projects under the supervisory of Vinaseed must follow strict General Operational Protocol, Code of Conduct and Health Standards, Safe, Secure and Environment-Friendly.

**Procedure:** Vinaseed always examines closely every aspect of the ecosystem as well as social factors that can be influenced by our business operation before making any investment decision as well as planning for new projects. Sustainability is a determinant factor to reward staffs.

**Management:** Sustainability is implemented at all of company's level from Board of Directors to Board of Management, every branches and subsidiaries. At Vina Seed, we believed that sustainability is not only directors but also all employees' responsibility:

- The Board of Directors: Issuing sustainable development strategy to be implemented company-wide.
- Executive Committee: Incorporating sustainable development strategy in business activities by defining specific goals for each department, branche, subsidiary.
- Branches, subsidiaries: Implementing the sustainable development strategy in its own activities: defining, implementing, monitoring and reporting objectives to holding company.
- Departments: Implementing activities toward sustainable development according to yearly plan and criteria.

Vinaseed has established the Sustainable Development and Risk Mitigation Committee and in 2016, issued the Company's Policies on sustainable development.

## INITIATIVES FOR IMPROVEMENTS OF SUSTAINABLE BUSINESS PRACTICES

In recent years, Vinaseed has successfully maintained a high and consistent growth rate of around 25 to 30 percent per annum; dividend pay out ratio of around 30 per cent in cash, actively reporting information in a transparent manner to protect shareholders' rights and interest. With a healthy and constant growth over recent years combined with investment strategy aiming to further expand the business, Vinaseed has been receiving multiple recognitions from Vietnamese Governments and business community for its outstanding achievements in business operation, including the award for:

- Labour Order, Second-class awarded by the President.
- TOP 200 Best Asia companies with revenue under 1 billion USD.
- TOP 50 Vietnam Best Growth Companies 2010 - 2015. TOP 50 Vietnam Best business performance companies 2012 - 2016. TOP 500 Vietnam fastest growing firms in 2012, 2013, 2014 2016 (FAST 500).
- TOP 500 Biggest businesses in Vietnam (VNR500 - 2016).
- Vietland Golden Star Award - TOP 100 Vietnam typical enterprises (2013, 2015).
- Third place in Vietnam's Brand Golden Cup 2016.
- One of the three most exemplary companies in 350 companies after equitization according to the Ministry of Finance.

One of the 10 notable national scientific-technological event in 2016 with the technology map of rice industry in Vietnam. Not only recording profitable and constant growth in business, Vinaseed is proud of its contribution to the development of Vietnamese Society via maintaining National food security, as well as improving the life of Vietnamese Agricultural workers. Specifically:

- Developing sustainable raw material area aligned with business strategy. In 2017, the Company zoned successfully a stable, mass production area to meet rice seeds demand.
- Providing 1 million hectares of high quality seed that is tailored to better resist harmful pests and climate change for improving crop productivity and farmers' income.

- Developing skilled technologist team in plant breeding, focusing on improving research capacity, establishing high-tech research and production facilities in rural area, in order to gradually change the current farming methodology, created new jobs for more than 20,000 farmers and contribute to New Countryside strategy.
- Building long-term relationship with investors, maximizing company value by effective business activities: putting shareholders' interest as top priority. The Company will maintain high and consistent growth rate of d 25 to 30 percent; dividend pay out ratio of around 30 per cent in cash, actively report information in a transparent manner.

## **SUMMARY OF COMPANY POSITION IN SUSTAINABILITY JOURNEY**

Vinaseed is the largest company in the seed industry of Vietnam, playing an important role in the sustainable development of Vietnam's agriculture with the foundation of human resources and technology, pioneering the field of high-tech agriculture.

Vinaseed is the first science and technology enterprise in the seed industry of Vietnam, pioneering in researching, implementing and transferring technology, providing new technological solutions, products in alignment with consumers' demand.

Transparent management level in accordance with international standards, with a vast national and international partnership network.

Being committed with farmers and agriculture sector with highly skilled human resource and having great effort in in transferring technical and knowledge advancements to the farmers, for the development of agriculture and rural areas of Vietnam.

## DEVELOPMENT STRATEGY

### Vision

Vinaseed aims to become the leading company in providing sustainable agriculture development solutions in Vietnam, raising Vietnamese farmers' standard of living and quality of life.

### Sustainable development orientation

Accomplishing 3 objectives: sustainably maintain economic development, develop society and preserve the environment. To accomplish sustainable development orientation and objectives, Vinaseed aims to:

#### On business management:

This is a core factor for the business to sustainably develop in the long term, establishing and consolidating the trust of customers, investors and stockholders:

- Exercise business management in accordance with international standards: Publicity and transparency in business operation.
- Ensure stockholders' right, equal treatment of investors and hold responsible for accounting and maintaining operational structure effectively.
- Constantly improve and innovate to adapt to changing demand..

#### On economic aspect:

- Maintain a stable growth rate, an average profit growth after tax of 20% a year.
- Comply fully and timely with the government's business laws and regulations.
- Effectively manage administrative expenses.

#### On social aspects:

- Develop high valued and high quality products. Implement a green and safe production process, contributing to raising the community's quality of life.
- Constantly elevate employees' standard of living and morale, thereby establishing a professional and efficient work environment. Train and develop highly ambitious, passionate and disciplined staff team.
- Establish the Vinaseed charity fund to exercise social responsibility.

#### On the environment:

- Focus on researching and developing products with pest resistance and adaptability to global climate change. Implement.
- Save electricity, water and utilize clean energy source and environmental - friendly materials to reduce greenhouse effect.
- Build a clean work environment and preserve the surrounding environment.



# SUSTAINABLE DEVELOPMENT ACTIVITIES' REPORT

## CAM KẾT CỘNG ĐỒNG

Vinaseed - Vietnam National Seed Joint Stock Company is a scientific and technological corporate engaged in research, breeding, production and trading of crop seed, and agro-forestry technology transfer services. From an unit under The Ministry of Agriculture and Rural Development established in 1968, through many development phases, we have gradually grown and realized our ambition of developing company and the agriculture industry of Vietnam.

In our business, Vinaseed always integrates our responsibility with the stakeholders. Vinaseed has published its principles and community commitment to demonstrate our commitment to:

**Customers:** With the Customer-centered point of view, Vinaseed always promotes research activities to develop the optimal products, meeting the maximum demands of Customers.

**Shareholders:** Vinaseed commitment is to fully protect investor interest according to the current regulations of law as well as to comply with the relevant rules and regulations. We are aware of the requirement to provide information to shareholders and investors fully, transparently, promptly and continuously, and implement many solutions to keep in touch with shareholders.

**Business partners:** Vinaseed always respects all business Partners and builds long-term relationship on basis of harmony of stakeholders' interests.

**Employees:** Vinaseed highly values human capital and considers as top success factor. Hence, the company policy is building an active professional working environment to facilitate the development of all employees, and ensuring competitive equitable treatment regulations for all employees in the company:

- The company commits to provide convenient and safe working environment for all employees in the company.
- Fully compensate salary, bonus, state insurance, medical insurance and other welfare for the employees.

- The company creates opportunity to training, promotion equally to all employees and staffs. The company ensures a work environment free of sexism, discrimination of religion, family status, age and looks and do not utilize such discrimination in assessing work effectiveness nor allow employees to remark on such matters in our work space.

**Government:** Vinaseed commits to comply with the law for transparent, public and effective business and to fully fulfill duty to the State treasury.

**Community:** Vinaseed voluntarily exercises social contributions with passion and responsibility for the community development. This is realized through:

- Every year the company commits to support community with social welfare and heavily invest our time and resources in this matter. This is a meaningful social activity, demonstrating our responsibility to the community.
- Not only through materialistic contribution, but also with training activities, free technology transfers for the people: The company commits to provide free job training for our material production zone, and establish seed production rural village, creating stable employment and income for the farmers.
- The company does not use products and services from providers exploiting child labor.

**Environment:** Vinaseed is clearly aware that environmental protection is to ensure the sustainable development of the corporate. This responsibility is demonstrated through:

- Creating a clean and green working environment. Preserve the surrounding environment and urban area.
- Taking direction to develop green products, products with pest resistance, capable of growing in unfavorable land and weather. The sustainable organic production process utilizes small amount chemical fertilizers, pesticide combined with collective, centralized, water-economy cultivation process will minimize environmental impacts in production and create clean and safe products for the consumers.
- Energy preservation:
  - + Maximize natural light and ventilation in designing workspaces, workshops.
  - + Changing packaging material (primarily using reusable packaging), utilizing clean energy source, preserve energy in seed drying and processing

## RELATIONSHIP WITH SUPPLIERS

Vina Seed has established basic business ethic and communication standards to use in internal communication and communicate with business partners such as suppliers and contractors which aligned with our commitment: The standards are executed by both parties and are inseparable parts in business agreement as follow:

### 1. Business ethics:

#### Honest trading relationship:

- Vinaseed ensures fair treatment to all potential suppliers. The decision of supplier selection is made based on clear criteria such as price, quality, timeliness, creditability, experience of the providers, as well as the capacity to adapt to changes, risks that can arise in the implementation of the contract.
- Vinaseed forbid all employees to receive commissions, bribery at any kind from suppliers. Providers receiving any request or pretence from Vinaseed employees can report to the Board of Director for timely intervention.
- Providers must provide full, accurate, timely information on the quality, progress of the required products and services. The company forbids any fraudulent information leading to incorrection in the decision of supplier selection.

#### Vinaseed demands providers to protect human rights and respect workers.

#### These includes:

- Providers are not allowed to use forced labour, or child labour by any means in their business, except for cases tolerated by Vietnam's laws.
- Providers will respect the difference between employees and uphold equal treatment of their employees, at the same time not assessing employees' performance based on their ethnic, religion, sex, age, appearance and family status.

#### Convenient and safe work environment:

- Vinaseed commits to abide Vietnam regulations and laws on environment and work environment for its employees.
- Vinaseed undertake measures to prevent health hazard in short and long term. Vinaseed's standards on worker health and safety are as followed:
  - + Regarding tasks heavily exposed to adverse working environment, fire, explosion or accident: Workers must be adequately equipped with safety gears, trained in labour safety and explosion procedure.
  - + Mandatory monitor department will closely regulate any chemical hazard risk that must be controlled, regularly perform maintenance, replacement of equipment to ensure maximum safety for workers..
  - + Provide insurance, regular medical check-up to timely detect disease, perform regular transfer for workers frequently exposed to adverse work environment.
  - + Establish measures to resolve emergency, prioritising minimum human and environmental damage.

**Employees' salary and welfare:**

Vinaseed fully exercises our responsibility for our workers' salary, bonus and welfare above the Vietnam minimum wage law. Vina Seed will require supplier to compensate their employees fully and timely. If supplier intends to prolong unpaid wage's due date, Vina Seed may terminate the business with them.

**Compliance with laws:**

Fully respect and abide Vietnam laws and regulations, do not participate in political, social and other activities forbidden by Vietnam laws.

**Assurance of product's and service's quality**

Fully exercise agreements with customers on product's quality, provision progress and other relevant matters and will hold complete responsibility for the provided products and services until the completion of agreement.

Constantly seek solutions and innovation to increase product's and service's quality

**Environment preservation:**

Closely comply with Vietnam environment laws.

Management and treatment of harmful chemicals in storage and use before discharging into environment.

Preserve energy in production process, prioritize the use of clean energy, reusable materials to minimize toxic waste discharged into the environment.

Absolutely do not use forestry products violating laws and regulations on forest preservation.



# MANAGEMENT AND IMPROVEMENT OF HUMAN CAPACITY:

## Social responsibility in our business culture:

What makes us proud on our whole journey of innovation and development is a corporate culture of cooperation to success. Everything that Vinaseed and our scientists represent is based on the belief of a brighter future and a tireless devotion for better products and services.

Wherever we operate in, we always care and fulfil a responsibility for the surround community and for building our beautiful and prosperous society. As a seed production company, not only we develop the seeds of prosperity but also incubate the seeds for lives, begin from our beloved staffs, with encouragement for training courses that improves skills and knowledge. Moreover, Vinaseed's employees always uphold high standards in professional business practices and ethics, devotion in work, passion in life and a love for our society, and high value of responsibility in each and every action and decision, so that every member of the Vinaseed family will come to the society as a refreshing breeze, spreading positivity in life.

Moreover, not stopping improving Vinaseed competence and ethics of each individual, we consider that developing human capacity is the core of our sustainable development strategy, consisting of strategic human resource development activities to build a highly qualified human capacity in research and production activities of the company, update on new knowledge for every important chain and stakeholder in Vinaseed, contributing to raising farmers' standard of living and quality of life. Furthermore, in the future, we will further strengthen our communication activities to raise awareness about protecting environment, technology and its contribution to sustainable development in agriculture, thus inspire social responsibility of the whole community

Each individual will directly influence the prosperity of that community, as well as indirectly influence the growing potential of the next generations. Therefore, our vision is set on improving human capacity as first priority in our sustainable development strategy through developing social awareness, positive traits as a timeless and effective asset, increasing knowledge of the society, thus inspiring and increase awareness on the meaning and role of sustainable development mindset to the next generation, the people that will continue the development of future Vietnam. That's the sustainable dream of Vinaseed to be a refreshing wind in life, to inspire and to plant lively seeds for today and tomorrow.

With our determination in building a sustainable company for hundreds years to come, we strive to create a more professional working environment that encourage creativity, responsibility and consolidate connection of employees to the company and to the meaningful value brought to the society, in order to continue to deliver more benefits to the community, consumers and each of Vinaseed family members.

### a) Ethic standards of Vinaseed's employees:

**Compliance:** Every member of the company must comply with laws and company's regulations willingly and consider them mandatory standard for every member of VINASEED.

**Protection of the company's reputation and interest:** must not have behavior or speech that compromises the reputation of the company. Every member of the company must work for the good of the whole company, not for personal benefit nor fractional benefit of department

**Sense of responsibility and cooperation:** Members of the company must value personal sense of responsibility and cooperation in work.

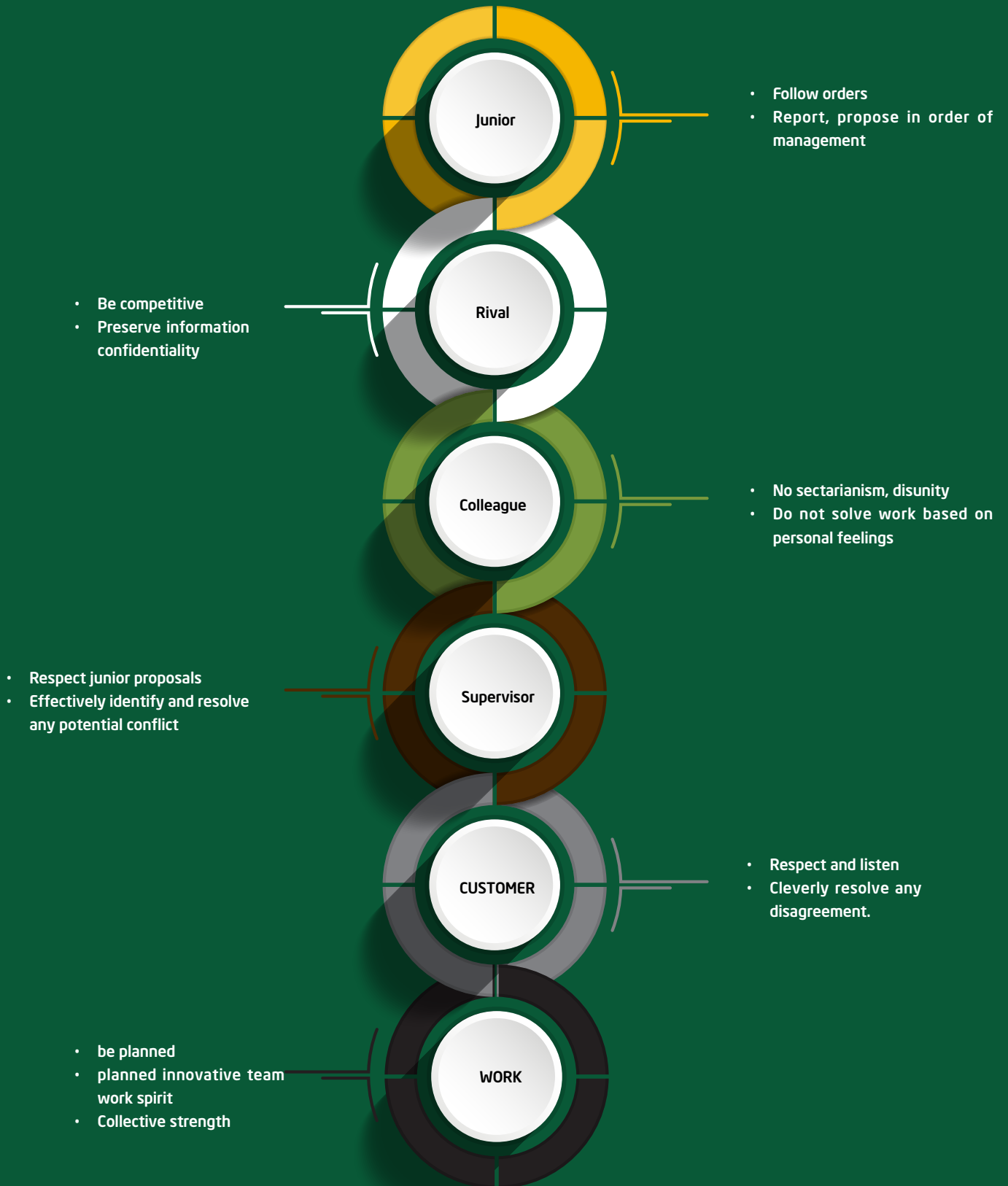
**Attention and encouragement of creativity:** Members of the company must respect and listen to others' contribution, suggestion, constantly propose creative solutions and implement new ideas and approaches

**Respect for privacy:** The company respects the privacy of every member of the company, forbids any discussion regarding the private life of individuals that may compromise colleagues' reputation.

### b/ Relationships in business:



## RELATIONSHIPS IN BUSINESS



**1.3. Work health and safety policies:**

Vinaseed's core value is its human resource. Vinaseed considers workers' safety and health issue as foremost priority. The company commits to its policy regarding workers' health and job safety, details of which are as followed:

- **Complies with labor laws and regulations regarding occupational health and safety.** Actively prevent and control any risk to occupational health and safety.
- **Labor safety is the responsibility of all members of the company,** regulations regarding occupational health and safety are mandatory for every staffs and employees.
- **The company commits to create a safe and comfortable work environment for the workers.** Vinaseed pays attention to the adequate equipment of necessary safety gear, creation of safe production plan, regular maintenance and replacement of production

machinery to ensure stable operation and prevent risk to the wellbeing of workers..

- **Organizes training for every staffs and employees on labor safety,** machine, equipment, transportation operation process; increases awareness on preserving occupational health and safety.
- **Regularly inspects, oversights any unsafe element,** timely modify regulation, takes actions to maximize the safety of every worker. No worker of Vinaseed has to work in an unsafe work environment.
- **Implement the occupational health and safety management systems OHSAS:**

**Occupational Health and Safety Management System Improvement:**



### Establishment of the labor safety committee with the responsibilities of:

- Identify and evaluate potential risks and emergency situations that may occur in the company's sites
- Establish a system of policies, protocols, regulations and guidelines for safety activities based on the evaluation of current situation
- Educate staffs on labor safety, plan provide training for employees against any possible emergency situation.
- Manage and maintain safety equipment for emergency situations
- Supervise and follow safety regulations, proposing amendments.
- Manage human resource for safety enforcement and emergency response.
- Communicate with external organizations regarding safety and emergency response: assess and evaluate on compliance, undergo relevant legal process, prepare reports as required,...
- Safekeep reports on labor safety and emergency response
- Supervise and take charge of safety and emergency response, reporting to the chief director

### Organize training on labor safety and hygiene

- System of policies and legal issues regarding safety and hygiene
- Implementation of labor safety and hygiene measures: safety and hygiene regulations at branches, assign responsibilities regarding safety and hygiene business; basic knowledge of risk elements and prevention measures, improvement in working condition; supervise the execution of annual safety and hygiene proposition; analyze and evaluate risks and propose emergency response guidelines; establish a safety and hygiene management system; self-assessment system;
- General knowledge of equipment operation; strict requirements of labor safety and hygiene.

Issue guide to identify safety and health hazard, conduct voluntary insurance program (100% cost on the company) including life insurance, total health insurance (laborers are entitled to free diagnosis at major hospitals across the country with high standard, regular health check-up)

Kickstart Acts of Safety - Hygiene movement: "Encouraging safety and hygiene training to prevent accidents and health hazards in 2017" to educate each and every employee on their responsibilities regarding labor safety and hygiene, following the motto "Safety - Innovation - Efficiency"

## FEMALE-ORIENTED POLICIES:

### 1. Gender equality:

Ensure fair compensations, bonus and benefits

Opportunities for training enriching knowledge and promotion.

Establish the committee for woman development, paying attention to working condition, income, living standards and family of company's female employees

Organize conference on gender equality and activities to honor the International Women's Day, Vietnam Family's Day, Founder's Day,...

Positions suitable for women are of high priority in recruitment, so percentage of women undertaking these positions is high: accounting, general administration 67%, research 48%

Provide maternity support, ensuring employees' return to work after maternal leave

Support young women employees, providing them with ample learning opportunities

### 2. Child support policies:

Financial support: policies to support employees of difficult family situation: minimum disburse of 5 million VND per case. Possible tuition support to children of company's employees.

Maternity policies, part of the voluntary health insurance program, ensure the best maternal care to employees at zero cost

Regarding pregnant employees, the company provides flexibility of working hours, refraining from assigning travel tasks to provide childcare support, approving additional off hours if necessary.

## 2017 human capital report:

| No. | Contents                           | Results   |
|-----|------------------------------------|---|
| 1   | Total employees                    | 693   |
| 2   | Gender ratio (Male/female)         | 66%/34%   |
| 3   | Age                                |   |
|     | Under 25                           | 20%   |
|     | From 25 - 35                       | 45%   |
|     | From 35 - 45                       | 30%   |
|     | Above 45                           | 5%  |
| 4   | Degree                             |   |
|     | Post-graduate degrees              | 8%  |
|     | Bachelor's degree                  | 70%   |
|     | Vocational training/degree         | 8%  |
|     | Standard labor                     | 14%   |
| 5   | Average years at company           | 6 yrs   |
|     | Market and Trade                   | 4 yrs   |
|     | Production and engineering         | 7 yrs   |
|     | Management and planning            | 6 yrs   |
| 6   | Training summary                   |   |
|     | Number of courses                  | 48  |
|     | Training count                     | 342   |
|     | Other trainings                    | 5341 households in the rural areas received training on chain value production methods  |
| 7   | Average salaries                   | 14.500.000 vnd/month  |
| 8   | Benefits                           |   |
|     | Company-funded voluntary insurance | Life insurance, Healthcare insurance, regular health check-up   |
|     | Company trips                      | 100% of employees are provided with opportunities to broaden their experience and knowledge from domestic and international trips   |
|     | Labor protection                   | Issued once per year  |
|     | Holiday schemes                    | New year, Lunar new year, mid-autumn festival, country founder's day, liberation day, international labor's day, independence day, international and Vietnam women's days   |
|     | Other policies                     | Food ration<br>Material support during crops<br>Sick visit<br>Support for employees whose family undergoes difficulties with a minimum amount of 5 million VND<br>Tuition support<br>A library to support employees' learning, a cafeteria providing nutritious and safe food |

|    |  |  |
|----|--|--|
| 9  | Movements and activities by the company and the worker's union   | Innovation and solutions movement<br>Economical practice movement<br>Slogan competition<br>Vinaseed sportsday<br>Events to honor women's days<br>Vinaseed's family day<br>Community service  |
| 10 | Number of staff evaluations per year   | 12   |
| 11 | Percentage of evaluated staff  | 100% (based on policies and process of staff evaluation, assignment targets and evaluating profiles)   |
| 12 | Policies on information exchange, feedback and inquiries   | The policies include: <ul style="list-style-type: none"> <li>• Workplace communication policies</li> <li>• Feedback intake policies</li> <li>• Democracy policies</li> <li>• Credibility check survey</li> <li>• Feedback form on business management</li> </ul> |
| 13 | Number of feedback intakes from each employee regarding business management  | Times  |
| 14 | Number of staff complaints   | 0  |
| 15 | Total members of Labor and food safety committee, fire fighting to manage and supervise health and safety activities for employees | 54 persons   |
| 16 | Communities within the company   | Party committee, Worker's union, Women's committee, sports and arts clubs  |
| 17 | Labor safety and hygiene   |  |
|    | Deaths   | 0  |
|    | Injuries   | 0  |
|    | Working day lost   | 0  |
|    | Penalties from labor issues  | 0  |
|    | Food safety incidents  | 0  |

## ENVIRONMENTAL PROTECTION ACTIVITIES:

As a business operating in the field of agriculture, Vinaseed is always clearly aware of the impact of the environment to human life and the performance of business activities. In business as well as social activities, Vinaseed focuses on its responsibility to the environment, demonstrated through the preservation of workplace's and surrounding community's environment with closely scrutinized production management standards, economical use of green material, reusable material in preservation, processing and packaging.

R&D solutions: Vinaseed has attempted and succeed in developing green products, pest resistant and highly resistant products in unfavorable condition and weather. The sustainable organic production process which use minimum amount of chemical fertilizer, pesticide combined with centralized, water-economical cultivation process will reduce production's impact to the environment and create safe products for consumers' health.

Clearly identified the company's social responsibility of research and business, Vinaseed always strives to develop green products with pest-resistance and high adaptability to the complication of climate change. At the same time, the company always sets a goal to increase yield capacity of seed, contribute to the restructure of the agriculture industry, building an organic agriculture in Vietnam, transform the habit of using pesticides or growth stimulant chemicals that may harm the health of consumers.

- Greenhouse farming to control pests and diseases
- Using Ginegar cover to diffuse light evenly, block UV light and prevent water condensation on leaves to prevent diseases.
- White reflective floor covers to increase photosynthesis, suppressing the development of pests
- Crops are planted on separate containers of bacteria-free compound consisting of organic fertilizers, green organizers to minimize spreading of disease.
- Water is thoroughly filtered
- midity is controlled below the bacterial development threshold
- Guaranteed 100% preservative-free products
- Current implemented quality standards

| Products              | Standards  |
|-----------------------|--|
| Plant seed            | QCVN/2011/BNN  |
| Traded rice           | HACCP certificate. Satisfy requirements of TCVN 5603:2008 CAC/RCP1-1969 Rev.4-2003 |
| Muskmelon, vegetables | GlobalGap certificate number 1805/QDCN-IQC-GG                                      |

### Energy and material saving initiatives:

- In designing factories, offices and technology implementation, the company pays close attention to utilizing natural light, air circulation and application of energy-saving and modern technology.
- Set up plans to operate energy-consuming facilities outside of rush hours
- Redesign reusable and disposable packaging using recycled materials.
- Waste from production, mainly from packaging, is partly transferred into fuel for heating, otherwise composted, leaving no environmental impact

Otherwise, in 2017, the company continues its 1-for-1 exchange program for the environment - an initiative that allows locals to collect trash in exchange for company products, join the youth union in street and farm cleaning activities.

## 2017 environment data table:

| No.        | Items   | Data               |
|------------|---|--------------------|
| <b>I</b>   | <b>Energy</b>   |                    |
| 1          | Fuel  |                    |
|            | Coal (kg)   | 24.000             |
|            | Gas (kg)  | 0                  |
|            | Diesel (litre)  | Dầu D0: 15.223     |
|            | Petroleum (litre)   | 9.805              |
|            | Electricity (kwh)   | 1.776.006          |
| 2          | Consumption per ton of product  |                    |
|            | Coal (kg)   | 0,4                |
|            | Gas (kg)  |                    |
|            | Diesel (litre)  | 0,25               |
|            | Petroleum (litre)   | 0,16               |
|            | Electricity (kwh)   | 29,6               |
| <b>II</b>  | <b>Water</b>  | <b>67 mill. m3</b> |
|            | (Serving the production area of over 50.000 tons of seeds equivalent to 18.000 hectare of crops consisting of natural rain and river water. Water consumption increased by 5% from last year due to the 12% increase in production scale, showing an increase in the efficiency of of water usage, an a decrease in water consumption per hectare from the application of advanced farming techniques |                    |
| <b>III</b> | <b>Exhaust</b>  |                    |
| 1          | Monitoring exhausts from boilers (23/11/2017)   |                    |
|            | Dust (mg/Nm3)   | 6,5                |
|            | Nox (mg/Nm3)  | <12                |
|            | SO2 (mg/Nm3)  | <5                 |
|            | CO (mg/Nm3)   | 215                |
|            | Temperature   | <45                |
|            | Flow  | 1258               |
|            | Phenol (mg/Nm3)   | KPH                |
| 2          | Monitoring atmosphere surrounding factories (23/11/2017)  |                    |
|            | Dust (mg/Nm3)   | 52                 |
|            | SO2 (mg/Nm3)  | 9,5                |
|            | NO2 (mg/Nm3)  | 21                 |
|            | Pb (mg/Nm3)   | KPH                |
|            | CO (mg/Nm3)   | 106                |
|            | Temperature   | 27                 |
|            | Sound intensity (dBA)   | 60                 |

|           |                               |  |
|-----------|-------------------------------|--|
| <b>IV</b> | <b>Wastewater</b>             |  |
|           | Ph                            | 6,8  |
|           | BOD 5 (mg/l)                  | 21,2   |
|           | COD (mg/l)                    | 102  |
|           | Suspended solids (mg/l)       | 15   |
|           | Total N (mg/l)                | 6,7  |
|           | Total P (mg/l)                | 3,1  |
|           | Oil (mg/l)                    | 0  |
|           | Mineral oil (mg/l)            | 0  |
|           | Excess chlorine (mg/l)        | KPH  |
|           | Amoni (mg/l)                  | 0,03   |
| <b>V</b>  | <b>Solid waste</b>            | Waste from production, mainly from packaging, is partly transferred into fuel for heating, otherwise composted, leaving no environmental impact<br>The company has signed a contract with the managers of the industrial zone to process waste from activitie. |
| <b>VI</b> | <b>Environmental accident</b> | <b>Absent</b>  |

### Community Service:

Along production activities, Vinaseed has organized meaningful events and initiatives to pay back to the community

#### Charity activities

- 9-10/8/2017: aid team of Vinaseed benign-hearted fund collaborated with Vietnam Agriculture News to send 5 tons of rice, 126 thick blankets, stationery and clothes worth of 200 million VND to families that suffered heaviest from flooding in Mu Cang Chai
- 12/2017: Vinaseed benign-hearted fund organized awarding 1000 sets of gift worth 500 million VND to poverty-stricken families in Hoa Binh, Thanh Hoa and Hanoi.
- Through the company's education-promoting program, Vinaseed has presented 30 scholarship awards of 6 million VND per year to performing students of poverty-stricken program, provided stationery and tuition support to students since primary school, recruiting these students to the company's workforce at graduation.

#### Project, programs and activities to improve and develop social matters

- Research and selection of high-yield pure rice breeds suitable for the northern climate
- Improving farmers' income through co-production of F1 crossbreed and high-yield breeds for domestic consumption and large-scale export at four restructuring communes: Dinh Hoa (Yen Dinh, Thanh Hoa); Yen Khang (Y Yen, Nam Dinh); Nguyen Xa (Vu Thu, Thai Binh); Quang Hung (Tu Ky, Hai Duong) - a project under the Ministry of agriculture and rural development
- With the production area of nearly 20000 hectare, through co-production, local farmers receive technology transfer, free training and provision of fertilizers and equipment, thereby are proactive in production, generating stable income, changing farming mindset from small-scale farming to larger-scale production that better utilizes technology.



## Social data of 2017:

| No.                          | Items  | Data  |
|------------------------------|--|---|
| <b>Market and products</b>   |  |   |
|                              | Product quality  | Seed - QCVN/2011/BNN<br>Rice - HACCP certificate<br>Muskmelon, vegetable - GlobalGap  |
|                              | Number of customer complaints                          | 0   |
|                              | Food safety incidents of distributed products          | 0   |
|                              | Returns  | 0   |
|                              | Incidents relating to forbidden or controversial goods | 0   |
|                              | Satisfied product count/Total product count            | 60%   |
|                              | Request to contractor regarding social issues          | Repest for cooperation from contractors to comply to codes of conduct when dealing with suppliers to uphold business standards, forest protection, environment protection, energy-saving, recycling, preventing child labor, gender equality, compensation and benefit scheme, fairness in labor use  |
| <b>Surrounding community</b> |  |   |
|                              | Number of complaints                                   | 0   |
|                              | Number of penalties                                    | 0   |
| <b>Gender Equality</b>       |  |   |
|                              | Legal  | The company strictly adheres to the title 85/ND-CP of the government regarding women worker policies  |
|                              | Women union in the organization                        | For-women committee at Vinaseed conducts activities to support women workers in the company:<br>Education to change regressive mindset regarding women rights<br>"Flexible solutions" to effectively manage work-life balance<br>Paying close attention to gender aspects in policies, human resource (recruiting, training, nominating) to ensure equal opportunity for working, learning, broadening of professional network and promotion for women. |
|                              | Number of penalties                                    | 0   |



# FINANCIAL STATEMENTS

GENERAL INFORMATION

BOARD OF MANAGEMENT'S REPORT

INDEPENDENT AUDITOR'S REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF INCOME

CONSOLIDATED STATEMENT OF CASH FLOWS

NOTES TO THE FINANCIAL STATEMENTS



## COMPANY

Vietnam National Seed JSC (“the Company”) was transformed from National Seed Company No.1 pursuant to Decision No. 5029/QĐ/BNN-TCCB dated November 10<sup>th</sup> 2003, issued by Ministry of Agriculture and Rural Development and Business Registration Certificate No. 0103003628 first issued by Hanoi Authority for Planning and Investment on February 6<sup>th</sup> 2004.

The company later on also got justified versions of Business Registration Certificate, the latest one being the 11<sup>th</sup> time dated November 4<sup>th</sup> 2014 by Hanoi Authority for Planning and Investment.

The Company’s main activities in current year are breeding, trading, directly importing - exporting crop seed and supporting materials; handling, processing and packaging crop seed and materials supporting crop seed.

The company is situated in No.01 Luong Dinh Cua Str., Phuong Mai Ward, Dong Da Dist., Hanoi, Vietnam, and has its member firms as follows:

| Member Firms  | Address  |
|---|--|
| Branch of Thanh Hoa Central Seed JSC  | Yen Dinh District, Thanh Hoa   |
| Branch of Thai Binh Central Seed JSC  | Dong Hung Dist., Thai Binh   |
| Branch of Vinh Central Seed JSC, Nghe An                                      | Vinh City, Nghe An   |
| Ba Vi Central Seed Enterprise, Hanoi  | Ba Vi Dist., Hanoi   |
| Dong Van Central Seed Enterprise, Ha Nam                                      | Duy Tien Dist., Ha Nam   |
| Thuong Tin Central Seed Processing Factory, Hanoi                             | Thuong Tin Dist., Hanoi  |
| Khoai Chau Central Seed Research Farm, Hung Yen                               | Khoai Chau Dist., Hung Yen   |
| Ba Vi Center of Seed research, development and technological transfer, Hanoi. | Ba Vi Dist., Hanoi   |
| VinaSeed - Tay Nguyen Branch  | Buon Ma Thuot City, Dak Lak  |
| Vinaseed - Hanoi Branch   | Gia Thuy Ward, Dong Da Dist., Hanoi  |
| Vinaseed - Branch of Agriculture Product Trading                              | Dong Van I Industrial Zone expansion, Dong Van town, Duy Tien Dist., Ha Nam. |





## BOARD OF MANAGEMENT

Members of Board of Management in current year and at time of this Statement are as follows:



**Ms. Tran Kim Lien**  
Chairwoman



**Ms. Le Thi Le Hang**  
Vice Chairwoman



**Mr. Tran Dinh Long**  
Board Member



**Mr. Nguyen Khac Hai**  
Board Member



**Mr. Do Ba Vong**  
Board Member



**Ms. Nguyen Thi Tra My**  
Board Member



**Mr. Nguyen Quang Trung**  
Board Member

Appointed on April 18<sup>th</sup> 2017

## LEGAL REPRESENTATIVE

The Company's legal representative in current year and at time of this Statement is Ms. Tran Kim Lien, Chairwoman - CEO.

## SUPERVISORY BOARD

Members of Supervisory Board in current year and at time of this Statement are as follows:



**Mr. Nguyen Khanh Quynh**  
Head of Board



**Mr. Do Tien Sy**  
Member



**Mr. Nguyen Tuan Anh**  
Member

## BOARD OF MANAGEMENT

Members of Board of Management in current year and at time of this Statement are as follows:



**Ms. Tran Kim Lien**  
CEO



**Mr. Do Ba Vong**  
Vice-CEO



**Mr. Nguyen Hai Tho**  
Vice-CEO



**Mr. Nguyen Quang Truong**  
Vice-CEO

Vice-CEO appointed on April 1<sup>st</sup> 2017



**Mr. Pham Trung Dung**  
Vice-CEO

Vice-CEO appointed on April 1<sup>st</sup> 2017

## SUPERVISOR

Ernst & Young Vietnam Limited Company is the auditor for the Company.

Board of Management of Vietnam National Seed JSC presents this report and consolidated financial statements of the Company and its subsidiaries for fiscal year ending on December 31<sup>st</sup> 2017.

## BOARD OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Board of Management is responsible for the preparation of these consolidated financial statements for fiscal year that give a true and fair view of the consolidated financial position, business performance and cash flows of the Company and its subsidiaries. In preparing these consolidated financial statements, Board of Management is required to:

- Select appropriate accounting policies and then consistently apply them;
- Relevantly and conservatively perform judgments and estimates;
- 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 Company will continue its business.

The Board of Management is also responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and its subsidiaries and to ensure that the accounting records comply with the requirements of Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. 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.

Board of Management confirms that they have complied with the above requirements in preparing the consolidated financial statements.

## ANNOUNCEMENT OF BOARD OF MANAGEMENT

According to the Board of Management, the accompanying consolidated financial statements faithfully and relevantly reflects the consolidated financial performance of the Company and its subsidiaries as at December 31<sup>st</sup> 2017, consolidated business results and consolidated cash flow situation for the fiscal year, ending on the same day, in accordance with Vietnamese Accounting Standards, Accounting System for Vietnamese enterprises, and the relevant statutory requirements applicable to financial reporting

On be



**Tran Kim Lien**  
CEO

March 15<sup>th</sup> 2018



Reference No. 61201380/19317808-HN

# INDEPENDENT AUDITOR'S REPORT

## To: Shareholders of Vietnam National Seed JSC

We have audited the consolidated financial statements of Vietnam National Seed JSC and its subsidiaries (hereby called as "the Company and its subsidiaries"), made on March 15<sup>th</sup> 2018 and presented from pages 6 to 48, including the Consolidated Statement of Financial Position as at December 31<sup>st</sup> 2017, the Consolidated Statement of Income and the Consolidated Statement of Cash Flows for fiscal year ending on the same day and other explanatory information.

## RESPONSIBILITY OF BOARD OF MANAGEMENT

Board of Management's responsibility is to faithfully and relevantly prepare and present consolidated financial statements of the Company and its subsidiaries pursuant to Vietnamese Accounting Standards, Accounting System for Vietnamese enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## AUDITOR RESPONSIBILITY

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted audit pursuant to Vietnamese Standards on Auditing. Those standards require that we comply with ethic requirements, 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 amounts and the disclosures in the consolidated financial statements. The procedures selected depend on auditor's judgments, 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 auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of internal control system of the Company and its subsidiaries. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of the accounting estimates made by Board of Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believed that audit evidence obtained by us is sufficient and appropriate to provide a basic for our audit opinion..

## AUDIT OPINION

In our opinion, consolidated financial statements has true and fair view, in all material aspects, consolidated financial situation of the Company and its subsidiaries by December 31<sup>st</sup> 2017, as well as consolidated business performance and consolidated cash flow situation for the fiscal year ending on the same day, in conformity with the Vietnamese Accounting Standards, Accounting policies for Vietnamese enterprises and land the relevant statutory requirements applicable to financial reporting.

**Ernst & Young Vietnam Limited Company**




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Tran Phu Son

Vice-CEO

Certificate of Auditing No.: 0637-2018-004-1

Hanoi, Vietnam

March 15<sup>th</sup> 2018




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Trinh Xuan Hoa

Auditor

Certificate of Auditing No.: 0754-2018-004-1

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31<sup>st</sup> 2017

Figures in: VND

| Code       | ASSETS   | Interpretation | Closing balance        | Opening balance        |
|------------|--|----------------|------------------------|------------------------|
| <b>100</b> | <b>A. CURRENT ASSETS</b>                                 |                | <b>872,046,782,884</b> | <b>802,640,135,667</b> |
| <b>110</b> | <b>I. Cash and cash equivalents</b>                      | <b>5</b>       | <b>188,247,233,905</b> | <b>177,548,165,322</b> |
| 111        | 1. Cash  |                | 175,747,233,905        | 156,499,159,717        |
| 112        | 2. Cash equivalents                                      |                | 12,500,000,000         | 21,049,005,605         |
| <b>120</b> | <b>II. Short-term investments</b>                        |                | <b>707,363,800</b>     | <b>1,178,270,000</b>   |
| 121        | 1. Trading securities                                    |                | 731,612,000            | 1,178,270,000          |
| 122        | 2. Allowances for decline in value of trading securities |                | (24,248,200)           | -                      |
| <b>130</b> | <b>III. Short-term receivables</b>                       |                | <b>356,649,255,955</b> | <b>269,943,463,267</b> |
| 131        | 1. Accounts receivable from customers                    | 6.1            | 301,545,300,298        | 196,438,173,625        |
| 132        | 2. Prepayments to suppliers                              | 6.2            | 32,281,005,202         | 41,690,358,184         |
| 135        | 3. Short-term loan receivables                           |                | -                      | 200,000,000            |
| 136        | 4. Other short-term receivables                          | 7              | 30,533,389,445         | 36,692,398,109         |
| 137        | 5. Allowances for doubtful debts                         | 6.1, 7         | (7,711,158,196)        | (5,330,934,860)        |
| 139        | 6. Shortage of assets awaiting for resolution            |                | 719,206                | 253,468,209            |
| <b>140</b> | <b>IV. Inventories</b>                                   | <b>9</b>       | <b>316,603,150,792</b> | <b>344,275,927,522</b> |
| 141        | 1. Inventories   |                | 323,502,208,445        | 347,520,644,620        |
| 149        | 2. Allowances for devaluation of inventories             |                | (6,899,057,653)        | (3,244,717,098)        |
| <b>150</b> | <b>V. Other current assets</b>                           |                | <b>9,839,778,432</b>   | <b>9,694,309,556</b>   |
| 151        | 1. Short-term prepaid expenses                           | 10             | 6,977,586,575          | 6,492,786,105          |
| 152        | 2. Deductible VAT  |                | 2,722,722,426          | 3,177,405,967          |
| 153        | 3. Taxes and other receivables from State Treasury       |                | 139,469,431            | 24,117,484             |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

December 31<sup>st</sup> 2017

Figures in: VND

| Code       | ASSETS                                  | Interpretation | Closing balance          | Opening balance          |
|------------|---|----------------|--------------------------|--------------------------|
| <b>200</b> | <b>B. LONG-TERM ASSETS</b>              |                | <b>689,374,716,273</b>   | <b>683,890,214,289</b>   |
| <b>220</b> | <b>I. Fixed assets</b>                  |                | <b>471,536,085,635</b>   | <b>436,003,538,712</b>   |
| 221        | 1. Tangible fixed assets                | 11             | 261,237,076,334          | 224,359,917,589          |
| 222        | Historical costs                        |                | 436,265,861,222          | 376,088,347,491          |
| 223        | Accumulated depreciation                |                | (175,028,784,888)        | (151,728,429,902)        |
| 227        | 2. Intangible fixed assets              | 12             | 210,299,009,301          | 211,643,621,123          |
| 228        | Historical costs                        |                | 231,117,691,187          | 228,095,541,187          |
| 229        | Accumulated amortisation                |                | (20,818,681,886)         | (16,451,920,064)         |
| <b>240</b> | <b>II. Long-term assets in progress</b> |                | <b>13,228,911,424</b>    | <b>14,557,490,626</b>    |
| 242        | Construction in progress                | 13             | 13,228,911,424           | 14,557,490,626           |
| <b>250</b> | <b>III. Long-term investments</b>       | <b>14</b>      | <b>13,333,640,000</b>    | <b>13,333,640,000</b>    |
| 253        | 1. Equity investments in other entities |                | 13,333,640,000           | 13,333,640,000           |
| <b>260</b> | <b>IV. Other long-term assets</b>       |                | <b>191,276,079,214</b>   | <b>219,995,544,951</b>   |
| 261        | 1. Long-term prepaid expenses           | 10             | 11,301,121,781           | 11,784,204,532           |
| 262        | 2. Deferred tax assets                  | 29.3           | 2,336,308,133            | 4,173,898,471            |
| 269        | 3. Goodwill                             | 15             | 177,638,649,300          | 204,037,441,948          |
| <b>270</b> | <b>TOTAL ASSETS</b>                     |                | <b>1,561,421,499,157</b> | <b>1,486,530,349,956</b> |

| Code       | CAPITAL SOURCE                                | Interpretation | Closing balance          | Opening balance          |
|------------|---|----------------|--------------------------|--------------------------|
| <b>300</b> | <b>C. LIABILITIES</b>                         |                | <b>502,150,112,743</b>   | <b>400,854,685,081</b>   |
| <b>310</b> | <b>I. Current liabilities</b>                 |                | <b>461,448,578,292</b>   | <b>358,186,726,381</b>   |
| 311        | 1. Accounts payables to suppliers             | 16.1           | 100,249,655,109          | 83,679,436,281           |
| 312        | 2. Advances from customers                    | 16.2           | 103,105,984,669          | 45,500,445,324           |
| 313        | 3. Taxes and other payables to State Treasury | 17             | 9,417,207,157            | 14,497,207,243           |
| 314        | 4. Payables to employees                      |                | 41,108,807,777           | 30,954,602,764           |
| 315        | 5. Accrued expenses                           | 18             | 7,619,944,397            | 5,160,036,059            |
| 318        | 6. Short-term unearned revenues               |                | 337,530,000              | 70,730,000               |
| 319        | 7. Other short-term payables                  | 19             | 43,929,776,045           | 38,003,779,691           |
| 320        | 8. Short-term borrowings and liabilities      | 20             | 137,032,781,260          | 123,225,506,839          |
| 322        | 9. Bonus and welfare funds                    |                | 18,646,891,878           | 17,094,982,180           |
| <b>330</b> | <b>II. Long-term liabilities</b>              |                | <b>40,701,534,451</b>    | <b>42,667,958,700</b>    |
| 337        | Other long-term payables                      |                | 129,095,000              | 1,048,438,705            |
| 338        | Long-term borrowings and liabilities          | 20             | 7,165,026,040            | 7,762,735,950            |
| 341        | Deferred tax liabilities                      | 29.3           | 33,407,413,411           | 33,856,784,045           |
| <b>400</b> | <b>D. EQUITY</b>                              |                | <b>1,059,271,386,414</b> | <b>1,085,675,664,875</b> |
| <b>410</b> | <b>I. Owners' equity</b>                      | <b>21</b>      | <b>1,059,271,386,414</b> | <b>1,085,675,664,875</b> |
| 411        | 1. Contributed capital                        |                | 152,950,000,000          | 152,950,000,000          |
| 411a       | - Ordinary shares with voting rights          |                | 152,950,000,000          | 152,950,000,000          |
| 411b       | - Preferred shares                            |                | -                        | -                        |
| 412        | 2. Capital surplus                            |                | 331,245,527,850          | 331,245,527,850          |
| 415        | 3. Treasury shares                            |                | (40,000,000)             | (40,000,000)             |
| 418        | 4. Development and Investment funds           |                | 304,975,948,390          | 266,787,107,432          |
| 421        | 5. Retained earnings                          |                | 135,386,025,237          | 139,897,046,908          |
| 421a       | - Accumulated retained earnings/(losses)      |                | 35,015,314,759           | (11,645,545,478)         |
| 421b       | - Current year retained earnings              |                | 100,370,710,478          | 151,542,592,386          |
| 429        | 6. Non-controlling interest                   |                | 134,753,884,937          | 194,835,982,685          |
| <b>440</b> | <b>TOTAL</b>                                  |                | <b>1,561,421,499,157</b> | <b>1,486,530,349,956</b> |

**Bookkeeper**  
Nguyen Thi Nhu Quynh

**Chief Accountant**  
Phan The Ty



**CEO**  
Tran Kim Lien

# CONSOLIDATED STATEMENT OF INCOME

For the fiscal year ended December 31, 2017

Figures in: VND

| Code | CRITERION   | Interpretation | Current year      | Previous year     |
|------|---|----------------|-------------------|-------------------|
| 01   | 1. Revenue from sales of goods and services                                     | 23.1           | 1,602,980,742,843 | 1,436,841,654,222 |
| 02   | 2. Revenue deductions   | 23.1           | 90,378,026,742    | 106,058,470,882   |
| 10   | 3. Net revenue<br>[10 = 01 - 02]  | 23.1           | 1,512,602,716,101 | 1,330,783,183,340 |
| 11   | 4. Costs of goods sold  | 24             | 951,883,806,340   | 831,717,833,009   |
| 20   | 5. Gross profit<br>[20 = 10 - 11]   |                | 560,718,909,761   | 499,065,350,331   |
| 21   | 6. Financial income   | 23.2           | 10,889,225,050    | 6,744,144,436     |
| 22   | 7. Financial expenses   | 25             | 17,711,556,501    | 18,437,873,614    |
| 23   | In which: Interest expenses   |                | 7,651,206,285     | 12,393,621,843    |
| 24   | 8. Share of profit of investment in associates                                  |                | -                 | -                 |
| 25   | 9. Selling expenses   | 26             | 126,528,473,823   | 125,687,363,607   |
| 26   | 10. General and administration expenses   | 26             | 175,133,574,358   | 148,638,915,165   |
| 30   | 11. Net profits from operating activities<br>[30 = 20 + 21 - 22 + 24 - 25 - 26] |                | 252,234,530,129   | 213,045,342,381   |
| 31   | 12. Other incomes   | 27             | 7,450,383,638     | 2,397,292,991     |
| 32   | 13. Other expenses  | 27             | 4,088,941,536     | 1,351,270,521     |
| 40   | 14. Other profits [40 = 31 - 32]  |                | 3,361,442,102     | 1,046,022,470     |
| 50   | 15. Profit before tax [50 = 30 + 40]  |                | 255,595,972,231   | 214,091,364,851   |
| 51   | 16. Current corporate income tax  | 29.2           | 19,592,526,093    | 22,378,552,469    |

| Code | CRITERION   | Interpretation | Current year    | Previous year   |
|------|---|----------------|-----------------|-----------------|
| 52   | 17. Deferred corporate income tax                     | 29.3           | (1,388,219,704) | 747,545,775     |
| 60   | 18. Net profit after tax<br>[60 = 50 - 51 + 52]       |                | 234,615,226,434 | 192,460,358,157 |
| 61   | 19. Net profit after tax of parent company            |                | 210,797,004,116 | 175,205,884,388 |
| 62   | 20. Net profit after tax of non-controlling interests | 21.1           | 23,818,222,318  | 17,254,473,769  |
| 70   | 21. Basic earnings per share                          | 31             | 13,792          | 10,316          |
|      | 22. Diluted earnings per share                        | 31             | 13,792          | 10,316          |

**Bookkeeper**

Nguyen Thi Nhu Quynh

**Chief Accountant**

Phan The Ty

**CEO**

Tran Kim Lien

March 15<sup>th</sup> 2018

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the fiscal year ended December 31, 2017

Figures in: VND

| Code   | CRITERIA   | Interpretation | Current year             | Previous year           |
|--|--|----------------|--------------------------|-------------------------|
| <b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b> |  |                |                          |                         |
| <b>01</b>                                      | <b>Profit before tax</b>   |                | <b>255,595,972,231</b>   | <b>214,091,364,851</b>  |
|  | <i>Adjustments for:</i>  |                |                          |                         |
| 02   | Depreciation and amortisation (Included allocation of goodwill)                                      |                | 58,111,565,247           | 58,307,734,929          |
| 03   | Provisions/(Reversal)  |                | 5,240,182,530            | (12,588,623,792)        |
| 04   | (Gains) and losses on exchange differences arising on revaluation of foreign currency monetary items |                | 1,269,748,242            | (13,193,244)            |
| 05   | Share of profit in associates  |                | (10,141,540,675)         | (3,584,812,547)         |
| 06   | Interest expenses  |                | 7,651,206,285            | 12,393,621,843          |
| <b>08</b>                                      | <b>Operating profit before changes in working capital</b>  |                | <b>317,727,133,860</b>   | <b>268,606,092,040</b>  |
| 09   | (Increase)/Decrease in receivables   |                | (97,807,311,874)         | 52,709,515,382          |
| 10   | Decrease in inventories  |                | 21,699,117,202           | 88,773,044,959          |
| 11   | Increase (decrease) in payables  |                | 86,030,266,499           | 5,069,528,754           |
| 12   | Increase in prepaid expenses   |                | (81,203,126)             | (670,549,068)           |
| 13   | Decrease in trading securities   |                | 446,658,000              | 2,765,730,000           |
| 14   | Interest paid  |                | (7,695,308,546)          | (12,105,326,494)        |
| 15   | Corporate income tax paid  |                | (23,343,868,775)         | (18,593,816,023)        |
| 17   | Other payments for operating activities  |                | (45,704,783,143)         | (53,739,330,653)        |
| <b>20</b>                                      | <b>Net cash flows from operating activities</b>  |                | <b>251,270,700,097</b>   | <b>332,814,888,897</b>  |
| <b>II. CASH FLOW FROM INVESTING ACTIVITIES</b> |  |                |                          |                         |
| 21   | Capital expenditures   |                | (63,090,987,392)         | (41,469,580,913)        |
| 22   | Proceeds from disposal or transfer of fixed assets   |                | 1,300,105,545            | 4,807,272               |
| 24   | Cash receipts from disposal of debt instruments of other entities                                    |                | 200,000,000              | -                       |
| 25   | Payments for purchase of equity instruments of other entities  |                | (62,932,763,670)         | (3,500,000,000)         |
| 26   | Receipts from sale of equity instruments of other entities   |                | 7,221,523,425            | -                       |
| 27   | Proceeds from interests, dividends and distributed profits   |                | 8,982,842,491            | 4,357,029,074           |
| <b>30</b>                                      | <b>Net cash flows from investing activities</b>  |                | <b>(108,319,279,601)</b> | <b>(37,107,744,567)</b> |

| Code  | CRITERION   | Interpretation | Current year      | Previous year     |
|---|---|----------------|-------------------|-------------------|
| <b>III. CASH FLOW FROM FINANCING ACTIVITIES</b> |   |                |                   |                   |
| 32  | Common stock repurchased                                  |                | (98,859,337,909)  | (20,000,000)      |
| 33  | Proceeds from borrowings                                  |                | 255,677,185,560   | 261,577,620,962   |
| 34  | Principal repayment on debts                              |                | (242,467,621,049) | (405,713,773,833) |
| 36  | Cash dividends paid to stockholders                       |                | (46,609,229,000)  | (42,636,006,500)  |
| 40  | Net cashflow from financing activities                    |                | (132,259,002,398) | (186,792,159,371) |
| 50  | Net cash flows during the fiscal year                     |                | 10,692,418,098    | 108,914,984,959   |
| 60  | Cash and cash equivalents at the beginning of fiscal year |                | 177,548,165,322   | 68,677,496,884    |
| 61  | Effect of exchange rate fluctuations                      |                | 6,650,485         | (44,316,521)      |
| 70  | Cash and cash equivalents at the end of fiscal year       | 5              | 188,247,233,905   | 177,548,165,322   |

**Bookkeeper**

Nguyen Thi NhuQuynh

**Chief Accountant**

Phan The Ty

**CEO**

Tran Kim Lien

March 15<sup>th</sup> 2018



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

## 1. GENERAL INFORMATION OF THE COMPANY

Vietnam National Seed JSC (“the Company”) was transformed from National Seed Company No.1 pursuant to Decision No. 5029/QĐ/BNN-TCCB dated November 10<sup>th</sup> 2003, issued by Ministry of Agriculture and Rural Development and Business Registration Certificate No. 0103003628 first issued by Hanoi Authority for Planning and Investment on February 6<sup>th</sup> 2004.

The Company’s main activities in current year are breeding, trading, directly importing - exporting crop seeds and supporting materials.

Normal production and trading cycle of seed production is under 12 months.

The Company is located at No.01 Luong Dinh Cua Str., Phuong Mai Ward, Dong Da Dist., Hanoi, Vietnam and has its member firms as follows:

| Member Firms  | Address  |
|---|--|
| Branch of Thanh Hoa Central Seed JSC  | Yen Dinh District, Thanh Hoa   |
| Branch of Thai Binh Central Seed JSC  | Dong Hung Dist., Thai Binh   |
| Branch of Vinh Central Seed JSC, Nghe An                                      | Vinh City, Nghe An   |
| Ba Vi Central Seed Enterprise, Hanoi  | Ba Vi Dist., Hanoi   |
| Dong Van Central Seed Enterprise, Ha Nam                                      | Duy Tien Dist., Ha Nam   |
| Thuong Tin Central Seed Processing Factory, Hanoi                             | Thuong Tin Dist., Hanoi  |
| Khoai Chau Central Seed Research Farm, Hung Yen                               | Khoai Chau Dist., Hung Yen   |
| Ba Vi Center of Seed research, development and technological transfer, Hanoi. | Ba Vi Dist., Hanoi   |
| VinaSeed – Tay Nguyen Branch  | Buon Ma Thuot City, Dak Lak  |
| Vinaseed – Hanoi Branch   | Gia Thuy Ward, Dong Da Dist., Hanoi  |
| Vinaseed – Branch of Agriculture Product Trading                              | Dong Van I Industrial Zone expansion, Dong Van town, Duy Tien Dist., Ha Nam. |

Number of employees of the Company and its subsidiaries as of December 31 2017 are 712 (December 31 2016: 668)

### Structural organization

By December 31<sup>st</sup> 2017, the Company owns 5 subsidiaries. Details about subsidiaries and the Company's profit rate in its subsidiaries are as follows:

| Order | Company name  | Profit rate | Voting ratio | Head office address                              | Main activities during the year   |
|-------|---|-------------|--------------|--|---|
| 1     | Ha Tay Seed Joint Stock Company   | 53.80%      | 53.80%       | Phu Lam Ward, Ha Dong Dist, Hanoi                | Producing, trading seeds and rendering warehousing services.  |
| 2     | Quang Nam National Seed JSC (formerly known as "Quang Nam Agriculture Forestry Seed JSC") | 90.02%      | 90.02%       | Dien Thang Bac Village, Dien ban Town, Quang Nam | Supplying planting service, wholesaling agriculture and forestry products, materials and living animals, processing agriculture and forestry products, trading agricultural supplies.                 |
| 3     | Southern Seed JSC   | 74.90%      | 74.90%       | Tan Binh Dist, Ho Chi Minh City                  | Researching, producing, trading and importing - exporting seeds.  |
| 4     | Southern Seed Electrical JSC (*)  | 62.72%      | 83,74%       | Tan Binh Dist., Ho Chi Minh City                 | Producing machines for agriculture, forestry, food and drink, processing machines, repairing, maintaining and installing equipment.   |
| 5     | Ha Nam High tech Agricultural Development and Investment Joint Stock Company              | 100%        | 100%         | Ly Nhan Dist., Ha Nam                            | Producing pickle species and high quality agricultural products to supply for domestic consumption and exporting; researching, applying, training and transferring high-tech agricultural technology. |

(\*) The company owns this subsidiary indirectly through another subsidiary, named Southern Seed Joint Stock Company. By December 31<sup>st</sup> 2017, Southern Seed Electrical JSC ceases operation and is fulfilling procedures to go bankrupt pursuant to current law.

## 2. CONDITIONS

### 2.1. Accounting standards and policies applied

The consolidated financial statements of the Company and its subsidiaries are expressed in Vietnam Dong (“VND”) in accordance with Accounting Policies for Vietnamese enterprises and Vietnamese Accounting Standards issued by Ministry of Finance, pursuant to:

- Decision No. 149 /2001/QĐ-BTC dated December 31st 2001 on issuing 4 Vietnamese Accounting Standards (Phase 1);
- Decision No. 165/2002/QĐ-BTC dated December 31st 2002 on issuing 6 Vietnamese Accounting Standards (Phase 2);
- Decision No. 234/2003/QĐ-BTC dated December 30th 2003 on issuing 6 Vietnamese Accounting Standards (phase 3);
- Decision No. 12/2005/QĐ-BTC dated February 15th 2005 on issuing 6 Vietnamese Accounting Standards (phase 4); and
- Decision No. 100/2005/QĐ-BTC dated December 28th 2005 on issuing 4 Vietnamese Accounting Standards (phase 5).

Accordingly, the attached consolidated financial statements and its uses are not for those who are not provided with information on accounting practices, regulations and procedures in Vietnam, and are not appointed to present consolidated statement of financial position, income, cash flows pursuant to accounting practices and regulations accepted widely in other countries and territories outside Vietnam.

### 2.2. Form of applied registry book

Form of applied registry book of the Company and its subsidiaries is accounting on computer.

### 2.3. Annual accounting period

Fiscal accounting period of the company applied in making consolidated financial statements begins at January 1<sup>st</sup> and ends at December 31<sup>st</sup>.

### 2.4. Currency unit in accounting

Currency unit used in consolidated financial statements is VND.

### 2.5. Basic of consolidations

Consolidated financial statements include financial statements of the Company and its subsidiaries for the fiscal year by December 31<sup>st</sup> 2017.

Subsidiaries are totally consolidated since purchasing day, of which the Company takes control, and are continuously consolidated until the day the Company stops taking control of them.

The financial statements of the Company and its subsidiaries are used to make the consolidated ones for the same accounting cycle, apply consistently accounting policies. Account numbers statement between financial position sheets of the Company and its subsidiaries, incomes and expenses, unrealized internal gains and losses emerging from these transactions are totally excluded.

Interests of non-controlling shareholders are interests in losses, gains and in net assets of subsidiaries uncontrolled by the Company and are listed separately in consolidated statement of income and in owner’s equity in consolidated balance sheet.

Effects from changes in subsidiary owner rate that don’t change controlling rights are calculated to undistributed profit after tax.



### 3. SUMMARY OF KEY ACCOUNTING POLICIES

#### 3.1. Changes in accounting policies and interpretation.

Accounting policies of the Company and its subsidiaries used to prepare consolidated financial statements are consistently executed in line with those used in consolidated financial statements of fiscal year ending on December, 31<sup>st</sup> 2016.

#### 3.2. Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits, short-term investments with a maximum duration of three months, being highly liquid and can readily be converted into cash without material fluctuation in value

#### 3.3. Inventories

Inventory is recorded at whichever cost is lower: the cost price bringing products to current location and condition and net realizable value.

Net realizable value is determined by deducting estimated costs of finishing and estimated selling costs from estimated selling prices of inventory in normal running condition.

The Company and its subsidiaries have implemented the perpetual inventory method in bookkeeping to determine the value as below:

|                                     |   |
|-------------------------------------|---|
| Raw materials and goods             | Costs of purchase in accordance with weighted average cost method.  |
| Finished goods and work in progress | Raw input materials cost and direct labor cost plus related allocated general overheads cost in a normal running condition - in accordance with weighted average cost method. |

#### Provision for devaluation of inventories

Provision for devaluation of inventories means the provision for an estimated value lost due to the devaluation (discount, damaged, low-quality, out-of-date, etc...) of raw materials, finished goods, inventories owned by the Company and its subsidiaries, proved by reasonable evidences on the last day of the fiscal accounting period.

Increase or decrease of provision for devaluation of inventories is recorded in the cost of goods sold account in the consolidated income statement.

### 3. SUMMARY OF KEY ACCOUNTING POLICIES (CONTINUED)

#### 3.4. Receivables

Receivables are demonstrated in the consolidated financial statements as book values of receivables from customers and other receivables after deducting the provision for doubtful debts.

Provision for doubtful debts demonstrates the value of receivables without expectation of recovery possibility of the Company and its subsidiaries on the last day of fiscal accounting period. Any increase or decrease in provision account is recorded in general and administrative expenses account in the consolidated income statement.

#### 3.5. Tangible fixed assets

Tangible fixed assets are determined by deducting accumulated depreciation from historical costs.

Tangible fixed asset costs include costs of purchase and other costs directly incurred to put the assets into operation as planned.

Costs of fixed asset purchase, upgrade and renewal are recorded as an increase of fixed asset costs while accrued maintenance and repair costs are recorded in the consolidated income statement. Regarding fixed assets sales and disposal, gain and loss arising from fixed asset disposal (the difference of net earnings from fixed asset sales and its residual value) is recorded in consolidated income statement.

#### 3.6. Asset leasing

Agreement on asset leasing is determined by its origin at the beginning moment including: whether agreement implementation depends on the usage of a certain type of assets and terms about property rights are included in the agreement or not.

Agreement on asset leasing is classified to as finance lease if substantially all the risks and rewards that are incidental to ownership of the leased asset are transferred to the lessee. Other types of asset leasing are classified to be operating lease.

#### 3.7. Intangible fixed assets

Intangible fixed assets are determined by deducting accumulated amortization from their historical costs.

Intangible fixed asset costs include costs of purchase and other costs directly incurred to put the assets into operation as planned.

Costs of intangible fixed asset upgrade and renewal are recorded as an increase in historical cost of fixed asset and other accrued expenses are recorded in consolidated income statement.

Regarding intangible fixed assets sales and disposal, gain and loss arising from intangible fixed asset disposal (the difference of net earnings from intangible fixed asset sales and its residual value) is recorded in the consolidated income statement.

#### Land use rights

Land use rights are granted with certificate of land use rights for long-term and recorded as the intangible fixed asset pursuant to Circular No 45/2013/TT-BTC issued by the Ministry of Finance dated on April, 25<sup>th</sup>, 2013 guiding the management, use and depreciation of fixed assets. (circular 45)

#### Patents

The patent of corn and rice seed not studied and developed by the Company and its subsidiaries themselves is recorded based on costs of purchase. The patent is allocated by straight-line method within whichever duration is shorter: estimated useful life of assets and patent duration.

### 3. SUMMARY OF KEY ACCOUNTING POLICIES (CONTINUED)

#### 3.8. Depreciation and amortization

Depreciation of tangible fixed assets and amortization of intangible fixed assets are determined by straight-line method during estimated useful life of assets as below:

|                                |             |
|--------------------------------|-------------|
| Housing and structures         | 10-25 years |
| Equipment and management tools | 5-6 years   |
| Means of transport             | 6-10 years  |
| Machinery and equipment        | 5-7 years   |
| Computer software              | 5 years     |
| Copyrights                     | 2-5 years   |
| Fixed term land use rights     | 10-49 years |

Long term land use rights are not depreciated.

#### 3.9. Borrowing costs

Borrowing costs included interest expense and other accrued charges directly related to loans of the Company and its subsidiaries.

Borrowing costs are reported as accrued expenses excluding capitalized expenses according to the following article

Borrowing costs directly relating to purchasing, constructing or establishing a specific type of assets need sufficient time to put into use for specific plan or sale are capitalized into asset costs.

#### 3.10. Prepaid expenses

There are short-term and long-term prepaid expenses in the consolidated balance sheet. They are allocated during prepaid time or periods or their respective economic benefits are generated.

#### 3.11. Business consolidation and goodwill

Business consolidation is recorded by purchase method. The costs of business consolidation include the fair value on the day of property swap, existed or recognized payable liabilities and equity instruments are issued by acquirer in returns for the control right as well as other costs related to the business consolidation. Defined assets and liabilities, contingent liabilities of acquired parties are reported at fair value on the day of business consolidation.

Goodwill resulted from business consolidation is initially recorded by historical cost. It is determined as the difference between the costs of business consolidation and acquirer's ownership ratio of properties' fair value, defined payable liabilities and recognized contingent liabilities. If cost of business consolidation is less than net assets' fair value of acquired parties, the difference will be recorded in consolidated income statement. After the first recognition, goodwill is determined by deducting accumulated value allocation from historical cost. Goodwill is allocated by straight-line method within estimated useful life of ten (10) years

After taking control over the subsidiary, if the holding company continues to raise the ownership ratio, the difference between the cost of additional investment and subsidiary's additional booked value of net assets will be directly recorded in undistributed profit after tax account and will be considered as owner's equity transactions.

### 3. SUMMARY OF KEY ACCOUNTING POLICIES (CONTINUED)

#### 3.12. Investments

##### Trading securities and equity investments in other entities

Trading securities and equity investments in other entities are recorded at historical cost.

##### Provisions for devaluation of Trading securities and Equity investments in other entities

Provisions are set aside for devaluation of Trading securities and Equity investments in other entities on the last day of accounting period pursuant to the guidance of Circular No 228/2009/TT-BTC issued by Ministry of Finance dated on December, 7<sup>th</sup>, 2009 (Circular 228) and Circular No 89/2013/TT-BTC issued by Ministry of Finance dated on June, 28<sup>th</sup>, 2013 to amend Circular 228. Increase or decrease in provision balance is recorded in financial expense account in consolidated income statement.

##### Held to maturity investments

Held to maturity investments are recorded at the historical cost. After the first recognition, these investments are recorded at recoverable amount. Any decrease in investments value will be record on consolidated statement of income and directly reduce investment value.

#### 3.13. Liabilities and accrued expenses

Payables and accrued expenses are recognized as the liabilities in the future related to received goods and services not depend on whether the Company and its subsidiaries receive the providers' invoices or not

#### 3.14. Payable redundancy payments

Redundancy payments are pre-paid at the end of reporting period to all employees working more than 12 months at the Company as of the balance sheet date, determined to be a half of average monthly salary per each working year as of December, 31<sup>st</sup>, 2008 pursuant to Labor Code and other related documents of guidance. The level of average monthly salary used to determine the redundancy payments is adjusted at the end of fiscal accounting period based on the average salary of the last 6 months as of reporting period. Excluding the actual payment amount to labors, any increase or decrease in the pre-paid expenses will be recorded in the consolidated income statement.

The pre-paid redundancy payment will be used in case of the fact that the employee terminates the employment contracts in accordance with Article 48 of Labor Code.



### 3. SUMMARY OF KEY ACCOUNTING POLICIES (CONTINUED)

#### 3.15. Foreign currency transactions

Transactions with monetary unit being different from the accounting monetary unit of the Company and its subsidiaries are reported by using the actual exchange rate on the day of transactions based on these following principles:

- Transactions resulting to receivables are reported by using bid rate of commercial bank that the Company and its subsidiaries nominated for payment;
- Transactions resulting to payables are reported by using offer rate of commercial bank where the Company and its subsidiaries tend to choose;
- Property purchasing or prompt payment using foreign currency (not included in payables account) is reported by using bid rate of commercial bank that the Company and its subsidiaries settle the payment.

On the last day of fiscal accounting period, the cash accounts derived from foreign currencies are re-evaluated by using the actual exchange rate on the day of balance sheet based on these following principles:

- The cash accounts classified to be assets are recorded by using bid rate of commercial bank where the Company and its subsidiaries frequently have transactions; and
- The cash accounts classified to be payables are recorded by using offer rate of commercial bank where the Company and its subsidiaries frequently have transactions.

The difference of the actual exchange rate arising in the year and the difference due to the year-end re-evaluation of the cash balance derived from foreign currencies are recorded in the consolidated income statement.

#### 3.16. Treasury stocks

Owner's equity instruments repurchased by the Company (treasury stocks) are recorded at historical costs and deducted from the owner's equity while gain or (loss) of purchasing, selling, re-issuing or retirement of treasury stocks is not recognized by the Company.

#### 3.17. Profit-sharing

Net profits after tax (exclude any gain from cheap pricing) are distributed to shareholders after setting aside provisions in accordance with the approval of the annual general meeting, regulations of the Company and its subsidiaries as well as the national law.

Provisions of the Company and its subsidiaries are set aside from net profits after corporate income tax in accordance with the proposal of Board of Management and the approval of shareholders at the annual general meeting.

#### Research and development fund

Research and development fund is established to develop the activities of the Company and its subsidiaries in a wide and deep manner.

#### Bonus and welfare fund

Bonus and welfare fund is established to commend and reward, bringing about general benefits and raising the welfare for employees. It is reported in payables account in the consolidated balance sheet.





### 3. SUMMARY OF KEY ACCOUNTING POLICIES (CONTINUED)

#### 3.18. Revenue recognition

Revenue is recognized when the Company and its subsidiaries are within the bounds of possibility to definitely gain the defined economic benefits. Revenue is determined by deducting the trade discounts, sales allowances and sales returns from the fair values of receivables. The following criteria must be fulfilled when recognizing revenue:

##### Sales revenue

Sales revenue is recognized when the main material risks and rewards of goods ownership are transferred to the buyers, commonly being at the moment of goods delivery.

##### Services revenue

Service revenue is recognized when services are rendered and completed.

##### Dividends

Revenue is recognized when the rights for receiving dividends of the Company and its subsidiaries are established.

##### Interest incomes

Revenue is recognized when interest income is generated on accumulation basic (including property dividends) excepting the uncertainty of interest recovering.

#### 3.19. Taxes

##### Current income taxes

Income-tax assets and income taxes liabilities for current year and previous years are determined by expected recoverable amount from tax departments or paid amount to them, based on tax rates and tax law being effective until the last day of fiscal accounting periods.

Current taxes are recorded in the consolidated income statement except the case when arisen income taxes are directly recorded in owner equity account due to the relation of income taxes and one category in owner equity account.

The Company and its subsidiaries compensate for current income tax assets and current payable income tax only when they have the legal rights to do so. If so, net method will be applied.

### 3. SUMMARY OF KEY ACCOUNTING POLICIES (CONTINUED)

##### Deferred income taxes

Deferred income taxes are resulted from temporary differences on the last day of fiscal accounting periods between basis of tax calculation of assets and payable liabilities and their book values in order to report the consolidate financial statements.

Payable deferred income tax is recorded for all the temporary difference of taxable income, excluding:

- Payable deferred income tax results from the initial recognition of the property or payable liability of one transaction without any influences on accounting profits and taxable profits or taxable losses at the moment of arising transactions;
- Taxable temporary differences attached to investments to the subsidiaries when the Company and its subsidiaries have the ability to control time of reverting of temporary differences and ensure them not to be reverted in the foreseeable future.

Deferred income tax assets should be reported for all deductible temporary differences, deductible values of taxable losses and undisposed tax preference are forwarded to the following year when there is a certainty of taxable profits to use deductible temporary differences, taxable losses and undisposed tax preference in the future, excluding:

Deferred income tax assets result from the initial recognition of the property or payable liabilities of one transaction without any influences on accounting profits and taxable profits or taxable losses at the moment of arising transactions;

Regarding the deductible temporary differences resulted from investment to subsidiaries, deferred income tax assets are recognized provided these mentioned differences will be reverted in the foreseeable future and there will be an existence of taxable profits using them.

The book value of deferred income tax assets should be revised on the last day of accounting period and devaluated to ensure the efficiency of taxable profits, facilitating the benefits of partial or entire deferred income tax assets to be used. The deferred income tax assets have yet been recognized before, being revised on the last day of fiscal accounting period and they are reported when there is a certainty of sufficient taxable profits to use the unrecognized deferred income tax assets in the future.

Deferred income tax assets and payable deferred income tax are determined by estimated tax rate applied for

accounting period when there is an existence of property recovery or payable liability based on the tax rates and tax laws being effective until the last day of fiscal accounting period.

Deferred income taxes are recorded in consolidated income statement except the case when the arisen income taxes relate to one category of ownership's equity account. If so, deferred income taxes are directly recorded in owner equity account.

The Company and its subsidiaries compensate for deferred income tax assets and deferred income taxes only when they have the legal rights to do so and deferred income tax assets and payable deferred income tax relate to income tax controlled by one tax department:

- For the same tax payment applicant; or
- The Company and its subsidiaries tend to pay the current payable income tax and current income tax assets by net method or property recovery, along with payments of periodic liabilities in the future when the main categories of payable deferred income tax or deferred income tax assets account are paid off or recovered.

### 3. SUMMARY OF KEY ACCOUNTING POLICIES (CONTINUED)

#### 3.20 . Earning per share (EPS)

Primary earnings per share is determined by dividing the profits or losses after tax distributed to shareholders holding common stocks of the Company (after adjusting for setting aside the bonus and welfare fund) by average numbers of outstanding shares within the fiscal year.

Diluted EPS are calculated by dividing the profits or losses after tax distributed to shareholders holding common stocks of the Company (after adjusting for dividends of convertible preferred stock) by average numbers of outstanding shares within the fiscal year and average numbers of stocks being about to be issued in case of the fact that all the possible diluted common stocks are converted into common stocks.

#### 3.21. Related parties

Parties are considered as related parties of the Company and its subsidiaries when one of them directly or indirectly is able to control over the others or has significant influence on the other in financial and operational decision making or the Company and its subsidiaries as well as parties are under control or significantly influenced together. Related parties probably include companies or individuals, in details: intimate members in intimate families of individuals are considered to be related.





## 4. BUSINESS CONSOLIDATION

### 4.1. Purchasing additional stocks of Southern Seed Corporation

In 2017, the Company purchased 904,674 stocks of Southern Seed Corporation - one of its subsidiaries, being equivalent to a rise of its profit ratio by 74.9% from this subsidiary.

The value in cash of purchasing additional stocks of Southern Seed Corporation is 62,932,763,670 VND. The difference between the purchased value of additional investments and additional ownership ratio of this subsidiary's net asset value is 44,198,301.446 VND, being recorded in undistributed profit after tax account.

### 4.2. Purchasing additional stocks of Ha Nam High Tech Agricultural development and investment Joint Stock Company

In financial period of the first 6 months of 2017, the Company contributed sufficient pledged capital to Ha Nam high tech Agricultural development and investment Joint Stock Company demonstrated by the ratio accounting for 71.6% of total chartered capital registered by this subsidiary. In December, 2017, the Company has executed an entire acquisition of capital contribution from its remaining founding shareholders whereby raising its ownership ratio to 100%.

### 4.3. Disposal of equity investment at Nam An Seed Joint Stock Company

On December, 1<sup>st</sup>, 2017, Southern Seed Corporation disposed its investment at Nam An Seed Joint Stock Company - one of its subsidiary. Accordingly, Nam An Seed Joint Stock Company has no longer been the subsidiary of both Southern Seed Corporation and the Company starting from that day.

## 5. CASH AND CASH EQUIVALENTS

Calculation Unit: VND

|                      | Closing balance        | Opening balance        |
|----------------------|------------------------|------------------------|
| Cash                 | 13,955,917,214         | 10,381,161,036         |
| Bank Deposits        | 161,791,316,691        | 146,117,998,681        |
| Cash Equivalents (*) | 12,500,000,000         | 21,049,005,605         |
| <b>TOTAL</b>         | <b>188,247,233,905</b> | <b>177,548,165,322</b> |

(\*) CEquivalents include under-3-month-term deposits, earning the interest rates from 4,8% to 5,5% per year as of December, 21<sup>st</sup>, 2017. (The interest rate was 5,2% per year as of December, 31<sup>st</sup>, 2016).

## 6. SHORT-TERM RECEIVABLES FROM CUSTOMERS AND ADVANCED PAYMENTS TO SUPPLIERS

### 6.1. Short-term receivables from customers

Calculation Unit: VND

|   | Closing balance        | Opening balance        |
|---|------------------------|------------------------|
| Department of Crop Production - Ministry of Agriculture & Rural Development | 148,216,086,000        | 46,208,800,000         |
| Dien Bien Seed Joint Stock Company  | 10,591,406,000         | 9,808,800,000          |
| Quang Ngai Seed Center  | 8,334,181,900          | 6,608,328,500          |
| Other receivables from customers  | 134,403,626,398        | 133,683,492,625        |
| Receivables from related parties (Note No.z 30)                             | -                      | 128,752,500            |
| <b>TOTAL</b>  | <b>301,545,300,298</b> | <b>196,438,173,625</b> |
| Provisions for short-term doubtful receivables                              | (7,490,153,801)        | (5,330,934,860)        |

## 6.2. Short-term advanced payments to suppliers

Calculation Unit: VND

|   | Closing balance       | Opening balance       |
|---|-----------------------|-----------------------|
| Advanced payments to building contractors and suppliers | 4,512,683,080         | 8,898,960,000         |
| Trang Nong Lam Vien Joint Stock Company                 | 3,530,739,20          | 3,500,000,000         |
| Vietnam Performance Motors Joint Stock Company          | -                     | 3,313,000,000         |
| Advanced payments to other building contractors         | 981,943,560           | 2,085,960,000         |
| Advanced payments to other suppliers                    | 27,768,322,122        | 32,791,398,184        |
| Pham Quoc Thinh   | 2,000,000,000         | 899,568,672           |
| Tran Van Thuan  | 597,886,840           | -                     |
| Advanced payments to other suppliers                    | 25,170,435,282        | 31,891,8129,512       |
| <b>TOTAL</b>  | <b>32,281,005,202</b> | <b>41,690,358,184</b> |

## 7. OTHER SHORT-TERM RECEIVABLES

Calculation Unit: VND

|  | Closing balance       | Opening balance       |
|--|-----------------------|-----------------------|
| Stock Investments (*)                    | 12,715,380,000        | 12,715,380,000        |
| Advances to employees                    | 10,077,637,618        | 10,767,567,911        |
| Project receivables                      | 1,727,756,918         | 3,623,894,139         |
| Collateral, deposits                     | 776,116,230           | 1,135,018,230         |
| Other receivables                        | 5,236,498,679         | 8,450,537,829         |
| <b>TOTAL</b>                             | <b>30,533,389,445</b> | <b>36,692,398,109</b> |
| Short-term allowances for doubtful debts | (221,004,395)         | -                     |

(\*) This is the amount paid to invest in shares of an enterprise operating in planting and trading seeds. However, the Company has not fulfilled legal procedures relating purchasing shares of this enterprise by December 31<sup>st</sup> 2017.

## 8. BAD DEBTS

Figure in: VND

| DEBTORS  | CLOSING BALANCE      |                    | OPENING BALANCE      |                    |
|--|----------------------|--------------------|----------------------|--------------------|
|  | HISTORICAL COST      | RECOVERABLE AMOUNT | HISTORICAL COST      | RECOVERABLE AMOUNT |
| Dong Cuu agricultural service Cooperative                  | 836,220,000          | -                  | 836,220,000          | -                  |
| Tai Loc Trading and Agricultural service Ltd., Co. (CNB)   | 736,969,000          | -                  | 736,969,000          | -                  |
| Tay Bac Seed and Agriculture Equipment One Member Ltd., Co | 336,815,587          | -                  | 336,815,587          | -                  |
| Dak Nong Trading and Service Company                       | 605,937,458          | -                  | 654,711,000          | -                  |
| Other customers  | 5,195,216,151        | -                  | 2,766,219,273        | -                  |
| <b>TOTAL</b>   | <b>7,711,158,196</b> | <b>-</b>           | <b>5,330,934,860</b> | <b>-</b>           |

## 9. INVENTORIES

Figures in: VND

|                   | Closing balance        |                        | Opening balance        |                        |
|-------------------|------------------------|------------------------|------------------------|------------------------|
|                   | Historical cost        | Provisions             | Historical cost        | Provisions             |
| Finished products | 257,084,963,181        | (6,899,057,653)        | 242,966,628,124        | (2,717,657,429)        |
| Goods             | 29,119,769,997         | -                      | 40,099,416,907         | -                      |
| Raw materials     | 32,743,755,014         | -                      | 49,840,723,705         | (527,059,669)          |
| Work in progress  | 3,363,870,378          | -                      | 12,834,112,354         | -                      |
| Tools             | 1,189,849,875          | -                      | 1,779,763,530          | -                      |
| <b>TOTAL</b>      | <b>323,502,208,445</b> | <b>(6,899,057,653)</b> | <b>347,520,644,620</b> | <b>(3,244,717,098)</b> |

## 9. INVENTORIES (CONT.)

Increase, decrease in provisions for devaluation of inventories:

Figures in: VND

|                           | Current year         | Previous year        |
|---------------------------|----------------------|----------------------|
| Opening balance           | 3,244,717,098        | 14,711,605,733       |
| Provisions (*)            | 5,975,430,030        | 4,569,531,935        |
| Use and revert provisions | (2,321,089,475)      | (16,036,420,570)     |
| <b>CLOSING BALANCE</b>    | <b>6,899,057,653</b> | <b>3,244,717,098</b> |

(\*) During the year, the Company and its increased supplements provisions for devaluation of inventories for some kinds of corn and rice seeds failing to meet the quality standard.

## 10. PREPAID EXPENSES

Figures in: VND

|                              | Closing balance       | Opening balance       |
|------------------------------|-----------------------|-----------------------|
| <b>Short-term</b>            |                       |                       |
| Packaging and label expenses | 6,415,687,950         | 5,313,492,467         |
| Repair expenses              | 250,457,142           | 397,655,618           |
| Tools, instruments           | 136,682,546           | 282,352,410           |
| Others                       | 174,758,937           | 499,285,610           |
| <b>TOTAL</b>                 | <b>6.977.586.575</b>  | <b>6.492.786.105</b>  |
| <b>Long - term</b>           |                       |                       |
| Land rentals                 | 6,217,464,994         | -                     |
| Repair expenses              | 3,309,587,364         | 3,538,866,251         |
| Tools, instruments           | 632,285,334           | 1,132,840,276         |
| Expenses for seed research   | 68,183,785            | 4,333,704,571         |
| Others                       | 1,073,600,304         | 2,778,793,434         |
| <b>TOTAL</b>                 | <b>11,301,121,781</b> | <b>11,784,204,532</b> |

**11. TANGIBLE FIXED ASSETS**

Figures in: VND

|  | Building & architectural objects | Equipment & machine    | Transportation        | Instruments & tools for management | Other fixed assets   | Total                  |
|--|----------------------------------|------------------------|-----------------------|------------------------------------|----------------------|------------------------|
| <b>Historical cost:</b>                            |                                  |                        |                       |                                    |                      |                        |
| Opening balance                                    | 220,298,623,136                  | 114,974,526,096        | 36,076,962,902        | 4,578,235,357                      | 160,000,000          | 376,088,347,491        |
| In-year purchased                                  | 43,021,717,113                   | 9,109,585,014          | 9,772,042,438         | 656,551,552                        | 4,901,902,299        | 67,461,798,416         |
| Disposal of investments in subsidiaries (Note 4.3) | (3,444,074,372)                  | (974,314,782)          | (650,653,058)         | -                                  | -                    | (5,069,042,212)        |
| Disposal   | (158,297,000)                    | -                      | (2,056,945,473)       | -                                  | -                    | (2,215,242,473)        |
| <b>CLOSING BALANCE</b>                             | <b>259,717,968,877</b>           | <b>123,109,796,328</b> | <b>43,141,406,809</b> | <b>5,234,786,909</b>               | <b>5,061,902,299</b> | <b>436,265,861,222</b> |
| <i>In details:</i>                                 |                                  |                        |                       |                                    |                      |                        |
| <i>Depreciation</i>                                | <i>29,594,998,988</i>            | <i>32,719,601,350</i>  | <i>12,034,815,509</i> | <i>1,751,258,344</i>               | <i>160,000,000</i>   | <i>76,260,674,191</i>  |
| <b>Accumulated depreciation:</b>                   |                                  |                        |                       |                                    |                      |                        |
| Opening balance                                    | 74,555,399,354                   | 52,586,848,445         | 21,729,268,349        | 2,696,913,754                      | 160,000,000          | 151,728,429,902        |
| Depreciation during the year                       | 13,373,601,121                   | 9,755,350,794          | 4,258,724,073         | 738,640,115                        | 71,927,757           | 28,198,243,860         |
| Disposal of investments in subsidiaries (Note 4.3) | (2,339,608,971)                  | (671,544,429)          | (547,647,703)         | -                                  | -                    | (3,558,801,103)        |
| Disposal   | (94,313,565)                     | -                      | (1,244,774,206)       | -                                  | -                    | (1,339,087,771)        |
| <b>CLOSING BALANCE</b>                             | <b>85,495,077,939</b>            | <b>61,670,654,810</b>  | <b>24,195,570,513</b> | <b>3,435,553,869</b>               | <b>231,927,757</b>   | <b>175,028,784,888</b> |
| <b>Residual value:</b>                             |                                  |                        |                       |                                    |                      |                        |
| Opening balance                                    | 145,743,223,782                  | 62,387,677,651         | 14,347,694,553        | 1,881,321,603                      | -                    | 224,359,917,589        |
| Closing balance                                    | 174,222,890,938                  | 61,439,141,518         | 18,945,836,296        | 1,799,233,040                      | 4,829,974,542        | 261,237,076,334        |

The Company used all building & architectural objects, equipment and machine belonging to Ha Nam Factory of processing and preserving seeds and Factory of Rice Processing in Duy Tien Dist., Ha Nam province as collaterals for its long-term loans as stated in Note 20.2.



## 12. INTANGIBLE FIXED ASSETS

Figures in: VND

|                                  | Long-term land use rights | Fixed-term land use rights | Computer software | Patent         | Total           |
|----------------------------------|---------------------------|----------------------------|-------------------|----------------|-----------------|
| <b>Historical cost:</b>          |                           |                            |                   |                |                 |
| Opening balance                  | 156,014,620,089           | 58,382,682,274             | 1,936,638,824     | 11,761,600,000 | 228,095,541,187 |
| New purchase                     | -                         | -                          | 377,150,000       | 2,645,000,000  | 3,022,150,000   |
| Closing balance                  | 156,014,620,089           | 58,382,682,274             | 2,313,788,824     | 14,406,600,000 | 231,117,691,187 |
| <b>In details:</b>               |                           |                            |                   |                |                 |
| Depreciation:                    | -                         | 586,390,520                | 254,663,824       | 4,826,600,000  | 5,667,654,344   |
| <b>Accumulated depreciation:</b> |                           |                            |                   |                |                 |
| Opening balance                  | -                         | 7,641,602,601              | 670,946,616       | 8,139,370,847  | 16,451,920,064  |
| Depreciation during the year     | -                         | 2,536,123,139              | 406,805,334       | 1,423,833,349  | 4,366,761,822   |
| Closing balance                  | -                         | 10,177,725,740             | 1,077,751,950     | 9,563,204,196  | 20,818,681,886  |
| <b>Residual value:</b>           |                           |                            |                   |                |                 |
| Opening balance                  | 156,014,620,089           | 50,741,079,673             | 1,265,692,208     | 3,622,229,153  | 211,643,621,123 |
| Closing balance                  | 156,014,620,089           | 48,204,956,34              | 1,236,036,874     | 4,843,395,804  | 210,299,009,301 |

## 13. CONSTRUCTION IN PROGRESS EXPENDITURES

Figures in: VND

|                               | Closing balance       | Opening balance       |
|-------------------------------|-----------------------|-----------------------|
| Cu Chi and Son La projects    | 11,903,862,672        | 11,903,862,672        |
| Phuong Mai project Skyscraper | 1,019,394,700         | 2,113,446,664         |
| Other works                   | 305,654,052           | 540,181,290           |
| <b>TOTAL</b>                  | <b>13,228,911,424</b> | <b>14,557,490,626</b> |

## 14. LONG-TERM FINANCIAL INVESTMENTS

Figures in: VND

|  | Closing balance          |                     |                    |                     | Opening balance          |                     |                    |                     |
|--|--------------------------|---------------------|--------------------|---------------------|--------------------------|---------------------|--------------------|---------------------|
|  | Historical cost<br>(VND) | Quantity<br>(Share) | Provision<br>(VND) | Fair value<br>(VND) | Historical cost<br>(VND) | Quantity<br>(Share) | Provision<br>(VND) | Fair value<br>(VND) |
| Equity investment<br>in other entities |                          |                     |                    |                     |                          |                     |                    |                     |
| Thai Binh Seed<br>JSC (*)              | 13,333,640,000           | 99,938              | -                  | (*)                 | 13,333,640,000           | 99,938              | -                  | -                   |
| TOTAL                                  | 13,333,640,000           |                     | -                  | -                   | 13,333,640,000           |                     | -                  | -                   |

(\*) The Company failed to collect necessary information and evaluate shares owned at this company as it hasn't been listed on stock exchange. By December 31<sup>st</sup> 2017, the Company owns 10.03% shares of Thai Binh Seed JSC.

## 15. GOODWILL

Figures in: VND

|  | Goodwill from consolidating Ha Tay Seed JSC | Goodwill from consolidating Quang Nam National Seed JSC | Goodwill from consolidating Southern Seed JSC and its subsidiaries | Total           |
|--|---|---|--|-----------------|
| <b>Historical cost:</b>                              |   |   |  |                 |
| Opening balance                                      | 26,557,087,281                              | 1,911,006,045   | 232,759,389,035  | 261,227,482,361 |
| - Disposal of investments in subsidiaries (Note 4.3) | -   | -   | (380,750,915)  | (380,750,915)   |
| Closing balance                                      | 26,557,087,281                              | 1,911,006,045   | 232,378,638,120  | 260,846,731,446 |
| <b>Accumulated allocation:</b>                       |   |   |  |                 |
| Opening balance                                      | 15,934,252,369                              | 522,894,963   | 40,732,893,081   | 57,190,040,413  |
| - Disposal of investments in subsidiaries (Note 4.3) | -   | -   | (95,187,729)   | (95,187,729)    |
| - Allocation during the year                         | 2,655,708,728                               | 191,100,605   | 23,266,420,129   | 26,113,229,462  |
| Closing balance                                      | 18,589,961,097                              | 713,995,568   | 63,904,125,481   | 83,208,082,146  |
| <b>Residual value:</b>                               |   |   |  |                 |
| Opening balance                                      | 10,622,834,912                              | 1,388,111,082   | 192,026,495,954  | 204,037,441,948 |
| Closing balance                                      | 7,967,126,184                               | 1,197,010,477   | 168,474,512,639  | 177,638,649,300 |

## 16. SHORT-TERM TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

### 16.1. Short-term trade payables

Figures in: VND

|                                     | Closing balance        |                       | Opening balance       |                             |
|-------------------------------------|------------------------|-----------------------|-----------------------|-----------------------------|
|                                     | Value                  | Payable amount        | Value                 | Debt service coverage ratio |
| Payables to constructors            | 92,550,967,3           | 92,550,967,3          | 1,843,768,207         | 1,843,768,207               |
| Trade payables                      | 99,324,145,436         | 98,565,123,176        | 81,835,668,074        | 81,835,668,074              |
| Van Xuyen Seed Company - China      | 47,926,968,424         | 47,926,968,424        | 27,306,662,831        | 27,306,662,831              |
| Sichuan Longping High-tech Ltd., Co | -                      | -                     | 4,867,181,892         | 4,867,181,892               |
| Sichuan Nongda High-tech Ltd., Co   | -                      | -                     | 2,274,610,950         | 2,274,610,950               |
| Other payables                      | 51,397,177,012         | 50,638,154,752        | 47,387,212,401        | 47,387,212,401              |
| <b>TOTAL</b>                        | <b>100,249,655,109</b> | <b>99,490,632,849</b> | <b>83,679,436,281</b> | <b>83,679,436,281</b>       |

## 16. SHORT-TERM TRADE PAYABLES AND ADVANCES FROM CUSTOMERS (CONTI)

### 16.2. Short-term advances from customers

Figures in: VND

|  | Closing balance        | Opening balance       |
|--|------------------------|-----------------------|
| Daewon Thu Duc Housing Development JSC (*) | 40,000,000,000         | -                     |
| Nghe An Seed JSC                           | -                      | 5,000,000,000         |
| Other advances from customers              | 63,105,984,669         | 40,500,445,324        |
| <b>TOTAL</b>                               | <b>103,105,984,669</b> | <b>45,500,445,324</b> |

(\*) This is the deposit relating to the transfer of land use rights and related rights at No.282 Le Van Sy, Ward 1, Tan Binh Dist., Ho Chi Minh City. This area is owned by Southern Seed JSC, a subsidiary, and by December 31st 2017, procedures relating to transferring the area and related rights have not been fulfilled.

## 17. TAXES AND OTHER PAYABLES TO THE STATE TREASURY

Figures in: VND

|                      | Opening balance       | Payables during the year | Paid payables during the year | Closing balance      |
|----------------------|-----------------------|--------------------------|-------------------------------|----------------------|
| Value added tax      | 474,225,496           | 671,037,291              | (647,586,471)                 | 497,676,316          |
| Corporate income tax | 8,846,696,811         | 21,315,655,187           | (23,343,868,775)              | 6,818,483,223        |
| Personal income tax  | 4,731,053,777         | 8,824,657,989            | (11,454,664,148)              | 2,101,047,618        |
| Other taxes          | 445,231,159           | 3,564,620,163            | (4,009,851,322)               | -                    |
| <b>TOTAL</b>         | <b>14,497,207,243</b> | <b>34,375,970,630</b>    | <b>(39,455,970,716)</b>       | <b>9,417,207,157</b> |

## 18. SHORT-TERM ACCRUED EXPENSES

Figures in: VND

|                           | Closing balance      | Opening balance      |
|---------------------------|----------------------|----------------------|
| Patent expenses           | 5,147,552,667        | 2,636,090,229        |
| Accrued interest expenses | 711,609,793          | 755,712,054          |
| Settlement discount       | -                    | 209,420,848          |
| Other accrued expenses    | 1,760,781,937        | 1,558,812,928        |
| <b>TOTAL</b>              | <b>7,619,944,397</b> | <b>5,160,036,059</b> |

## 19. OTHER SHORT-TERM PAYABLES

Figures in: VND

|  | Closing balance       | Opening balance       |
|--|-----------------------|-----------------------|
| Dividend payables  | 24,887,550,310        | 24,914,945,310        |
| Wage bill of 2015 backward paid to enterprise income tax   | 10,255,178,149        | -                     |
| Provisions for severance pay                               | 2,299,996,750         | 3,132,871,290         |
| Accrued expenses - Rice projects                           | 847,228,806           | 43,074,900            |
| Social insurance, health insurance, unemployment insurance | 842,965,776           | 513,215,325           |
| Remuneration of Board of Management                        | 542,767,056           | 272,164,610           |
| Union expenses   | 228,593,564           | 103,207,795           |
| Payables to outsource production unit                      | 27,749,380            | 995,207,262           |
| Payables to site clearance - Dong Van project              | -                     | 2,847,000,000         |
| Advances for VBCF fund                                     | -                     | 1,416,604,000         |
| Expenses for buying master seed to produce hybrid rice     | -                     | 984,550,275           |
| Other payables   | 3,997,746,254         | 2,780,938,924         |
| <b>TOTAL</b>   | <b>43,929,776,045</b> | <b>38,003,779,691</b> |
| In details:  |                       |                       |
| - Short-term payables to related parties (Note No. 30)     | 17,206,875,000        | 17,193,969,000        |
| - Short-term payables to others                            | 26,722,901,045        | 20,809,810,691        |

## 20. BORROWINGS AND LIABILITIES

Figures in: VND

|   | Opening balance        |                        | During the year        |                          | Closing balance        |                        |
|---|------------------------|------------------------|------------------------|--------------------------|------------------------|------------------------|
|   | Value                  | Payable amount         | Increase               | Decrease                 | Value                  | Payable amount         |
| Short-term borrowings                             | 123,225,506,839        | 123,225,506,839        | 256,274,895,470        | (242,467,621,049)        | 137,032,781,260        | 137,032,781,260        |
| Short-term borrowings from bank                   | 87,906,619,964         | 87,906,619,964         | 248,512,159,520        | (207,148,734,174)        | 129,270,045,310        | 129,270,045,310        |
| Current portion of long-term borrowings from bank | 35,318,886,875         | 35,318,886,875         | 7,762,735,950          | (35,318,886,875)         | 7,762,735,950          | 7,762,735,950          |
| Long-term borrowings                              | 7,762,735,950          | 7,762,735,950          | 7,165,026,040          | (7,762,735,950)          | 7,165,026,040          | 7,165,026,040          |
| Long-term borrowings from bank                    | 7,762,735,950          | 7,762,735,950          | 7,165,026,040          | (7,762,735,950)          | 7,165,026,040          | 7,165,026,040          |
| <b>TOTAL</b>                                      | <b>130,988,242,789</b> | <b>130,988,242,789</b> | <b>263,439,921,510</b> | <b>(250,230,356,999)</b> | <b>144,197,807,300</b> | <b>144,197,807,300</b> |

## 20. BORROWINGS AND LIABILITIES (CONT.)

### 20.1. Short-term bank loan

Details of short-term bank loan are demonstrated as below:

| Name of banks  | Closing balance (VND)  | Term of principal and interest payment   | Guarantee method |
|--|------------------------|--|------------------|
| Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thang Long Branch | 91,311,216,750         | Credit line is 200 billion VND. The term of loans is determined by debentures with a maximum of 10 months. Interest paid monthly on the 26 <sup>th</sup> | None             |
| Joint Stock Commercial Bank for Industry and Trade - Sai Gon North Branch    | 37,958,828,560         | Interest paid monthly on the 25 <sup>th</sup> .<br>Loan contract is valid by March, 17 <sup>th</sup> , 2018  | None             |
| <b>TOTAL</b>   | <b>129,270,045,310</b> |  |                  |

## 20. BORROWINGS AND LIABILITIES (CONT.)

### 20.2. Long-term bank loan

Details of long-term bank loan are demonstrated as below:

| Name of banks  | Closing balance (VND) | Term of principal and interest payment  | Guarantee method  |
|--|-----------------------|---|---|
| Joint Stock Commercial Bank for Industry and Trade - Hoang Mai branch        | 7,762,735,950         | Credit line is 77 billion VND. The principal paid after 24 months starting from the first drawdown date of February, 14 <sup>th</sup> , 2015 in accordance with the appendix of contracts established after grace period.<br><br>The term of loan is 36 months starting from the first drawdown date. Interest paid monthly on the 25 <sup>th</sup> | Entire formed assets of project named Constructing plants for seed processing and preservation, milling of rice plants at Dong Van town, Duy Tien sub district, Ha Nam province |
| Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thang Long Branch | 7,165,026,040         | Credit line is 25 billion VND. The term of loan is 60 months starting from the first drawdown date<br>The principal quarterly based on payment schedules of each loan note. Interest paid monthly on the 26 <sup>th</sup>   | 1,500,000 shares SSC of Southern Seed Corporation owned by the Company  |
| <b>TOTAL</b>   | <b>14,927,761,990</b> |   |   |
| In details   |                       |   |   |
| - Matured long - term loan   | 7,762,735,950         |   |   |
| - Long-term loan   | 7,165,026,040         |   |   |

**21. OWNER EQUITY****21.1. Increase (Decrease) in owner equity**

Calculation Unit: VND

|  | Contributed value      | Capital surplus        | Treasury stock      | Research and Development fund | Undistributed profit after tax | Interest of non-controlling shareholders | Total                    |
|--|------------------------|------------------------|---------------------|-------------------------------|--------------------------------|--|--------------------------|
| Current year   |                        |                        |                     |                               |                                |  |                          |
| Opening balance  | 152,950,000,000        | 331,245,527,850        | (20,000,000)        | 197,714,342,649               | 123,365,732,124                | 197,395,215,856                          | 1,002,650,818,479        |
| Net profits  | -                      | -                      | -                   | -                             | 175,205,884,388                | 17,254,473,769                           | 192,460,358,157          |
| Acquisition of treasury stocks                             | -                      | -                      | (20,000,000)        | -                             | -                              | -  | (20,000,000)             |
| Setting aside funds  | -                      | -                      | -                   | 86,300,576,516                | (86,300,576,516)               | -  | -                        |
| Bonus and welfare funds                                    | -                      | -                      | -                   | -                             | (17,385,511,472)               | (1,578,748,678)                          | (18,964,260,150)         |
| Dividends paid out from 2015 profits                       | -                      | -                      | -                   | -                             | (30,567,056,000)               | (12,493,847,000)                         | (43,060,903,000)         |
| Temporary dividends paid out from 2016 profits             | -                      | -                      | -                   | -                             | (22,925,292,000)               | -  | (22,925,292,000)         |
| Remuneration for Board of Management and Supervisory Board | -                      | -                      | -                   | -                             | (1,184,840,000)                | (83,160,000)                             | (1,268,000,000)          |
| Other funds  | -                      | -                      | -                   | (17,227,811,733)              | -                              | (4,875,494,426)                          | (22,103,306,159)         |
| Other decreases  | -                      | -                      | -                   | -                             | (311,293,616)                  | (782,456,836)                            | (1,093,750,452)          |
| <b>CLOSING BALANCE</b>                                     | <b>152,950,000,000</b> | <b>331,245,527,850</b> | <b>(40,000,000)</b> | <b>266,787,107,432</b>        | <b>139,897,046,908</b>         | <b>194,835,982,685</b>                   | <b>1,085,675,664,875</b> |



**21. OWNER EQUITY (CONT.)****21.1. Increase (Decrease) of owner equity (cont.)**

Calculation Unit: VND

|   | Contributed value      | Capital surplus        | Treasury stock      | Research and Development fund | Undistributed profit after tax | Interest of non-controlling shareholders | Total                    |
|---|------------------------|------------------------|---------------------|-------------------------------|--------------------------------|--|--------------------------|
| This year   |                        |                        |                     |                               |                                |  |                          |
| Opening balance   | 152,950,000,000        | 331,245,527,850        | (40,000,000)        | 266,787,107,432               | 139,897,046,908                | 194,835,982,685                          | 1,085,675,664,875        |
| Net profits   | -                      | -                      | -                   | -                             | 210,797,004,116                | 23,818,222,318                           | 234,615,226,434          |
| Setting aside funds (*)   | -                      | -                      | -                   | 57,288,707,153                | (57,288,707,153)               | -  | -                        |
| Bonus and welfare funds (*)   | -                      | -                      | -                   | -                             | (22,845,966,441)               | (1,317,147,318)                          | (24,163,113,759)         |
| Dividends paid out from 2016 profits (*)  | -                      | -                      | -                   | -                             | (22,925,292,000)               | (731,250,000)                            | (23,656,542,000)         |
| Temporary dividends paid out from 2017 profits (**)                                   | -                      | -                      | -                   | -                             | (22,925,292,000)               | -  | (22,925,292,000)         |
| Remuneration for Board of Management and Supervisory Board                            | -                      | -                      | -                   | -                             | (1,709,391,110)                | (105,937,191)                            | (1,815,328,301)          |
| Other funds (***)   | -                      | -                      | -                   | (19,099,866,195)              | -                              | (2,718,609,986)                          | (21,278,476,181)         |
| Impacts of changes in subsidiaries' ownership ratio due to treasury stock acquisition | -                      | -                      | -                   | -                             | (42,162,689,836)               | (56,696,648,073)                         | (98,859,337,909)         |
| Increase in contribution value at subsidiaries  | -                      | -                      | -                   | -                             | (44,198,301,446)               | (18,734,462,224)                         | (62,932,763,670)         |
| Capital withdrawal at subsidiaries  | -                      | -                      | -                   | -                             | -                              | (2,789,202,527)                          | (2,789,202,527)          |
| Other decreases   | -                      | -                      | -                   | -                             | (1,252,385,801)                | (1,347,062,747)                          | (2,599,448,548)          |
| <b>CLOSING BALANCE</b>  | <b>152,950,000,000</b> | <b>331,245,527,850</b> | <b>(40,000,000)</b> | <b>304,975,948,390</b>        | <b>135,386,025,237</b>         | <b>134,753,884,937</b>                   | <b>1,059,271,386,414</b> |

## 21. OWNER EQUITY (CONT.)

### 21.1. Increase (Decrease) in owner equity (cont.)

(\*) Setting aside funds and Dividends paid out from 2016 profits are executed in accordance with resolutions of the annual general meeting of the holding company, Southern Seed Corporation and Ha Tay Seed JSC

(\*\*) The Company temporarily paid dividends from 2017 profits in accordance with Resolution No 50/NQ-HDQT-CTG of Board of Management dated on December, 22<sup>nd</sup>, 2017.

(\*\*\*) The Company and its subsidiaries have partially used Research and Development fund to finance for their research and pilot run activities

### 21.2. Details of owner equity

Calculation unit: VND

|                              | Closing balance        |                        |                  | Opening balance        |                        |                  |
|------------------------------|------------------------|------------------------|------------------|------------------------|------------------------|------------------|
|                              | Total                  | Common stocks          | Preferred stocks | Total                  | Common stocks          | Preferred stocks |
| Contributed value            | 152,950,000,000        | 152,950,000,000        | -                | 152,950,000,000        | 152,950,000,000        | -                |
| Contribution of PAN FARM JSC | 114,712,500,000        | 114,712,500,000        | -                | 114,712,500,000        | 114,712,500,000        | -                |
| Contributions of others      | 38,237,500,000         | 38,237,500,000         | -                | 38,237,500,000         | 38,237,500,000         | -                |
| Capital surplus              | 331,245,527,850        | 331,245,527,850        | -                | 331,245,527,850        | 331,245,527,850        | -                |
| <b>TOTAL</b>                 | <b>484,195,527,850</b> | <b>484,195,527,850</b> | <b>-</b>         | <b>484,195,527,850</b> | <b>484,195,527,850</b> | <b>-</b>         |

### 21.3. Capital transactions to owners and dividends, profits distribution

Calculation Unit: VND

|   | This year             | Previous year         |
|---|-----------------------|-----------------------|
| <b>Contributed capital</b>                                  |                       |                       |
| Opening balance   | 152,950,000           | 152,950,000           |
| Increase  | -                     | -                     |
| Closing balance   | 152,950,000           | 152,950,000           |
| <b>Public dividends, profits</b>                            | <b>45,850,584,000</b> | <b>53,492,348,000</b> |
| 2017 dividends (temporary): 1,500 VND per share             | 22,925,292,000        | -                     |
| 2016 dividends, 2 <sup>nd</sup> period: 1,500 VND per share | 22,925,292,000        | -                     |
| 2016 dividends (temporary): 1,500 VND per share             | -                     | 22,925,292,000        |
| 2015 dividends 2 <sup>nd</sup> period: 2,000 VND per share  | -                     | 30,567,056,000        |
| <b>Paid-out dividends, profits</b>                          | <b>45,850,584,000</b> | <b>30,567,056,000</b> |
| 2016 dividends  | 45,850,584,000        | -                     |
| 2015 dividends  | -                     | 30,567,056,000        |

## 21. OWNER EQUITY (CONT.)

### 21.4. Stocks

Calculation Unit: VND

|   | Closing balance   | Số đầu năm        |
|---|-------------------|-------------------|
| Stocks  | Opening balance   | Cổ phiếu          |
| <b>Registered numbers of issued stocks</b>            | <b>15.295.000</b> | <b>15.295.000</b> |
| <b>Number of shares sold to the public</b>            |                   |                   |
| Common stocks   | 15,295,000        | 15,295,000        |
| Preferred stocks                                      | -                 | -                 |
| <b>Number of repurchased stocks (treasury stocks)</b> |                   |                   |
| Common stocks   | 11,472            | 11,472            |
| Preferred stocks                                      | -                 | -                 |
| <b>Number of Outstanding stocks</b>                   |                   |                   |
| Common stocks   | 15,283,528        | 15,283,528        |
| Preferred stocks                                      | -                 | -                 |

Face value of current outstanding stocks: 10,000VND per share (2016: 10,000VND per share)

## 22. OFF-BALANCE SHEET ITEMS

Calculation Unit: VND

| ITEMS   | Closing balance        | Opening balance       |
|---|------------------------|-----------------------|
| <b>Assets held under trust for third parties (VND)</b>    | <b>762,740,055</b>     | <b>762,740,055</b>    |
| <b>Goods held under trust for third parties (VND) (*)</b> | <b>127,710,132,000</b> | <b>94,397,860,000</b> |
| <b>Foreign currencies:</b>                                |                        |                       |
| -US dollar (USD)  | 11,668                 | 12,437                |
| - Euro (EUR)  | 2,171                  | 1                     |
| - Renminbi (CNY)  | 93,673                 | 97,473                |
| - Kip (LAK)   | 1,000,000              | 1,000,000             |
| <b>Handled doubtful debt</b>                              | <b>4,585,690,435</b>   | <b>3,300,578,518</b>  |

(\*) These are goods of Department of Crop Production under Ministry of Agriculture & Rural Development, held under trust in accordance with the contract of rice and corn seed trading for national reservation in 2017 No 07HDMB/MBDTQG dated on November, 30<sup>th</sup>, 2017, contract of rice and corn seed preservation for national reservation No 09 HDMB/DTQG dated on November, 29<sup>th</sup>, 2017 signed by Southern Seed Corporation and Department of Crop Production.

## 23. REVENUE

### 23.1. Goods and services revenue

Calculation Unit: VND

|  | This year                | Previous year            |
|--|--------------------------|--------------------------|
| <b>Total revenue</b>   | <b>1,602,980,742,843</b> | <b>1,436,841,654,222</b> |
| In details:  |                          |                          |
| Goods and finished products revenue                          | 1,597,752,355,946        | 1,430,660,576,226        |
| Services revenue   | 5,228,386,897            | 6,181,077,996            |
| <b>Revenue deductions</b>                                    | <b>90,378,026,742</b>    | <b>106,058,470,882</b>   |
| Trade discounts  | 39,366,184,333           | 32,643,464,252           |
| Returned goods   | 41,412,429,849           | 70,929,619,110           |
| Sales allowances   | 9,599,412,560            | 2,485,387,520            |
| <b>Net Revenue</b>   | <b>1,512,602,716,101</b> | <b>1,330,783,183,340</b> |
| In details:  |                          |                          |
| Goods and finished products revenue                          | 1,507,374,329,204        | 1,324,602,105,344        |
| Services revenue   | 5,228,386,897            | 6,181,077,996            |
| In details:  |                          |                          |
| Revenue from goods and services to third parties             | 1,512,016,706,101        | 1,322,917,325,857        |
| Revenue from goods and services to related parties (Note 30) | 586,010,000              | 6,865,857,483            |

### 23.2. Revenue from financial activities

Calculation Unit: VND

|  | This year             | Previous year        |
|--|-----------------------|----------------------|
| Paid - out dividends income                      | 5,682,498,000         | 2,094,165,500        |
| Interests on bank deposits                       | 2,018,791,007         | 1,577,511,970        |
| Earnings from subsidiaries' investments disposal | 1,820,934,789         | -                    |
| Loan interest rate supported                     | 1,289,418,000         | -                    |
| Earnings from exchange rate differences          | 77,583,254            | 3,072,466,966        |
| <b>TOTAL</b>                                     | <b>10,889,225,050</b> | <b>6,744,144,436</b> |

## 24. COSTS OF GOODS SOLD

Calculation Unit: VND

|  | This year              | Previous year          |
|--|------------------------|------------------------|
| Costs of finished products, good sold                    | 948,229,465,785        | 833,229,865,816        |
| Provisions/(Reversals) of devaluation of net inventories | 3,654,340,555          | (1,512,032,807)        |
| <b>TOTAL</b>   | <b>951,883,806,340</b> | <b>831,717,833,009</b> |

## 25. FINANCIAL EXPENSES

Calculation Unit: VND

|   | This year             | Previous year         |
|---|-----------------------|-----------------------|
| Loan interest expenses  | 7,651,206,285         | 12,393,621,843        |
| Settlement discounts  | 7,568,628,793         | 6,872,210,671         |
| Loss from exchange rate differences                             | 2,277,617,723         | 317,317,200           |
| Loss from trading securities disposal                           | 34,733,500            | 358,730,000           |
| Provisions/(Reversals) of devaluation of short-term investments | 24,248,200            | (1,504,006,100)       |
| Other expenses  | 155,122,000           | -                     |
| <b>TOTAL</b>  | <b>17,711,556,501</b> | <b>18,437,873,614</b> |

## 26. SELLING AND GENERAL ADMINISTRATIVE EXPENSES

Calculation Unit: VND

|   | This year              | Previous year          |
|---|------------------------|------------------------|
| <b>Selling expenses</b>                 |                        |                        |
| - Employee' salaries expenses           | 39,660,391,164         | 34,599,712,877         |
| - Transportation expenses               | 31,158,518,906         | 34,370,687,181         |
| - Depreciation expenses                 | 5,461,575,415          | 7,181,063,248          |
| - Other selling expenses                | 50,247,988,338         | 49,535,900,301         |
| <b>TOTAL</b>                            | <b>126,528,473,823</b> | <b>125,687,363,607</b> |
| <b>General Administrative Expenses</b>  |                        |                        |
| - Employee' salaries expenses           | 88,250,054,817         | 76,907,795,168         |
| - Goodwill allocation                   | 26,113,229,462         | 26,122,748,236         |
| - Other General Administrative Expenses | 60,770,290,079         | 45,608,371,761         |
| <b>TOTAL</b>                            | <b>175,133,574,358</b> | <b>148,638,915,165</b> |

## 27. OTHER INCOMES AND EXPENSES

Calculation Unit: VND

|   | This year            | Previous year        |
|---|----------------------|----------------------|
| Other income                                    | 7,450,383,638        | 2,397,292,991        |
| Earnings from compensation                      | 2,507,209,816        | 398,145,455          |
| Support from VBCF fund                          | 1,416,604,000        | -                    |
| Earnings from fixed asset disposal              | 423,950,843          | 127,807,272          |
| Earnings from warehouse leasing                 | 546,136,364          | 393,696,938          |
| Other income                                    | 2,556,482,615        | 1,477,643,326        |
| Other expenses                                  | 4,088,941,536        | 1,351,270,521        |
| Asset disposal and write-off                    | 1,094,051,964        | -                    |
| Receivables write-off                           | 1,239,726,106        | -                    |
| Interest expenses on tax late payment penalties | 338,067,158          | 363,622,473          |
| Costs of warehouse renting                      | 104,440,818          | -                    |
| Other expenses                                  | 1,312,655,490        | 987,648,048          |
| <b>NET PROFITS</b>                              | <b>3,361,442,102</b> | <b>1,046,022,470</b> |

## 28. COST FOR PRODUCTION AND BUSINESS BASED ON FACTORS

Calculation Unit: VND

|  | This year                | Previous year            |
|--|--------------------------|--------------------------|
| Raw materials costs                                  | 926,522,898,954          | 919,744,274,487          |
| Direct labor costs                                   | 166,865,522,347          | 146,654,973,805          |
| Depreciation costs                                   | 58,111,565,247           | 58,307,734,929           |
| Outside purchasing services cost (Outsourcing costs) | 66,117,810,205           | 60,052,824,090           |
| Other costs  | 29,596,503,939           | 23,735,560,641           |
| <b>TOTAL</b>   | <b>1,247,214,300,692</b> | <b>1,208,495,367,952</b> |

## 29. CORPORATE INCOME TAXES

### National Seed Joint Stock Company

Pursuant to Certificate No 03/DNKHCN granted by Ha Noi Department of Science and Technology dated on March, 1<sup>st</sup>, 2011, the Company is acknowledged as Science and Technology Enterprise, accordingly the Company benefits business income tax - deductible whenever taxable income exists, similarly to new-established companies based on investment projects of high-technology, science research and technology development industries in case of these following conditions: revenue from products and goods resulted from the basis of science and technology accounts for more than 30%, 50%, 70% of the total revenue, respectively in the first, the second and the third year. In details:

- The Company benefits 10% of the corporate income tax rate within 15 years starting from the first year gaining revenue from science-technology activities;
- The Company benefits corporate income tax-deductible within 4 (four) years (since 2011) and 50% decrease within the next 9 (nine) years;
- The tax rate applied for other trading operations is 20%

### Subsidiaries

The corporate income tax rate of Southern Seed Corporation - one of the Company's subsidiaries is 20% over the total income and the Company benefits tax-deductible within 4 (four) years starting from the first year gaining revenue from science and technology activities as well as 50% decrease in the next 9 (nine) years in accordance with Certificate No 08/DK-DNKHCN granted by HCM Department of Science and Technology dated on July, 30<sup>th</sup>, 2012. Accordingly, the tax rate in 2017 was 10% (20% in 2016)

The corporate income tax rate of other subsidiaries is 20% of total taxable income.

Tax reports of the Company and its subsidiaries are under control of tax departments. Due to the fact that, the execution of tax laws and regulations among different fields might be explained in different manners, tax amount reported in consolidated financial statements might be changed to be appropriated with the final decision of tax departments.



## 29. CORPORATE INCOME TAXES (CONT.)

### 29.1. Corporate income tax expenses

Calculation Unit: VND

|   | This year             | Previous year         |
|---|-----------------------|-----------------------|
| Current corporate income tax expenses   | 19,770,918,418        | 22,225,426,781        |
| Adjustment of corporate income taxes to be deficient (surplus) in previous year | (178,392,325)         | 153,125,688           |
| Costs/(earnings) of deferred corporate income tax                               | 1,388,219,704         | (747,545,775)         |
| <b>TOTAL</b>  | <b>20,980,745,797</b> | <b>21,631,006,694</b> |

The comparison between the business income tax cost and results of multiplication between accounting profit - before - tax and business income tax rate is demonstrated as below:

Calculation Unit: VND

|  | This year       | Previous year   |
|--|-----------------|-----------------|
| Total net profit before tax  | 255,595,972,231 | 214,091,364,851 |
| Corporate income tax with the tax rate applied for the Company     |                 |                 |
| Science and technology activities: 5%                              | 9,397,742,867   | 10,375,703,021  |
| Science and technology activities: 10%                             | 7,412,231,551   | -               |
| Other activities: 20%  | 3,273,266,326   | 13,232,815,829  |
| <b>Increasing adjustment</b>                                       |                 |                 |
| Corporate income tax adjustment being deficient in previous period | -               | 153,125,688     |
| Other Non - deductible tax cost                                    | 620,037,039     | 189,043,921     |
| Other payables and differences                                     | 1,726,637,599   | -               |
| <b>Decreasing adjustment</b>                                       |                 |                 |
| Income from non-taxable operations                                 | (880,886,113)   | (1,929,565,016) |
| Corporate income tax adjustment being redundant in previous period | (178,392,147)   | -               |
| Taxable Trade discounts in previous period                         | (389,891,147)   | (390,116,749)   |
| Corporate income tax expense                                       | 20,980,745,797  | 21,631,006,694  |

### 29.2. Current corporate income tax

Current corporate income tax liability is determined by taxable income of the current year. Taxable income of the Company and its subsidiaries is different from income reported in consolidated income statement due to the fact that taxable income category or deductible cost for tax calculation in other years, non-taxable or non - deductible for tax calculation accounts are not included. Current corporate income tax payable of the Company and its subsidiaries is determined by issued tax rate until the last day of fiscal accounting period.



## 29. CORPORATE INCOME TAX (CONT.)

### 29.3. Deferred corporate income tax

The Company and its subsidiaries have recognized some of deferred business income tax liability and deferred business income tax assets and their changes in this year and previous years as below:

Calculation Unit: VND

|   | Consolidated Balance Sheet           |                                      | Consolidated Income Statement |               |
|---|--------------------------------------|--------------------------------------|-------------------------------|---------------|
|   | December, 31 <sup>st</sup> ,<br>2017 | December, 31 <sup>st</sup> ,<br>2016 | This year                     | Previous year |
| Deferred business income tax assets   |                                      |                                      |                               |               |
| Trade discounts without invoice issuance  | 1,175,959,373                        | 3,804,422,857                        | (2,628,463,484)               | 439,017,228   |
| Provisions for severance allowances   | -                                    | 166,574,908                          | (166,574,908)                 | (48,900,479)  |
| Provisions for devaluation of inventories   | 423,177,333                          | -                                    | 423,177,333                   | -             |
| Unrealized profits  | 716,508,854                          | 182,238,133                          | 534,270,721                   | 107,532,086   |
| Internal assets sales   | 20,062,573                           | 20,062,573                           | -                             | -             |
|   | 2,336,308,133                        | 4,173,898,471                        | (1,837,590,338)               | 597,648,835   |
| Deferred business income tax liability  |                                      |                                      |                               |               |
| Differences due to re-assessment of subsidiaries assets on the day of consolidated income statement | 33,407,413,411                       | 33,856,784,045                       | 449,370,634                   | 249,896,940   |
|   | 33,407,413,411                       | 33,856,784,045                       | 449,370,634                   | 249,896,940   |
| (Cost)/ Earnings from deferred income tax reported in consolidated income statement                 |                                      |                                      | (1,388,219,704)               | 747,545,775   |

### 30. OPERATIONS WITH RELATED PARTIES

Operations with related parties in current and last year are as follow:

Calculation Unit: VND

| Related parties | Relation            | Operations                                      | This year      | Previous year  |
|-----------------|---------------------|---|----------------|----------------|
| Group PAN JSC   | In the same Group   | Dividends paid out                              | -              | 22,932,567,000 |
|                 |                     | Sales of goods, materials and finished products | 586,010,000    | 58,434,400     |
| PAN Food JSC    | In the same Group   | Sales of goods, materials and finished products | -              | 7,807,423,083  |
| PAN Farm JSC    | The Holding company | Advanced payments for dividends in 2016         | -              | 17,193,969,000 |
|                 |                     | Advanced payments for dividends in 2017         | 17,206,875,000 |                |
|                 |                     | Dividends paid out                              | 17,206,875,000 |                |

### 30. OPERATIONS WITH RELATED PARTIES (CONT.)

The terms and conditions of transactions with related parties:

Lending related parties, selling or purchasing goods and services from related parties are executed in accordance with agreements of the contracts

Account balance of receivables, payables as of December, 31<sup>st</sup>, 2017 is without guarantee, non-interest and paid in cash. In the fiscal year ending on December, 2017, the Company has yet set aside any Provisions for doubtful debt in terms of owed amount of related parties (Provisions equalled 0 in 2016). The annual evaluation is conducted by inspecting financial situation of related parties

On the last day of fiscal year, the balance of other receivables and payables to related parties as below:

Calculation Unit: VND

| Related parties   | Relation            | Operations                             | Closing balance | Opening balance |
|---|---------------------|--|-----------------|-----------------|
| <b>Short-term receivables from customers (Note 6.1)</b> |                     |  |                 |                 |
| PAN Food JSC  | In the same Group   | Goods sales                            | -               | 128,751,500     |
|   |                     |  | -               | 128,751,500     |
| <b>Other short-term payables (Interpretation 19)</b>    |                     |  |                 |                 |
| PAN Farm JSC  | The Holding company | Advance payments for dividends in 2016 | 17,206,875,000  | 17,193,969,000  |
|   |                     |  | 17,206,875,000  | 17,193,969,000  |

#### Transactions with other related parties

Income of members of Board of Management:

Calculation Unit: VND

|                  | This year      | Previous year  |
|------------------|----------------|----------------|
| Salary and bonus | 16,051,068,667 | 11,662,577,805 |
|                  | 16,051,068,667 | 11,662,577,805 |

## 31. EARNINGS PER SHARE

These following statistics are used to determine the basic earnings per share (EPS) and diluted EPS.

Calculation Unit: VND

|   | This year       | Previous year    |
|---|-----------------|------------------|
| Net profit after tax of common shareholders   | 210,797,004,116 | 175,205,884,388  |
| Decreasing adjustment due to bonus and welfare fund (*)                                 | -               | (17,520,588,439) |
| Net profit after tax of common shareholders after adjustment                            | 210,797,004,116 | 157,685,295,949  |
| Average number of common stocks (excluded treasury stocks) for EPS calculation          | 15,283,528      | 15,285,667       |
| Adjusted average number of common stocks (excluded treasury stocks) for diluted factors | 15,283,528      | 15,285,667       |
| Earnings per share  |                 |                  |
| - Basic EPS   | 13,792          | 10,316           |
| - Diluted EPS   | 13,792          | 10,316           |

There was no transaction of common stocks or potential common stocks from the last day of fiscal accounting period to the day of completing consolidated financial statements.

(\*) The profit used to calculate the 2016 EPS is forced to decrease compared with those used to calculate the EPS mentioned in consolidated financial statements in 2016. The decreasing amount is appropriate with bonus and welfare fund set aside from the Holding Company's 2016 profits in accordance with Resolution of The annual general meeting No 26/NQ-DHDCD2017 dated on April, 18<sup>th</sup>, 2017.

The profits used to calculate the 2017 EPS has yet adjusted from Bonus and Welfare fund due to unavailable resolution of the annual general meeting in order to setting aside fund from profit after tax in this year.

## 32. INFORMATIONS FROM DIVISIONS

The main business scopes of the Company and its subsidiaries are production, trading, supplying of commodities and providing services related to seeds. Besides, their geographical scope is inside Vietnam territory. Therefore, reports of the Company and its subsidiaries are generated based on geographic areas instead of business fields.

### 33. PLEDGES AND CONTINGENT LIABILITIES

Pledges related to land rental charges

The Company and its subsidiaries currently renting land in accordance with operating lease contract. On the last day of fiscal accounting period, payable rental charges in the future are demonstrated as below:

Calculation Unit: VND

|                   | Closing balance       | Opening balance       |
|-------------------|-----------------------|-----------------------|
| Up to 1 year      | 2,399,590,254         | 536,911,302           |
| From 1 to 5 years | 7,735,682,064         | 2,147,645,208         |
| Over 5 years      | 17,181,161,664        | 17,718,072,966        |
| <b>TOTAL</b>      | <b>27,316,433,982</b> | <b>20,402,629,476</b> |

### 34. EVENTS AFTER THE LAST DAY OF FISCAL ACCOUNTING PERIOD

There was no remarkable matter happening after the last day of fiscal accounting period that needed to be adjusted or demonstrated in the consolidated financial statements of the Company and its subsidiaries.



**Bookkeeper**

Nguyễn Thị Như Quỳnh



**Chief Accountant**

Phan Thế Tý



**CEO**

Trần Kim Liên

March, 15<sup>th</sup>, 2018

# 2018 OPERATIONS PLAN

MARKET POTENTIAL IN 2018

2018 BUSINESS PLAN





## MARKET POTENTIALS IN 2018

Consumption market has been expanding as a result of various changes in social environment, higher living standards, which leads to changes in consumption patterns. To adapt to the expansion, the nation's agriculture is evolving towards production and trade of high quality products, bringing opportunities to the company to switch to high-tech agriculture in the forms of branded rice and muskmelon.

The company's getting closer to understanding farmers' demand for seeds to expand in the Mekong Delta and the Southern Central Highlands areas stems from different factors, including a wide-spread distribution channels of smaller divisions, large market share, a trusted brand name, differentiated products that satisfy market's demand and the establishment of the Tay Nguyen branch, the Mekong Delta branch and the agriculture products trading branch.

## CONSOLIDATED BUSINESS PLAN 2018

| Indicators  | Unit   | Target 2018 |
|---|--------|-------------|
| REVENUE   | MN VND | 1,625,000   |
| PROFIT AFTER TAX                                    | MN VND | 256,000     |
| AFTER-TAX PROFIT OF SHAREHOLDERS OF HOLDING COMPANY | MN VND | 217,000     |
| ROS (REVENUE/PROFITS)                               | %      | 15.7%       |
| EBIT  | MN VND | 307,000     |
| EBITDA  | MN VND | 324,000     |
| ROA   | %      | 11.4%       |
| ROE   | %      | 16.5%       |
| EPS   | Đ/CP   | 16,700      |





## PLANS TO ENSURE SUSTAINABLE DEVELOPMENT:

### 1. Business management:

- Restructuring company into a group business.
- Consolidating management's structure to meet business demand in new phase, continuing to develop regulation system, core process. Increasing training activities of human capacity.
- Increasing supervision, internal control activities to prevent potential risk in production and business.
- Improving, establishing bonus plan, paying salary based on work performance and attracting talent, sustainably develop the company.
- Consolidating management activities in subsidiaries, promoting advantages of market, facilities and human capacity of the company.

**2. Focusing on investment for research and development,** implementing science and technology in biological technology to improve competitiveness of the company, in order to create highly efficient and high quality products, meeting diverse demand of the market. Improve quality control for products and services.

### 3. Increasing quality control and assurance for products and services:

- Investing in facilities, equipment to increase seed processing, preservation capacity to become more active in supply capacity and quality of seed.

- Improve productivity to meet business demand by developing large production area in the Mekong Delta, reorganize centered production area in agriculture-centric region, dispersing production zone to decrease risk of natural disaster. Focus resources to meet demand especially for seed and seed monopoly structure. Establish encouragement for large production zone with high technical capacity.

- Increase the quality of packaging, advertisement, leaflet and other marketing tools.

### 4. Expanding market and distribution network:

- Focus on penetrating new potential market like Tay Nguyen, Mekong Delta.
- Expanding and improving the distribution system, establishing policies to attract sale agency to participate in the company's distribution channels, policies to encourage developing new markets, new products. Consistently develop relationship with customers, expand network with partners, authority, creating a favorable condition for seed distribution .
- Improving the process and system for analyzing, assessing and forecasting the market .
- Organize distribution channel of agricultural products through socializing resources to increase productivity of distribution activities.





## **OTHER INFORMATION**

INFORMATION OF SHAREHOLDERS, MANAGEMENT  
AND CORPORATE



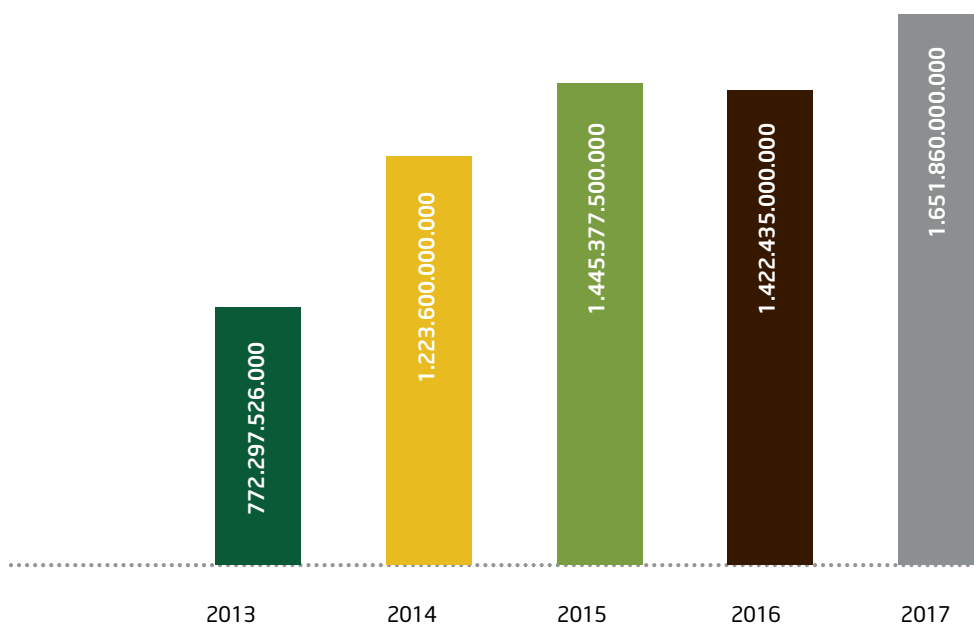
# SHAREHOLDER & MANAGEMENT LEVEL INFORMATION AND CORPORATE INFORMATION

## STOCK INFORMATION

|                                       |   |
|---------------------------------------|---|
| Listed date:                          | 21/12/2006                              |
| Indexed stock:                        | Common stocks                           |
| Stock code:                           | NSC                                     |
| Exchange:                             | Ho Chi Minh city Stock Exchange - HOSE. |
| Face value:                           | 10,000 VND/stock                        |
| Issued stocks at 31/12/2017:          | 15,295,000 stocks.                      |
| Market capitalization (at 31/12/2017) | 1,651,860,000,000 VND                   |
| Outstanding stocks:                   | 15,283,528 stocks                       |
| Treasury stocks 31/12/2017 là         | 11,472 stocks.                          |

Market capitalization over years:

| Market capitalization | VND               |
|-----------------------|-------------------|
| 2017                  | 1,651,860,000,000 |
| 2016                  | 1,422,435,000,000 |
| 2015                  | 1,445,377,500,000 |
| 2014                  | 1,223,600,000,000 |
| 2013                  | 772,297,526,000   |



## STOCKHOLDERS INFORMATION

### 1. Stockholder structure:

The details of shareholders of NSC at January 01 2018 provided by Vietnam Securities Depositories are as follows:

| Type                         | Number of shareholders | Number of stock   | % of chartered capital |
|------------------------------|------------------------|-------------------|------------------------|
| <b>I. DOMESTIC INVESTORS</b> | <b>880</b>             | <b>12,941,329</b> | <b>84.6%</b>           |
| 1. Institution               | 49                     | 11,899,098        | 77.8%                  |
| 2. Individual                | 831                    | 1,042,231         | 6.8%                   |
| <b>II. FOREIGN INVESTORS</b> | <b>109</b>             | <b>2,353,671</b>  | <b>15.4%</b>           |
| 1. Institution               | 17                     | 2,196,439         | 14.4%                  |
| 2. Individual                | 92                     | 157,232           | 1.0%                   |
| <b>TOTAL</b>                 | <b>989</b>             | <b>15,295,000</b> | <b>100.0%</b>          |
| Institution                  | 66                     | 14,095,537        | 92.2%                  |
| Individual                   | 923                    | 1,199,463         | 7.8%                   |

### 2. Tỷ lệ sở hữu của Cổ đông lớn:

| Order | Major shareholders  | Stock owned     |       |
|-------|---|-----------------|-------|
|       |   | Closing balance | %     |
| 1     | PAN FARM JSC  | 11,471,250      | 75,0% |
| 2     | Mathews Emerging Asia Fund (Major shareholders are group of foreign investors including Mathews Asia Dividend Fund, Mathews Pacific Tiger Fund, Mathews Asian Growth And Income Fund, Mathews Asia Growth Fund, Mathews Asia Science and Technology Fund, Mathews Emerging Asia Fund, Mathews Asia Strategic Income Fund) | 979,585         | 6.41% |

### 3. Board of Director's ownership of the company

| No. | Personnel               | Position                                | Number of owned shares |       | Note                 |
|-----|-------------------------|---|------------------------|-------|----------------------|
|     |                         |   | Number of shares       | %     |                      |
| 1   | Ms. Tran Kim Lien       | BOD chairwoman, Chief Executive Officer | 32,273                 | 0.21% |                      |
| 2   | Ms. Le Thi Le Hang      | BOD, vice chairwoman                    | 4,000                  | 0.03% | Non-executive member |
| 3   | Ms. Nguyen Thi Tra My   | BOD member                              | 4,000                  | 0.03% | Non-executive member |
| 4   | Mr. Nguyen Khac Hai     | BOD member                              | 4,000                  | 0.03% | Non-executive member |
| 5   | Mr. Tran Dinh Long      | BOD member                              | 24,016                 | 0.16% | Non-executive member |
| 6   | Mr. Do Ba Vong          | BOD member, vice chairman               | 22,089                 | 0.14% |                      |
| 7   | Mr. Nguyen Quang Truong | BOD member, vice chairman               | 4,000                  | 0.03% |                      |

### 4. Board of supervisory's ownership of the company

| No. | Personnel              | Position                  | Number of owned shares |       | Note                  |
|-----|------------------------|---------------------------|------------------------|-------|-----------------------|
|     |                        |                           | Number of shares       | %     |                       |
| 1   | Mr. Nguyen Khanh Quynh | Head of Supervisory Board | 4,000                  | 0.03% | TNon-executive member |
| 2   | Mr. Do Tuan Anh        | Member                    | 0                      | 0%    | Non-executive member  |
| 3   | Mr. Do Tien Sy         | Member                    | 27,742                 | 0.18% |                       |

#### 5. Board of directors' ownership of the company

| No. | Personnel               | Position                                | Number of owned shares |       | Note |
|-----|-------------------------|---|------------------------|-------|------|
|     |                         |   | Number of shares       | %     |      |
| 1   | Ms. Tran Kim Lien       | BOD chairwoman, Chief executive officer | 32,273                 | 0.21% |      |
| 2   | Mr. Do Ba Vong          | BOD member, vice-CEO                    | 22,089                 | 0.14% |      |
| 3   | Mr. Nguyen Quang Truong | BOD member, vice-CEO                    | 4,000                  | 0.03% |      |
| 4   | Mr. Nguyen Hai Tho      | Vice-CEO                                | 14,165                 | 0.1%  |      |
| 5   | Mr. Pham Trung Dung     | Vice-CEO                                | 6,516                  | 0.04% |      |
| 6   | Mr. Phan The Ty         | Chief secretary                         | 13,652                 | 0.08% |      |

#### 6. Internal trading and relevant personnels in 2017:

| TT | Executioner                   | Relationship to the company    | Beginning of period ownership |       | End of period ownership |       | Reasons for decreasing |
|----|-------------------------------|--------------------------------|-------------------------------|-------|-------------------------|-------|------------------------|
|    |                               |                                | CP Number of shares           | %     | CP Number of shares     | %     |                        |
| 1  | Mr. Nguyen Hai Tho - Vice CEO | Internal stockholder           | 17,165                        | 0.11% | 14,165                  | 0.09% | Selling                |
| 2  | Mr. Do Tien Sy - Supervisor   | Internal of Supervisory member | 29,812                        | 0.19% | 27,742                  | 0.18% | Selling                |

#### Internal Transition:

Transactions between the company and company relatives, company and major stockholders, internal personnels and relatives of internal personnels: absent

Transactions between internal personnels of the published company, relatives of internal personnels and subsidiaries: absent

#### Transactions between companies and other figures:

Pursuan to resolution titled 46/NQ-CTG-HĐQT signed on 06/12/2017 by the NSC Board of Management, NSC has increased its holding of SSC with the volume of 887.074 shares. Its current holding is 10.124.124 shares, accounting for 74.9% of voting shares (transactions occurred from 19/12 to 20/12/2017)





## CORPORATE INFORMATION

**Vietnamese name:** CÔNG TY CP GIONG CAY TRONG TRUNG UONG

**Tên tiếng Anh:** VIETNAM NATIONAL SEED CORPORATION

**Abbreviation:** NSC

**Head quarter:** No.1 Luong Dinh Cua Street, Phuong Mai ward, Dong Da district, Hanoi

**Tel:** (84) 24 38523294

**Fax:** (84) 24 38527996

**Website:** [www.vinaseed.com.vn](http://www.vinaseed.com.vn).

**Business registration number:** 010144927 issued by Hanoi City Department of Planning and Investment issued on February 06 2004, renewed for the 11th time on November 04 2014.

**Legal representative:** Ms. Tran Kim Lien - BOD Chairwoman, Chief Executive Officer

**Chartered capital (as at 31/12/2017):** 152,950,000,000VND (One hundred fifty-two billion, nine hundred fifty million Vietnamese dong).

**Total equity (as at 31/12/2017):** 1,059,271,386,414 Vietnamese dong.

**Market capitalization (as of 31/12/2017):** 1,651,860,000,000 Vietnamese dong.

**Stock code:** NSC.

**Exchange:** Ho Chi Minh Stock Exchange

**Listed date:** December 21 2006.

## THE ESTABLISHMENT AND DEVELOPMENT

**1968**

Level 1 National Seed Company was established directly under Ministry of Agriculture.

**1989**

National Seed Company No.1 was established based on splitting National Seed Company into two companies: No.1 National Seed Company and No.2 National Seed Company (Southern Seed JSC. - SSC).

**2006**

The Company was official listed on Ho Chi Minh Stock Exchange with stock code NSC

**2014**

The Company increased its chartered capital to 152,950,000 VND, with 12 unit members and 3 subsidiaries. Total assets reached 953 billion VND, total equity reached 745 billion VND, increasing 40 times compared to equitization in 2004.

**1978**

Established National Seed Company.

**2003**

National Seed Company No.1 was transformed to Vietnam National Seed Joint Stock Company. (Follow Decision 5029/QĐ/TCCB/BN issued on 10/11/2003). Charter capital was 13,500,000,000 VND.  
Unit members: 8 units

**2011**

The company was officially recognized as a Science and Technology Enterprise (The first science and technology enterprise in the seed industry of Vietnam)

**2017**

Total asset: 1,561,421,499,157,

Owner's equity: 1,059,271,386,414.

Number of reporting divisions: 12 divisions across different ecology regions of the country and 4 subsidiaries

## OUTSTANDING ACHIEVEMENTS

### Honor and awards in 2017:

1. Certificate of the Ministry of Agriculture and Rural development for the contributions to the development of the nation's agriculture and rural development
2. Certificate of distinctive science and technology business of 2017 from the Ministry of science and technology
3. Certificate of business excellency by the people's committee of Hanoi in 2017
4. Vietnam Profit 500, co-assessed by Vietnam Report and Vietnamnet to honor businesses with excellent profitability, contributing to the national economic growth, promoting businesses of Vietnam to the world
5. Top 50 growth, co-assessed by Vietnam Report and Vietnamet. This is the fifth consecutive year that Vinaseed was present in the Top 500. The award, together with financial indices and other indicators has shown excellent business outcome of the company
6. Top 30 best annual report of 2017 by the Ho Chi Minh City Stock Exchange, Hanoi Stock Exchange and Dautu Online
7. Public company of highest information announcement standard by the Information announcement assessment program in the Vietnam's stock exchange, co-organized by Vietstock and Fiance & Life Online News. Only 114 public companies met the strict standards of information announcement in both stock exchange markets of Vietnam.
8. Top 10 most trusted business of Vietnam in 2017 by the Enterprise Credit Rating Appraise Science Center, recognizing the company's continuous effort in business management and its credibility in the community



### Honor and awards in previous years

- + The Second-Class Labor Award granted by President of the Social Republic of Vietnam, for the outstanding achievements and contribution to Socialism development and National defense during the period 2004 - 2014
- + The Third-Class Labor Award granted by President of the Social Republic of Vietnam, for the outstanding achievements and contribution to Socialist development and National defense during the period 2004 - 2008
- + Excellent Emulation Flag by the Vietnamese Government for the outstanding achievements in 2011, 2014
- + Certification of Merit granted by the Prime Minister of Vietnam for achievements in the period 2004 - 2006.
- + Certificate of Merit awarded by Minister of Agriculture and Rural development of Vietnam, Minister of Finance of Vietnam
- + Award from Hanoi Department of Tax in 2016.
- + Top 3 outstanding company in 350 businesses after equitization (according to Ministry of Finance)
- + Selected by Forbes Asia as one of Asia' TOP 200 best companies with revenue under 1 billion USD in 2013
- + One of Vietnam's TOP 500 businesses with the fastest growth rates in 2012, 2013, 2014, 2015 (Fast 500). The award is conducted by Vietnam Report and Vietnamnet.
- + TOP 500 businesses in Vietnam (VNR500 - 2016) based on independent review in accordance with international standards conducted by Vietnam Report in cooperation with Vietnamnet
- + TOP 50 Best Listed Companies in Vietnam ranked by Forbes Vietnam to recognize businesses with high and sustainable growth in revenue and profits, return on capital and earnings per share, generating more jobs and contributing positive to the national development and social value.
- + TOP 50 Vietnam Best Growth Companies - Top best performing companies in Vietnam from 2010 - 2015, best growing business in 2010 - 2015, a role model for the success of Vietnam business community after joining WTO
- + Vietnam Gold Star Award - TOP 100 Vietnamese trademarks founded by the Youth Union and the Young Entrepreneurs Association in 2013, 2014, 2015 due to business achievement and social contribution recognized by Vietnam business community.
- + Outstanding Social contribution and community development 2015 award conducted by Ministry of Planning and Investment
- + The International Economic Integration Award in 2010 - Top 20 outstanding businesses, granted by Vietnam National Committee for International Economic Cooperation Office, Ministry of Industry & Commerce, Central Committee of Emulation and Rewards.
- + Cultural Business Award, granted by The Ministry of Culture sports & Tourism of Vietnam in 2009
- + One of the top 20 outstanding companies in Vietnam's stock exchange market in 2009, selected by the State Bank of Vietnam and the U.S. credit information firm Dun & Bradstreet (D&B).
- + Golden Cup awards for Prestigious Securities Trademarks for the period 2007 - 2012.
- + Golden Cup awards for Vietnamese Trademarks (3rd place) for the 2016 awarded by Science and Technology Union in Vietnam
- + One of the 10 notable national scientific-technological event in 2016 with the technology map of rice industry in Vietnam.
- + The Business Operating for Farmers award 2015 - 2nd place in Top 100 business, conducted by Ministry of Agriculture and Rural Development
- + ASIAN famous trademark in 2013, granted by Ministry of Information, Culture and Tourism of Laos, Ministry of Industry & Commerce of Laos, Ministry of Industry & Commerce of Vietnam, Voice of Vietnam and Vietnam - Lao - Cambodia Association For Economic Cooperation Development.
- + Friend of Vietnamese Farmer Awards from 2005 - 2007, granted by the Ministry of Agriculture and Rural Development of Vietnam.
- + The Vietnam Golden Rice Award in 2007, 2008, 2009, 2010, granted by the Ministry of Agriculture and Rural Development of Vietnam. The first Vietnam Golden Rice Award in 2013, granted by the Ministry of Agriculture and Rural development of Vietnam..
- + TOP 30 companies with the best annual report in 2014, 2015 (Vietnam Annual report award 2014, 2015) selected by Ho Chi Minh Stock Exchange. This is the first time Vinaseed attends the award, however, it is highly recognized by transparent content, high aspiration and humanity in impressive design, as well as consistency in presentation.
- + And many other honorable awards.

## LIST OF BRANCHES OF THE COMPANY

### 1. Head Office:

Address: No.1 Luong Dinh Cua street, Phuong Mai ward, Dong Da district, Hanoi.  
Tel: 024.38523294 - Fax: 024.38527996

### 2. Ba Vi National Seed Enterprise

Address: Dong Quang commune, Ba Vi ward, Hanoi.  
Tel: 024.3863091 - Fax: 024.3864185

### 3. National Seed Enterprise - Ha Nam branch

Address: Dong Van town, Duy Tien ward, Ha Nam province.  
Tel: 0226.3835463 - Fax: 0226.3835061

### 5. National Seed Joint Stock Company - Thai Binh branch

Address: Dong Hop commune, Dong Hung ward, Thai Binh province  
Tel: 0227.3851256 - Fax: 0227.3550684

### 4. National Seed Enterprise - Thanh Hoa branch

Address: Dinh Tuong commune, Yen Dinh ward, Thanh Hoa province.  
Tel/Fax: Fax: 0237.3869251

### 6. National Seed Joint Stock Company - Nghe An branch

Address: 11 Tran Nhat Duat, Doi Cung ward, Vinh city, Nghe An province.  
Tel: 0238.3531822 - Fax: 0238.3844937

### 7. National Seed Joint Stock Company - Central Highland branch

Address: Group 4, Eatu Commune, Buon Ma Thuot city, Dak Lak province.  
Tel: 0262.3873816 - Fax: 0262.3873817

### 8. National Seed Joint Stock Company - Agricultural product trading branch

Address: Dong Van industrial zone, Dong Van town, Duy Tien, Ha Nam.  
Tel: 024.38523294 - Fax: 024.38527996

### 9. Researching, Applying and Transferring Technology Center in Ba Vi

Address: Dong Quang commune, Ba Vi ward, Hanoi  
Tel/Fax: 024.66736717

### 10. Khoai Chau Experiment Station

Address: Tan Dan ward, Khoai Chau district, Hung Yen province  
Tel/Fax: 0221.3910348

### 11. Thuong Tin National Seed Processing Plant

Address: 350 Tran Phu, Thuong Tin Commune, Hanoi  
Tel/Fax: 024.3853239

### 12. Udomxay Representative Office, Laos

Address: Udomxay province, Lao People's Democratic Republic.  
Tel/Fax: 0085 681212554.

## SUBSIDIARIES

### 13. Southern Seed Joint Stock Company (Stock code: SSC)

Address: 282 Le Van Sy, Ward 1, Tan Binh district, Ho Chi Minh City.

Tel: 0283.8442414 - Fax: 0283.8442387..

Producing and trading plant seeds.

NSC ownership: 74.9% of voting shares.

### 14. Quang Nam National Seed Joint Stock Company

Address: Km943, National road 1A, Dien Thang Bac, Dien Ban, Quang Nam

Tel: 0235.3869455 - Fax: 0235.3869253

Producing and trading agro-forestry plant seeds.

NSC ownership: 90.02% of chartered capital.

### 15. Ha Tay Seed Joint Stock Company

Address: Phu Lam ward, Ha Dong district, Hanoi.

Tel: 0243.3530655 - Fax: 0243.3535421

Producing and trading plant seeds.

NSC ownership: 53.8% of chartered capital.

### 16. Ha Nam Hi-Tech Agriculture Investment and Development Joint Stock Company

Address: Nhan Khang commune, Ly Nhan district, Ha Nam province.

Tel: 0226.3652888 - Fax: 0226.3652666

Producing, trading and transferring technology of producing high quality

melon and vegetables and fruits according to the model of hi-tech agriculture

NSC ownership: 100,0% of chartered capital (Chartered capital: 50.000.000.000 đồng).

## DIVIDEND PAID OUT HISTORY

| Year | Pay out ratio | In cash | In stock |
|------|---------------|---------|----------|
| 2006 | 19%           | 19%     |          |
| 2007 | 39%           | 19%     | 20%      |
| 2008 | 22%           | 15%     | 7%       |
| 2009 | 50%           | 18%     | 32%      |
| 2010 | 30%           | 30%     |          |
| 2011 | 30%           | 30%     |          |
| 2012 | 50%           | 30%     | 20%      |
| 2013 | 30%           | 30%     |          |
| 2014 | 30%           | 30%     |          |
| 2015 | 30%           | 30%     |          |
| 2016 | 30%           | 30%     |          |

## CHARTER CAPITAL INCREASE HISTORY

| Year | Chartered capital after increase (VND) | Contribution method   | Legal basics   |
|------|--|---|--|
| 2004 | 13,500,000,000                         | Equitizing state-owned enterprise   | Decision 5029/QĐ-BNN-TCCB on 10/11/2003 by Ministry of Agriculture and Rural Development |
| 2006 | 22,120,100,000                         | Internal issue to present shareholders, Board of Director, Board of Supervisor, Management, employees and strategic investors | Minute of Annual General Meeting of Shareholders on 25/03/2006                           |
| 2006 | 30,000,000,000                         | Issue to common stocks existing shareholders, stock dividend and stock offering.  | Resolution of Annual General Meeting of Shareholders on 07/04/2007                       |
| 2008 | 57,659,500,000                         | Issue to common stocks existing shareholders, stock employee and strategic investors.   | Resolution of Annual General Meeting of Shareholders on 07/04/2007                       |
| 2009 | 80,141,610,000                         | Issue of common shares, stock dividends   | Resolution of Annual General Meeting of Shareholders on 14/03/2009                       |
| 2010 | 81,341,610,000                         | Issue of bonus shares in the ESOP 2009 program to employee  | Resolution of Annual General Meeting of Shareholders on 21/03/2010                       |
| 2011 | 82,561,610,000                         | Issue of bonus shares in the ESOP 2010 program to employees   | Resolution of Annual General Meeting of Shareholders on 20/03/2011                       |
| 2012 | 100,298,380,000                        | Issue of common shares to pay dividend to present shareholders, reward ESOP 2011 program to employees                         | Resolution of Annual General Meeting of Shareholders on 19/03/2012                       |
| 2014 | 152,950,000,000                        | Issue of common shares to pay dividend to present shareholders, ESOP 2014 program for employees                               | Resolution of Irregular General Meeting of Shareholders on 19/03/2014                    |