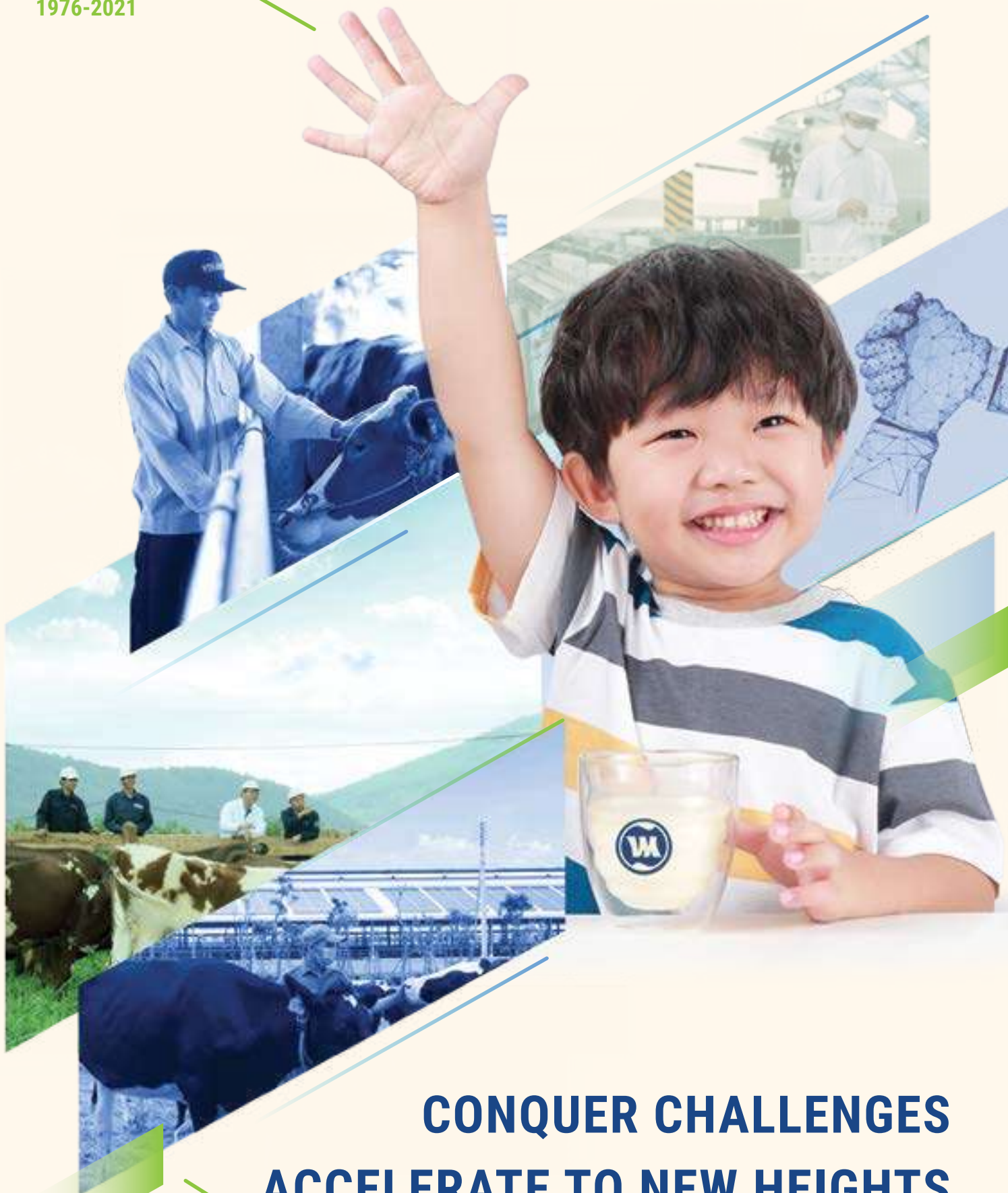


45 YEARS TAKING
VIETNAM'S DAIRY PRODUCTS
TO THE WORLD

1976-2021



VINAMILK



**CONQUER CHALLENGES
ACCELERATE TO NEW HEIGHTS**

ANNUAL REPORT 2021

45 YEARS

Taking Vietnam's dairy products
to the world



1976 - 2021

HIGHLIGHT 2021



45

Years of accompanying
and serving Vietnamese
consumers



**VND 61,012
BILLION**

Consolidated net
revenue



**VND 10,633
BILLION**

Consolidated net
profit after tax



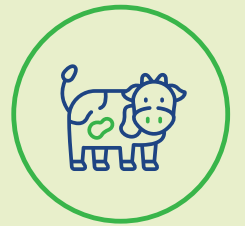
**VND 180,572
BILLION**

Market capitalization as of
December 31, 2021



57

Exported countries by the
end of 2021



Nearly 160,000

Total herd of cows



21

Newly launched
product 2021



0.9%*

Market share increase
in Vietnam's dairy
industry in 2021



Nearly 250,000

Points of sale in Vietnam



36th

Ranking in Plimsoll's Top
50 global dairy companies
revenue



8th

Ranking in Brand
Finance's Top 10 global
dairy companies in terms
of brand value



**USD 2.4
BILLION**

Vinamilk's brand value
(according to Brand Finance)

* Until end of November 2021



HIGHLIGHT 2021

Revenue hit new peaks in a row

With an increase of 2.2% compared to 2020, the total consolidated revenue in 2021 reached VND 61,012 billion, surpassing the VND 60 trillion milestone for the first time and completing 98.2% of the plan. Notably, the fourth quarter of 2021's consolidated net revenue grew by approximately 10%, the fastest quarterly growth in the latest five years. To attain these achievements, Vinamilk has overcome many difficult times, especially in 2021 when the Covid-19 pandemic inflicted serious impacts on the global economy and international trade.

Commitment to raw material development with the introduction of the Green Farm system

In 2021, Vinamilk launched the Green Farm system including three dairy farms: Thong Nhat Thanh Hoa, Quang Ngai and Tay Ninh. This is a farm model developed on existing farms that meet GlobalG.A.P. standards. Special features of the Green Farm system include:



The farm has an ideal ecological environment with natural groundwater and a lake to keep the air on the farm cool and fresh



Dairy cows are purebred of foreign origins, with stable genetics and milk yield



The farm has natural sources of forage, rich in nutrients for cows, such as corn, Mombasa, Ruzi, Oats, and Stylo



There is absolutely no use of chemical fertilizers and pesticides in the whole farming process

TOTAL CONSOLIDATED REVENUE

REACHED

VND **61,012** BILLION

↑ **2.2%**

COMPLETING

98.2%

OF THE PLAN

Improving production capacity to meet development goals in the new period

In the face of unpredictable market fluctuations and increasingly diverse consumer demands, Vinamilk constantly develops new product formulas, invests in modern machinery and equipment, and improves existing production to promote business activities. In order to improve production capacity and meet development goals in the new period, Vinamilk has cooperated with Vietnam Livestock Corporation JSC, a member company of the group, to build a specialized factory for processing milk and dairy products in My Hao District, Hung Yen Province. This dairy factory project has a total estimated investment of VND 4,600 billion (nearly USD 200 million), on an area of nearly 25 hectares, with the total design capacity estimated at 400 million liters per year and will be executed in two phases.

VND **4,600** BILLION

(nearly USD 200 million)

TOTAL ESTIMATED INVESTMENT OF MILK AND DAIRY FACTORY IN **HUNG YEN**

ON AN AREA OF NEARLY

25 hectares

International business has achieved double-digit growth and continued to expand coverage

Net revenue from international business reached VND 9,717 billion, rising by 10.5% compared to the previous year. Key markets in the Middle East, the United States and Cambodia continued to play a key role and maintain strong growth momentum thanks to the recovery in demand for dairy products and effective market development. In early 2021, the China-bounded shipment of 10 containers of premium nut milk and condensed milk showed optimistic signs in the Company's international business. In the third quarter of 2021, Vinamilk exported the first shipment to the Philippines through a joint venture, Del Monte Vinamilk Dairy Philippines Inc., marking a new step in exporting to this potential market. In key markets such as the Middle East and Africa, Vinamilk has invested in research and development to introduce many specialized products, typically Date-flavored infant cereal. With two new export markets being established during the year, the total number of export markets increased to 57.

VND **9,717** BILLION
NET REVENUE FROM
INTERNATIONAL BUSINESS

↑ RISING BY
10.5%



04 \ HIGHLIGHT 2021

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LIST OF ABBREVIATIONS

BOM	Board of Management
Company	Vietnam Dairy Products Joint Stock Company
AGM	Annual General Meeting
ED	Executive Director
GTN	GTNFoods Joint Stock Company
BOD	Board of Directors
MC	Members' Council
MCM	Moc Chau Dairy Cattle Breeding Joint Stock Company / Moc Chau Milk
SC	Strategy Committee
AC	Audit Committee
RC	Remuneration Committee
NC	Nomination Committee
CEO	Chief Executive Officer
AC	Audit Committee
Vinamilk	Vietnam Dairy Products Joint Stock Company
FS	Financial statement
NP	Nutrition powder
BS TNTH	Thong Nhat Thanh Hoa Dairy Cow
BSC	Balanced Scorecard model
BSVN	Vietnam Dairy Cow
CAGR	Compounded annual growth rate
CB-CNV	Officers and employees
CBTT	Information disclosure
CIP	Cleaning-in-place system
Covid-19	A disease caused by Corona virus
CPI	Consumer Price Index
CSR	Corporate social responsibility
JSC	Joint Stock Company
EBITDA	Earnings before interest, taxes, depreciation, and amortization
ERP	Enterprise resource planning - a business process management software
GDP	Gross domestic product
GLOBALG.A.P	An independent certification system for Good Agricultural Practice (G.A.P.)
GSO	General Statistics Office of Vietnam
HOSE	Ho Chi Minh Stock Exchange
HR	Human resources
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IR	Investor Relations
KRI	Key result indicator
IC	Internal Control
IA	Internal Audit
M&A	Merger and acquisition
ODA	Official development aid
SD	Sustainable development
RM	Risk management
R&D	Research and development
ROA	Return on Assets
ROE	Return on Equity
SCIC	State Capital Investment Corporation
SDGs	Sustainable Development Goals
SSC	State Securities Committee
RM	Raw milk
P&B	Production and business
AF	Animal feed
TI	Trading - Investment
TMR	Total mixed ration
CI	Corporate Income
Ltd	Limited
HCMC	Ho Chi Minh City
FA	Fixed assets
TVC	Television commercial
SSC	State Securities Committee
VAS	Vietnam Accounting Standards
VIOD	Vietnam Institute of Directors
RO	Representative office
H&FS	Hygiene and food safety





CHAPTER 01

GENERAL INFORMATION

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MESSAGE FROM THE CHAIRWOMAN



VINAMILK
MARKED
**OUTSTANDING
IMPRESSIONS**
IN VARIOUS ASPECTS



REPUTATION



BRAND VALUE

Dear valued shareholders,

2021, a year full of changes and difficulties for the global business environment, has come to an end. In the context of worldwide socio-economic struggle due to impacts of the Covid-19 pandemic, Vietnam’s economy is no exception. In such a difficult situation, Vinamilk’s Board of Management and employees have made great efforts in production and business to achieve encouraging results compared to 2020.

2021 also ended the 5-year journey from 2017 to 2021, in which Vinamilk made strides in major world rankings of dairy companies and marked outstanding impressions in various aspects such as reputation and brand value, diversification of product portfolio, market share, international market expansion, sales, systems of factories, farms and distribution channels, sustainable development and corporate social responsibility. With the business philosophy of respecting and harmonizing all stakeholders’ interests, applying good governance practices, protecting the environment, being socially responsible and complying with the obligation to contribute to the State, I believe that Vinamilk has been fully equipped and eagerly ready to pursue greater goals and achieve new heights in the near future.

As 2022 begins, the pivotal year of the 5-year period 2022-2026, Vinamilk is approaching closer to its 50th anniversary milestone. In this new term, great changes in economic, political and social developments both domestically and globally due to impacts of the Covid-19 pandemic will certainly be a major challenge for any business. However, with the qualities, capabilities and determination of Vinamilk’s executives and employees, with the close support of the new Board of Directors, I believe that Vinamilk will definitely be strong and steady on the next steps of development and fulfillment of its mission.

On this auspicious occasion of the new year 2022, on behalf of Vinamilk’s Board of Directors, I would like to express my sincere thanks to the Board of Management and the entire staff for their efforts and dedication in 2021 and to our customers, partners and shareholders who have always trusted, supported and cooperated with Vinamilk. I wish all customers, shareholders, partners and the entire staff of Vinamilk and their families to safely overcome the pandemic, to have good health, happiness and prosperity.

LE THI BANG TAM
Chairwoman of the Board of Directors
Ho Chi Minh City, February 24, 2022

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Dear valued shareholders,



2021 marks the 45th year milestone of Vinamilk accompanying and serving Vietnamese consumers. From just three dairy factories in the early days of establishment, Vinamilk and member units are now operating 17 ones in Vietnam and on abroad. After only 15 years of strategic investment in and development of a dairy farm system, the Group is now managing nearly 160,000 cow heads and 14 dairy farms of international standards, ensuring the raw materials supply to serve the growing demands in Vietnam and for export markets.

This sustainable development throughout nearly five decades has helped Vinamilk rise to the 36th position in the world's top 50 dairy companies in 2021 by revenue, and be the only representative of Southeast Asia in this list. Vinamilk also ranks eighth in the top 10 most valuable global dairy brands according to Brand Finance's annual report 2021, with a brand value of nearly USD 2.4 billion, and is also rated as one of the three most potential dairy brands in the world.

However, road to success is not a bed of roses. To attain such achievements, Vinamilk has overcome many difficult times, especially in 2021 when the Covid-19 variants left serious impacts on the global economy and international trade. The impact on consumer income led to reduction of purchasing power, even for necessities like food and beverages. Nevertheless, from another perspective, consumption demand often shifts proportionally to consumer income, so it is expected that when income increases in the "new normal", consumption will improve significantly.

In the past year, although many businesses in the consumer goods and services sector had to shut down due to the pandemic, Vinamilk made efforts to maintain revenue growth. With an increase by 2.2% compared to 2020, the total consolidated revenue reached VND 61,012 billion in 2021, surpassing the VND 60 trillion milestone for the first time. Notably, the fourth quarter of 2021's consolidated revenue grew by approximately 10%, the fastest quarterly growth in the last five years.

- In domestic sales, modern distribution channels continue to be the main growth driver with double-digit growth. In addition to distribution partners promoting the expansion of points of sale, Vinamilk's "Giac Mo Sua Viet" chain opened 120 new stores in 2021, which brought the total number of stores to nearly 600. Online channels recorded a three-fold increase in revenue, demonstrating the shift in shopping trends as well as the right and timely decision made by Vinamilk when investing in digitalization over the past years.
- Along with the distribution system's strength, a system of dairy farms and factories across Vietnam allows the Company to flexibly coordinate production plans, ensuring the supply of goods to consumers nationwide even during pandemic outbreaks. As a result, Vinamilk's market share has expanded in both value and volume, while safe and effective on-site production for all employees has been ensured.
- Regarding international sales, key markets such as the Middle East, the United States and Cambodia continue to play a key role and maintain strong growth momentum, thanks to the market's gradually recovering demand for dairy products and Vinamilk's effective market development efforts. With two new export markets entered during the year, the Company's total number of export markets increased to 57. At the end of the third quarter of 2021, Vinamilk started exporting products to Del Monte-Vinamilk joint venture in the Philippines with initial positive feedback from the market.

Regarding costs, the fact that raw material prices increased sharply since the beginning of the pandemic and continued to stay high is a challenge not only for Vinamilk but also for many other manufacturers. This is mostly due to disruptions of the global supply chain and increased demands for raw material reserves in large countries. The Company has been closely monitoring raw material prices to make the most appropriate inventory stocking plan. In addition, Vinamilk thoroughly committed to optimizing operating costs to improve profits, yet the Company still spent part of the budget for CSR and sustainable development activities, especially for supporting the Government and local communities in pandemic control and relief, aiming for long-term, humanitarian goals. Accordingly, the Company's profit after tax in 2021 reached VND 10,633 billion and completed 94.6% of the plan.

2021 is the final year of the five-year strategic period 2017-2021. During this period, the Company has completed important goals, including increasing revenue from more than VND 50 trillion to more than VND 60 trillion; gaining dominant market shares in condensed milk, yogurt and liquid milk products; expanding international markets; building many large-scale dairy farms of international standards to increase the volume of fresh milk to over 1 million liters/day. Vinamilk also keeps on running the National School Milk program in 26 provinces and cities and has been the representative of Southeast Asia in major world rankings of dairy companies in terms of revenue and brand, along with many other achievements.

In 2022, embracing the spirit of 5C: Commitment to goals - Control of risks - Conduciveness to change - Capture of opportunities - Connection of sustainability, Vinamilk's staff will strive to create breakthroughs and new momentum for the next five-year strategic period 2022-2026. Following the prior remarkable achievements, Vinamilk will also explore the untapped potentials to boost the Vinamilk brand reputation and business scale towards the goal of reaching the top 30 largest dairy companies in the world.

We wish all valued shareholders great health, success and prosperity.

MAI KIEU LIEN
Chief Executive Officer

Ho Chi Minh City, February 24, 2022



COMMITMENT
TO GOALS



CONTROL
OF RISKS



CONDUCTIVENESS
TO CHANGE



CAPTURE OF
OPPORTUNITIES



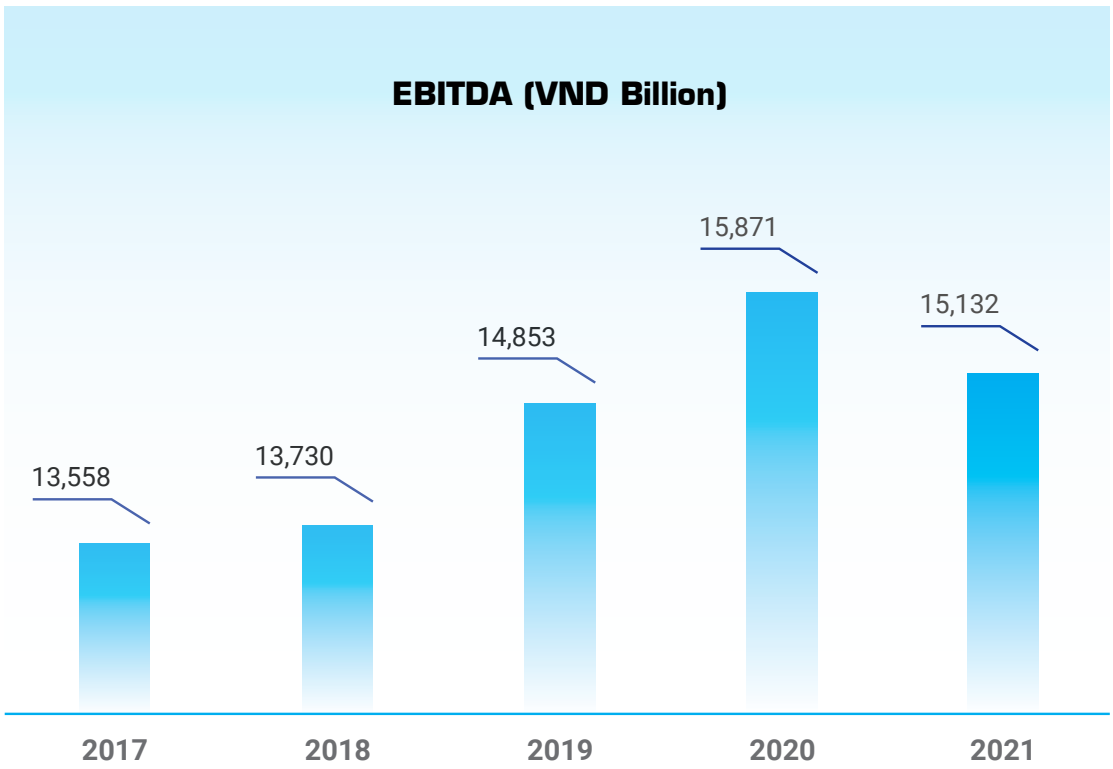
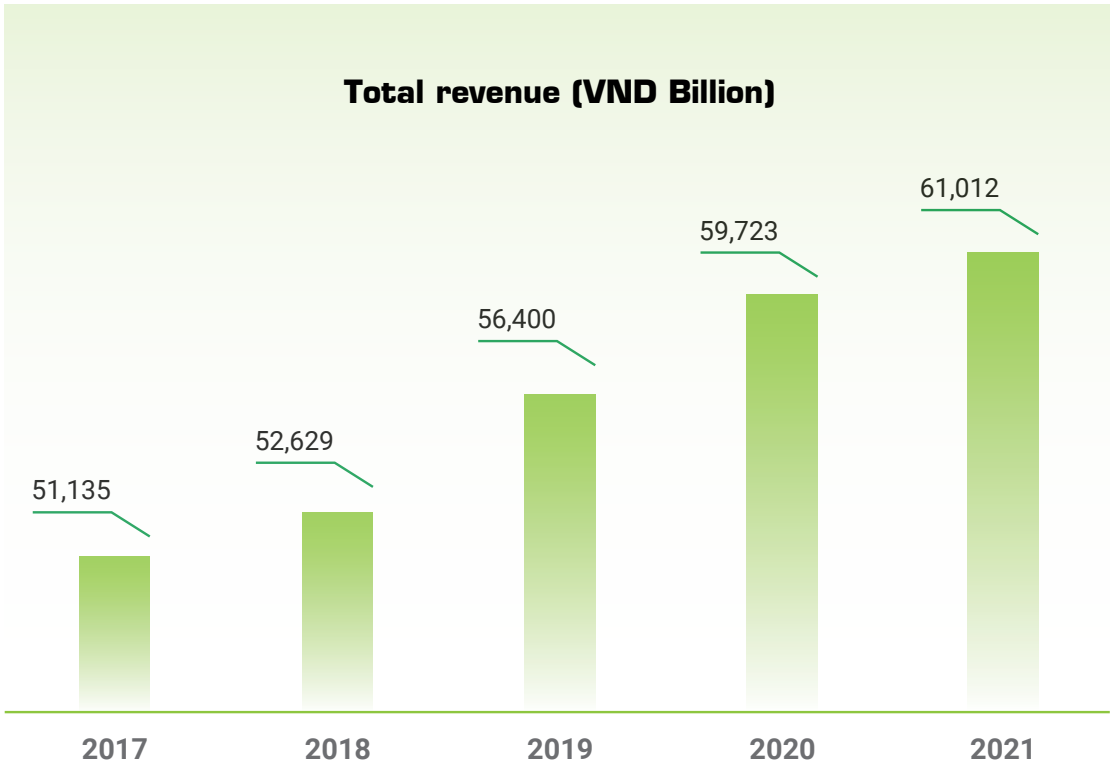
CONNECTION OF
SUSTAINABILITY

FINANCIAL RESULTS SUMMARY IN 2017-2021

Financial indicators (Audited consolidated report)

VND billion

	2017	2018	2019	2020	2021
Total revenue	51,135	52,629	56,400	59,723	61,012
Profit before tax	12,229	12,052	12,796	13,519	12,922
Profit after tax	10,278	10,206	10,554	11,236	10,633
EBITDA	13,558	13,730	14,853	15,871	15,132
Profit attributable to equity holders of the Company	10,296	10,227	10,581	11,099	10,532
EPS (VND)	5,296	5,295	5,478	4,770	4,517
Total assets	34,667	37,366	44,700	48,432	53,332
Total equity	23,873	26,271	29,731	33,647	35,850
Total share capital	14,515	17,417	17,417	20,900	20,900
Total liabilities	10,794	11,095	14,969	14,785	17,482
Equity/ Total assets	0.69	0.70	0.67	0.69	0.67
Total liabilities/ Total assets	0.31	0.30	0.33	0.31	0.33
ROE	44%	41%	38%	35%	31%
ROA	32%	28%	26%	24%	21%



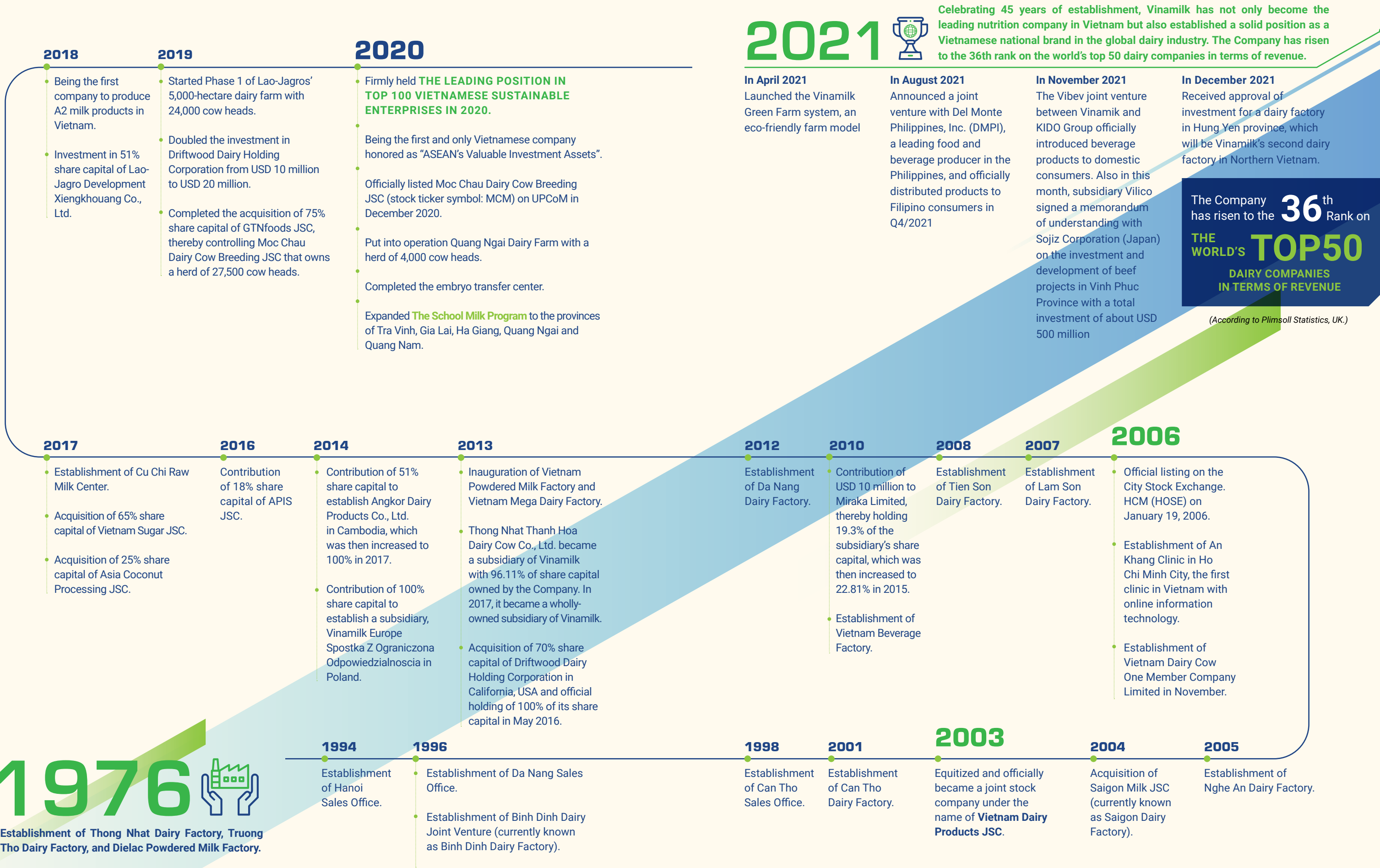


CHAPTER 02

CORPORATE PROFILE

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VINAMILK IN A REVIEW



SHARE AND SHAREHOLDER INFORMATION



Vietnam Dairy Products Joint Stock Company
was listed on Ho Chi Minh Stock Exchange (“HOSE”), Vietnam on **19 Jan 2006**.



**Stock ticker
symbol on HOSE**

VNM



Financial year ended

31/12



Independent auditor



Vietnam Company Limited



Dividend policy

No less than 50%
of consolidated
profit after tax



**Adjusted closing
share price**

from 1 Jan 2021
to 31 Dec 2021

Lowest
Highest

84,300 VND/share
116,300 VND/share

Share information

as of 11 Jan 2022:

Authorized share capital	VND 20,899,554,450,000
Contributed share capital	VND 20,899,554,450,000
Total issued and listed shares	2,089,955,445 shares
Class of shares	one vote per share
Treasury shares	0 shares
Common shares, par value	VND 10,000/share
Outstanding shares	2,089,955,445 shares
Market capitalization	VND 174,929 billion

Shareholder structure

(according to the latest shareholders list as of 6 Jan 2021)

	Number of shares	Ownership (%)
Major shareholders (> = 5%)	1,400,518,390	67.01
- Local	752,476,602	36.00
- Foreign	648,041,788	31.01
Treasury shares	0	0.00
Other shareholders (<5%)	689,437,055	32.99
- Local	200,846,255	9.61
- Foreign	488,590,800	23.38
TOTAL	2,089,955,445	100
In which:		
- Local	953,322,857	45.61
- Foreign	1,136,632,588	54.39

Large shareholders

(according to the latest shareholders list as of 11 Jan 2022)

Name of shareholder	Number of shares	Ownership (%)
SCIC	752,476,602	36.00%
F&N Dairy Investments Pte Ltd ⁽¹⁾	369,752,859	17.69%
F&NBev Manufacturing Pte, Ltd ⁽¹⁾	56,432,376	2.70%
Platinum Victory Pte, Ltd	221,856,553	10.62%

Note: (1) F&NBev Manufacturing Pte, Ltd is a wholly-owned subsidiary of F&N Dairy Investments Pte, Ltd.



SHARE AND SHAREHOLDER INFORMATION

Top 20 largest shareholders

(according to the latest shareholders list as of 11 Jan 2021)

No.	Name of shareholder	Number of shares	Ownership (%)
1	SCIC	752,476,602	36.00%
2	F&N Dairy Investments Pte Ltd	369,752,859	17.69%
4	Platinum Victory Pte.Ltd.	221,856,553	10.62%
3	F&Nbev Manufacturing Pte. Ltd.	56,432,376	2.70%
5	Employees Provident Fund Board	26,565,864	1.27%
6	First Sentier Investors Global Umbrella Fund Plc - Fssa Asian Equity Plus Fund	21,279,864	1.02%
7	Schroder International Selection Fund	20,610,556	0.99%
8	Matthews Pacific Tiger Fund	19,619,028	0.94%
9	The Hongkong And Shanghai Banking Corporation Limited	19,550,316	0.94%
10	BL	17,221,680	0.82%
11	Mawer Global Small Cap Fund	14,160,493	0.68%
12	Merrill Lynch International	14,079,058	0.67%
13	Citigroup Global Markets Ltd	13,624,144	0.65%
14	Vaneck Vectors Vietnam Etf	9,879,441	0.47%
15	Fubon Ftse Vietnam Etf	9,823,900	0.47%
16	J.P.Morgan Securities Plc	9,673,610	0.46%
17	Government Of Singapore	9,643,712	0.46%
18	Invesco Developing Markets Fund	8,802,248	0.42%
19	Avanda Asia Vantage Master Fund	8,389,994	0.40%
20	Comgest Growth Plc - Comgest Growth Emerging Markets	8,162.000	0.39%
TOTAL		1,631,604,298	78.07%

CONTACT INFORMATION

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Investor Relations - Finance Department
Vietnam Dairy Products Joint Stock Company
10 Tan Trao, Tan Phu Ward, District 7, Ho Chi Minh City.

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Website <https://www.vinamilk.com.vn/>
<https://www.vuoncaovietnam.com/>
<https://www.youtube.com/user/vinamilk>

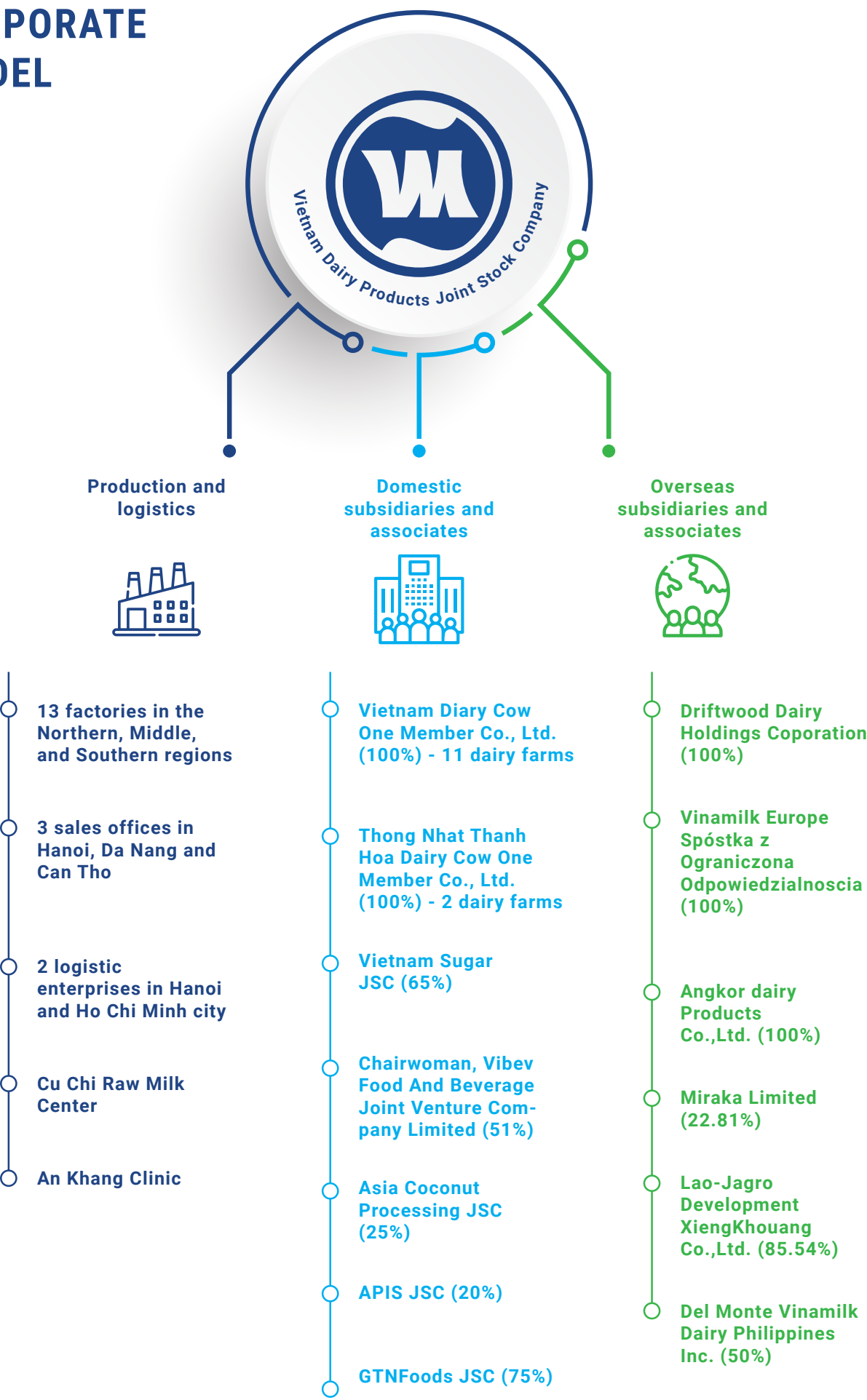


Investor Relations' website

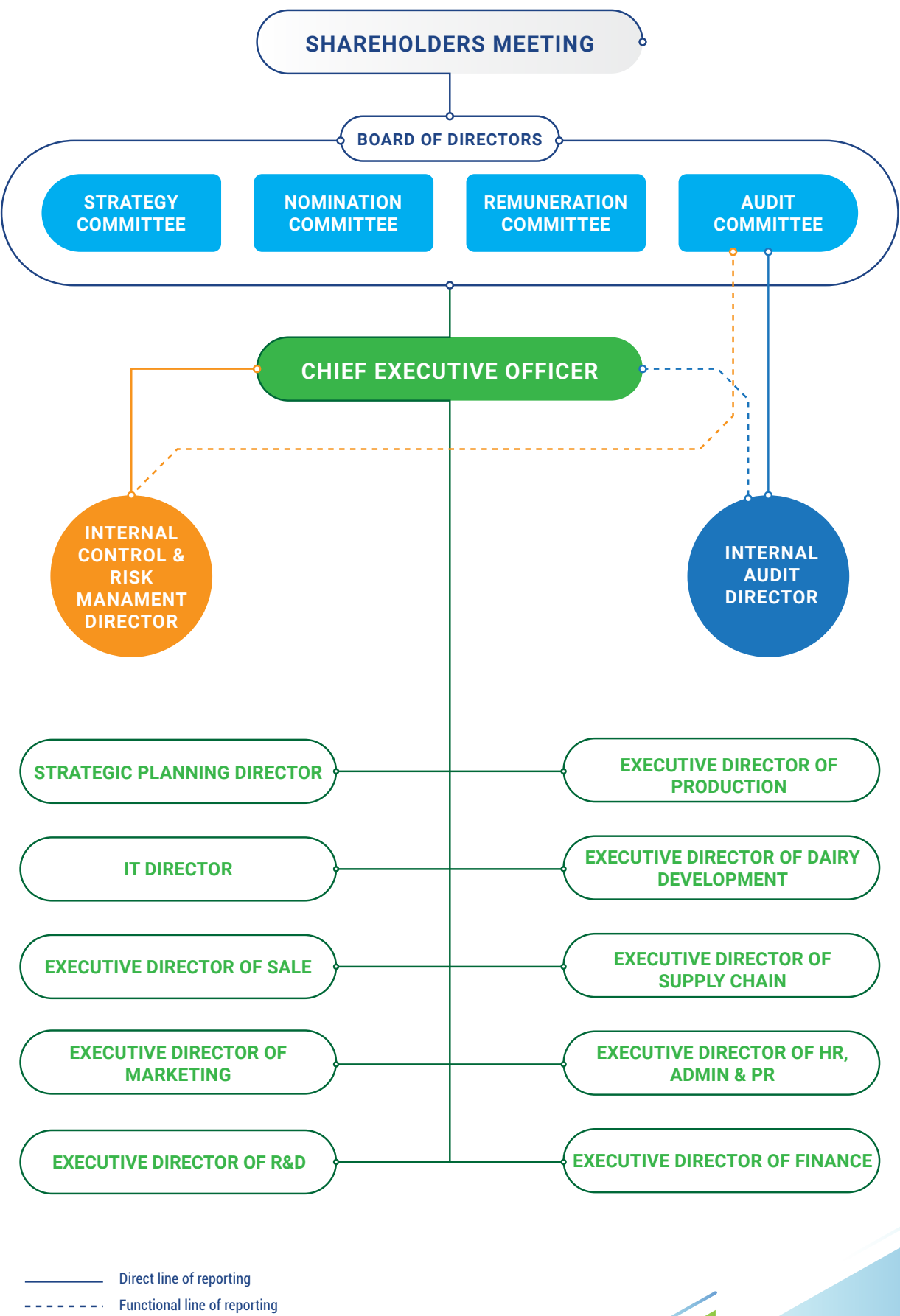
<https://www.vinamilk.com.vn/vi/lien-he-thong-tin-co-dong>



CORPORATE MODEL



ORGANIZATIONAL APPARATUS



BOARD OF DIRECTORS



Mrs. Le Thi Bang Tam

Chairwoman
Independent BOD member

Born in 1947, she has been an independent BOD member from April 2013 and then the Chairwoman from July 2015 until now.

Professional qualifications

- » PhD in Economics, Leningrad Institute of Finance and Economics, the Soviet Union (1989).
- » Certificate of International Finance, North University London, UK (2011).
- » Bachelor in Finance and Accounting, Hanoi University of Finance and Accounting.
- » Certificate of Corporate Governance.

Experience

- » She has years of working experience in the field of corporate management, corporate finance and State governance, as well as other fields.
- » Since 2006, she has held the position of BOD member in different companies, such as the Chairwoman of State Capital Investment Corporation (SCIC), BOD member and then the Chairwoman of HD Bank.
- » She is a member, an adviser of salient institutions such as: State Securities Commission (SSC), the National Monetary Policy Council. She is also a member of the Committee of International Economic Corporation, Steering Committees for ODA, Foreign Investment and key projects of the Government.
- » From 1995 to 2008, she was Deputy Minister, Member of Civil Affair committee – Ministry of Finance.
- » For more than 20 years (1974 – 1995), she had held different management positions: Deputy Head of Financial Department; Deputy General Director of Personnel and Training Department; Deputy General Director, then General Director, then CEO of the State Treasury.
- » She was a lecturer of Hanoi University of Finance and Accounting from 1969 to 1974.

Position at other entity

- » Chairwoman, Ho Chi Minh City Development Joint Stock Commercial Bank (HD Bank).



Mrs. Mai Kieu Lien

Executive BOD member
Chief Executive Officer

Born in 1953, she held the position of Chairwoman from November 2003 to 2015 and has been an Executive BOD member from 2015 to present. She has been the CEO since December 1992.

Professional qualifications

- » Certificate of Economics Management, Leningrad Institute of Engineering and Economics, Russia.
- » Certificate of Government Management, National Academy of Politics, Vietnam.
- » Engineer of Milk Dairy Processing technology (1978), Moscow University of Meat and Dairy Processing Technology University of Poultry and Milk Processing, Moscow (currently known as Moscow State University of Applied Biotechnology).
- » Certificate of Corporate Governance.

Experience

- » She has over 27 years of working experience in the role of CEO (from 1992 to present) leading Vinamilk through many tenures. She has been honorably awarded many local and international prizes, such as First-class Labour Medal (2006); Asia's Top 50 Most Powerful Businesswomen awarded by Forbes for 4 consecutive times (2012 – 2015); The Excellent Businesswomen (2014) by Corporate Governance Asia; Nikkei and New Zealand prizes for all her brilliant contributions; and Lifetime Achievement award honored by Forbes for the first time (2018).
- » Previously, she had more than 8 years (1984 – 1992) in the role of Deputy CEO – Economics at Vinamilk.
- » From 1976 to 1983, she had experienced many positions in many different departments and then became Deputy Technical Director at Thong Nhat dairy factory in 1982.

Positions at other entities

- » Chairwoman, Vietnam Dairy Cow One Member Co., Ltd.
- » Chairwoman, Thong Nhat -Thanh Hoa Dairy Cow One Member Co., Ltd.
- » BOD member, Driftwood Dairy Holding Corporation.
- » Owner's representative, Vinamilk Europe Spółka Z Organiczną Odpowiedzialnością.
- » Chairwoman, Lao-Jagro Development Xiengkhouang Co., Ltd.
- » BOD member, Miraka Holdings Limited.
- » Chairwoman, Vietnam Livestock Corporation JSC
- » Chairwoman, Moc Chau Dairy Breeds Joint Stock Company
- » Chairwoman, Del Monte - Vinamilk Dairy Philippines, Inc.
- » Chairwoman, Vibev Food And Beverage Joint Venture Company Limited

BOARD OF DIRECTORS



Mr. Alain Xavier Cany
Non-Executive BOD member

Born in 1949, he has been a non-Executive BOD member since March 2018.

Professional qualifications

- » Baccalauréat – Academie de Paris

Experience

- » He held many executive positions at various financial corporations.
- » Since 2007, he has been Chief Representative – Group Country Chairman of Jardine Matheson Ltd. (Vietnam).
- » From 2000 to 2003, he was Head of European Business Development – Asia Pacific at HSBC Asia Pacific Head Office and then became President and CEO of HSBC Vietnam from 2003 to 2007.
- » From 1969 to 2000, he had held various executive positions at Credit Commercial de France and Banque Worms in France and Hong Kong.
- » In addition, he also held some important positions including Advisor for Foreign Trade to the French Government and Chairman of EuroCham, Vietnam Business Forum and Director of Asia Commercial Bank.
- » He was awarded Officer of The French National Merit Order and Knight of The Legion of Honor by the President of France and the Friendship Medal by the President of The Socialist Republic of Vietnam.

Positions at other entities

- » Chief Representative – Group Country Chairman of Jardine Matheson Ltd. (Vietnam), parent of Jardine Cycle & Carriage Ltd.
- » Honorary Chairman of the Board of Trustees - Saigon Children's Charity CIO.
- » Member of BOD of Siam City Cement (Vietnam) Limited (2/2017).
- » Chairman of Board of Members' Council of Pan Asia Trading and Investment One Member Company Limited (1/2014).
- » Vice-Chairman of the BOD of REE Corporation.



Mrs. Dang Thi Thu Ha
Non-Executive BOD member

Born in 1973, she has been a non-Executive BOD member since April 2017

Professional qualifications

- » Master of Business Administrations (MBA), Institute of Business Administration.
- » Bachelor of Business Administrations, National Economics University.
- » Bachelor of English Linguistics, Vietnam National University, Hanoi.
- » Certificate of Corporate Finance Consulting, Securities Research and Training Center.

Experience

- » She has served as a BOD member in companies since 2013. She is currently a Chairwoman at Hau Giang Pharmaceutical JSC and a BOD member at Benovas Cancer Drugs JSC.
- » She has been working at Investment Department of SCIC for 11 years at different positions. She is currently Head of Investment Department No.3.
- » Previously, she had 8 years of working experience in the field of Financial Consulting and Compliance Accounting at Trang An Securities JSC (2007 – 2008) and Mizuho Bank Hanoi (2000 – 2007).
- » She was awarded a Merit Certificate from Minister of Finance in 2015 and a Merit Award in Finance industry for her achievements in 2016.

Positions at other entities

- » Chairwoman, Hau Giang Pharmaceutical JSC.
- » BOD member, Benovas Cancer Drugs JSC.
- » Head of Investment Department No.3, SCIC.

BOARD OF DIRECTORS



Mr. Do Le Hung
Independent BOD member
Head of Audit Committee

Born in 1969, he has been an Independent BOD member since April 2017.

Professional qualifications

- » Master of Public Finance and Degree of Public Management, National School of Administration, France.
- » Certificate in Treasury Inspection, National Treasury School, France.
- » Bachelor of Finance – Accounting, University of Finance and Accountancy, Hanoi.
- » Certificates in Public Financial Management, Accounting, Auditing.
- » Certificates in Advanced Auditing conferred by international organizations.
- » Certificate in Advanced Director Certification Program (DCP) conferred by Vietnam Institute of Directors (VIOD).

Experience

- » He is currently an independent member of the BOD and Audit Committee of the following companies listed on HOSE:
- » Vietnam Dairy Products JSC (Vinamilk)
- » GTNfoods JSC (GTN)
- » Hau Giang Pharmaceutical JSC (DHG)
- » An Gia Real Estate Investment and Development JSC – An Gia Group (AGG)
- » South Logistics JSC – Sotrans Group (STG)
- » REE Corp (REE)
- » He has been a BOD member of VIOD since April 2018.
- » He is also the Deputy Head of the Auditing Committee of Ecopark Group JSC
- » He had more than 8 years of working experience as Director of Auditing and Internal Control of Big C Vietnam.
- » He had nearly 6 years of working experience as Deputy Head of Accounting – State Treasury of Vietnam – Ministry of Finance.
- » Previously, he had more than 11 years of working at Accounting – State Treasury of Vietnam at Specialist and Executive level.
- » He received merit certificate from Prime Minister and many from the Ministry of Finance from 1997 to 2006.



Mr. Le Thanh Liem
Executive BOD member
Executive Director – Finance, cum. Chief Accountant

Born in 1973, he has been an Executive BOD member since April 2017.

Professional qualifications

- » Master in Finance and International Business, Leeds Metropolitan University, UK (2012).
- » Bachelor in Economics, University of Finance – Accounting, Ho Chi Minh City, Vietnam (1994).
- » Certificate in Advanced Director Certification Program (DCP) conferred by Vietnam Institute of Directors (VIOD).
- » Certificate of Global Leadership Program (GLP), PACE Institute of Management.

Experience

- » He has over 26 years of experience in the field of finance and accounting and has held the position of Chief Financial Officer cum Chief Accountant since 2015.
- » From 2003 to 2015, he held managerial positions at Vinamilk's Finance - Accounting Division including Deputy Head of Accounting and Chief Accountant.
- » From 1994 to 2003, he held different positions at Finance – Accounting Division of Vinamilk.

Position at other entity

- » BOD member, GTNfoods JSC.
- » BOD member, Vietsugar JSC
- » Vice Chairman, Vietnam CFO Club.
- » BOD member, Del Monte – Vinamilk Dairy, Philippines, Inc

BOARD OF DIRECTORS



Mr. Lee Meng Tat

Non-Executive BOD member

Member of Strategy Committee

Member of Nomination Committee

Born in 1963, he has been a non-Executive BOD member since September 2016.

Professional qualifications

- » Master in Business Administration (MBA), Imperial College, London (1997).
- » Bachelor of Engineering (Mechanical), National University of Singapore (1988).
- » Advanced Management Programme (AMP), Harvard Business School (2005).
- » International Directors Programme (IDP), INSEAD (2017).

Experience

- » He has many years of experience in corporate and economics management at both private and public institutions.
- » Since 2015, he has been a BOD member of Fraser & Neave Holdings Berhad.
- » In 18 years (1997 – 2015), he held top management roles at consumer goods and tourism companies such as Fraser & Neave Ltd, Heineken-APB (China), Management Services Co. Ltd, Asia Pacific Breweries Ltd, Wildlife Reserves Singapore Group.
- » From 1994 to 1996, he was Deputy Director, Regional Tourism, Singapore Tourism Board.
- » Previously, he was Assistant Head, International Business Development, Singapore Economic Development Board from 1993 to 1994.

Positions at other entities

- » Chief Executive Officer, Non-Alcoholic Beverages (NAB), Fraser & Neave Ltd.
- » BOD member, Fraser & Neave Holdings Berhad.



Mr. Michael Chye Hin Fah

Non-Executive BOD member

Member of Audit Committee

Member of Remuneration Committee

Born in 1959, he has been a non-Executive BOD member since April 2017.

Professional qualifications

- » MBS (with Distinction in Accounting and Finance) and BBS (with First Class Honors in Accounting and Finance), Massey University, New Zealand.
- » Member of Singapore Institute of Directors (SID) since 1999.
- » Member of Institute of Singapore Chartered Accountants (ISCA) since 2003.
- » Member of Institute of Chartered Secretaries & Administrators (ACIS) since 1990.

Experience

- » He has over 15 years of experience as a board member. He is currently a member of the Board of Directors and Audit Committee of Saigon Beer-Alcohol-Beverage Corporation. He is also an Alternate Director at Fraser and Neave Limited and director of many companies in ThaiBev Group.
- » For over 22 years, he held senior positions at several financial and investment companies and has extensive international experience in many Asian countries.
- » Prior to these roles, he was a university lecturer in New Zealand.

Positions at other entities

- » CEO, BeerCo Limited.
- » Member of the Board Executive Committee and Risk Management Committee, Fraser and Neave Ltd.
- » Thành viên HĐQT và thành viên Tiểu ban Kiểm toán của Tổng CTCP Bia - Rượu - Nước giải khát Sài Gòn (SABECO)
- » Non-Executive BOD member at: Marketing Magic Pte Ltd, DECCO 235, Heritas Capital Management Pte Ltd, IMC Pan Asia Alliance Corporation, Prudence Holdings Ltd.

BOARD OF DIRECTORS



Ms. Tieu Yen Trinh
Non-executive BOD member
Head of Remuneration Committee

Born in 1974, she has been a non-executive BOD member since 2021.

Professional qualifications

- » Bachelor

Experience

- » Since November 2007: Founder & CEO of Connecting Human Resources JSC (Talentnet Corp).
- » From January 1996 to September 2007: Senior Manager of Human Resources Consultancy Department at Pricewaterhouse Vietnam (PwC).

Position at other entities

- » Independent BOD member at Phu Nhuan Jewelry Joint Stock Company.



Mr. Hoang Ngoc Thach
Non-Executive BOD member

Born in 1959, he has been a non-Executive BOD member since April 2017.

Professional qualifications

- » Bachelor of Accounting - Hanoi University of Commerce
- » Master of Business Administration - Solvay School of Economics and Management, University of Brussels (Belgium)

Experience

- » Since November 2009: Deputy Head of Risk Management Department of State Capital Investment Corporation (SCIC)
- » From September 1999 to October 2009: Enterprise equitization specialist of Power Company 1

PROFILE OF KEY MANAGEMENT



Mr. Mai Hoai Anh

Executive Director - International Sales and Domestic Sales

Born in 1970, he joined Vinamilk in 1996 and has been appointed as Executive Director – International Sales since December 2018 and concurrently manage Domestic Sales Department since July 2020

Professional qualifications

- » Master of Business Administration, Bolton University, the United Kingdom (2012).
- » Bachelor of Economics, University of Economics, Ho Chi Minh City, Vietnam

Experience

- » Since July 2020, he has been appointed to concurrently manage Domestic Sales Department.
- » He has been Executive Director – International Sales since December 2018.
- » From 2012 to December 2018, he was Executive Director – Sales. He also held the position of Chief Operation of Officer for over 2 years, managing general operations such as Marketing, Sales, Supply Chain, Production, Research and Development (R&D).
- » From 2003 to 2012, he held many different management positions at Import – Export Department, such as Head of Import – Export Department and Director of Import – Export Department, responsible for export and import materials.
- » From 1996 to 2003, he held positions of Import – Export Clerk and Deputy Head of Import – Export Department, responsible for managing the Department.

Positions at other entities

- » BOD member, Vibev Food and Beverage Joint Venture Company Limited.

Mr. Trinh Quoc Dung

Executive Director – Dairy Development

Born in 1962, he joined Vinamilk in 2005.

Professional qualifications

- » Engineer of Energy and Automation, Odessa University, Former Soviet Union (1985).

Experience

- » Since 2014, he has been Executive Director – Dairy Development.
- » Over 10 years of working at Vinamilk (2005 – 2014), he had held the positions of Directors at many different Vinamilk's factories, such as Nghe An Dairy Factory, Vietnam Dairy Factory.
- » Prior to joining Vinamilk, he was Director of Electricity Industrial Consulting and Investment Center in 6 years (1998 – 2005).
- » From 1987 to 1998, he worked at various positions at different private and state companies, for instance: Vinh City's People Committee, Department of Environmental Science and Technology of Nghe Tinh province (currently known as Nghe An and Ha Tinh province) and the Department of Industry of Nghe An province.

Positions at other entities

- » Director, Vietnam Dairy Cow One Member Co., Ltd (1).
- » CEO, Thong Nhat – Thanh Hoa Dairy Cow One Member Co., Ltd (1).
- » BOD member, Lao-Jagro Development Xiengkhouang Co., Ltd (Lao PDR).
- » CEO & BOD member, GTNfoods JSC.
- » CEO & BOD member, Vietnam Livestock Corporation JSC (Vilico).
- » BOD member, Vietnam Tea Corporation JSC (Vinatea).
- » BOD member, Moc Chau Dairy Cow Breeding JSC.
- » Chairman, Vietnam Japan Livestock Company

PROFILE OF KEY MANAGEMENT



Mrs. Bui Thi Huong
Executive Director – HR
Admin and Public Relation

Born in 1962, she joined Vinamilk in 2005.

Professional qualifications

- » Bachelor of Russian language, major in interpretation, Orion Linguistics University, former Soviet Union (1985).
- » Bachelor of Economics – Business Administration and Trade Union, Trade Union University (2000).

Experiene

- » She has been Executive Director – HR, Admin and Public Relation since 2015.
- » During over 10 years working at Vinamilk (2005 – 2014), she had held such positions as Operation Manager of Foreign Affairs, Public Relation Director.
- » Prior to joining Vinamilk, she had been working more than 17 years at Dien Quang Lamp Joint Stock Company, holding different executive positions such as Deputy Head of Planning - Supplies Department, Head of Sales Department, Executive Director – Sales, Vice President of Sales, and a BOD member.



Mr. Nguyen Quoc Khanh
Executive Director – Research and Development

Born in 1964, he joined Vinamilk in 1988.

Professional qualifications

- » Engineer of Chemistry Technology and Foods, University of Technology, Ho Chi Minh city, Vietnam (1987).
- » Bachelor of Business Administration, University of Economics, Ho Chi Minh city, Vietnam (1997).
- » Bachelor of English Linguistics and Literature, University of Social Science and Humanity, Ho Chi Minh city, Vietnam (2001).

Experience

- » Since 2015, he has been Executive Director – Research and Development.
- » Over 10 years (2009 – present), he has held many senior management positions at Vinamilk, such as Executive Director – Supply Chain, Executive Director – Production and Research and Development, and Executive Director – Research and Development.
- » Previously, in 22 years of working (1988 – 2009), he experienced different positions at Vinamilk’s factories, for instance: Thong Nhat Dairy Factory, Can Tho Dairy Factory and became Director of Can Tho Dairy Factory in 2004.

Positions at other entities

- » BOD member, Asia Coconut Processing JSC.
- » BOD member, Driftwood Dairy Holding Corporation.
- » Independent BOD member, Binh Thanh Import Export Production & Trade JSC (GILIMEX).
- » Independent BOD member, Bamboo Capital JSC.

PROFILE OF KEY MANAGEMENT



Mr. Nguyen Quang Tri
Executive Director – Marketing

Born in 1971, he had joined Vinamilk for the period of 2009-2014 before he made a comeback as a Marketing executive director in July, 2021.

Professional qualifications

- » Doctor of Business Administration at Asian Institute of Technology
- » Master of Business Administration at the University of Queensland, Australia
- » Chemical & Food Engineer at Ho Chi Minh City University of Technology, Vietnam

Experience

- » He has been appointed as Marketing Executive Director since July 2021.
- » From 2019 to June 2021, he worked as Marketing Director of Masan Meatlife JSC.
- » From 2014 to 2016, he worked as Marketing Director at Masan Nutri-Science JSC.
- » From 2009 to 2014, he worked as the Product Marketing Director at Vinamilk.
- » Before 2009, he held the positions of Marketing Manager at Masan Food Company, Head of Product Marketing Department at Dutch Lady Vietnam and Brand Assistant at P&G.



Mr. Tran Minh Van
Executive Director – Production

Born in 1960, he joined Vinamilk in 1981.

Professional qualifications

- » Master of Business Administration, Hanoi University of Science and Technology, Vietnam (2004).
- » Bachelor in Commercial Laws, Laws University, Hanoi, Vietnam (2001).
- » Bachelor in Business Administration, University of Economics, Ho Chi Minh city, Vietnam (1994).
- » Bachelor in Mechanical Engineering, University of Technology, Ho Chi Minh city, Vietnam (1981).

Experience

- » He has been Executive Director – Production at Vinamilk since December 2015.
- » In 10 years from 2006 to 2015, he had held many important management positions of Project Division: Deputy General Director in charge of Project, Executive Director – Project.
- » In 25 years from 1981 to 2006, he was in charge of many different positions at Vinamilk’s factories and then became Director of Thong Nhat Dairy Factory in 1994.

Retired from 1/2/2022.

PROFILE OF KEY MANAGEMENT



Mrs. Nguyen Thi Thanh Hoa
Executive Director – Supply Chain

Born in 1955, she joined Vinamilk in 1983.

Professional qualifications

- » Engineer of Dairy Processing technology (1978), Moscow University of Meat and Dairy Processing Technology (currently known as Moscow State University of Applied Biotechnology).

Experience

- » Working at Vinamilk over 20 years (1999 – present), she has held many senior management roles, such as Deputy General Director, Executive Director – Production and R&D, and currently Executive Director – Supply Chain.
- » Previously, from 1983 to 1999, she had held different positions, for instance Processing Engineer, Vice Director, then Director of Truong Tho Dairy Factory and Director of Hanoi Dairy Factory, concurrently, from 1995.
- » Prior to joining Vinamilk, she was a lecturer at University of Technology, Ho Chi Minh city, Vietnam for almost 6 years (1978 – 1983).

Position at other entity

- » BOD member, Vietnam Sugar JSC.

Retired from 31/12/2021.

PROFILE OF COMPANY SECRETARIAT



Mr. Tran Chi Son
Company Secretariat
Senior Financial Manager

Born in 1975, he joined Vinamilk in 2005 and has been the Company Secretariat since April 2017.

Professional qualifications

- » Bachelor of Accounting, major in Accounting and Auditing, University of Finance – Accounting, Ho Chi Minh City, Vietnam (1998).
- » Association of Chartered Certified Accountants (ACCA) qualification.
- » Bachelor of English Linguistics, Foreign Languages University - Hanoi National University.
- » International Certificate in Investment Relations (ICIR) conferred by IR Society – UK and IRPAS – Singapore.
- » Certificate of Corporate Governance.
- » Certificate of Director Certification Program (DCP) conferred by Vietnam Institute of Directors (VIOD)

Experience

- » From June 2016 to present, he has held the position of Senior Financial Manager. In addition, he has been in charge of Investor Relations of Vinamilk for more than 11 years.
- » Over 11 years from 2005 to 2016, he worked in many positions at Vinamilk, including Director of Internal Control, Director of Investment Department and Investment Relations Manager.
- » Prior to joining Vinamilk, he worked as a Senior Financial Analyst at San Miguel Vietnam, Co., Ltd., Audit Senior – KPMG Vietnam Co., Ltd., Chief Accountant – URC Vietnam Co., Ltd. and Chief Accountant at Vietnam Star Automobile.

Positions at other entities

- » BOD member, Lao-Jagro Development Xiengkhouang Co., Ltd.
- » Deputy CEO, GTNfoods JSC.
- » BOD Member, Vietnam Livestock Corporation JSC (Vilico).
- » BOD Member, Lam Dong Food JSC (Ladofoods).

PROFILE OF COMPANY SECRETARIAT



Mrs. Le Quang Thanh Truc
Company Secretariat
Director of Foreign Subsidiary Management

Born in 1975, she joined Vinamilk in 2005 and has held the position of Company Secretariat since then.

Professional qualifications

- » Master of Development Economics, the cooperation program between The International Institute of Social Sciences of Erasmus University, the Hague, the Netherlands and the University of Economics, Ho Chi Minh city, Vietnam (2000).
- » Bachelor of English Linguistics and Literature, University of Social Sciences and Humanities (1999).
- » Bachelor of Business Administration, major in Foreign Trade, University of Economics, Ho Chi Minh city, Vietnam (1998).
- » Certificate of Corporate governance.

Experience

- » Since August 2015 until present, she has held the position of Director of Foreign Subsidiary Management.
- » Previously, from 2005 to 2015, she experienced in different positions at Finance Division, such as Financial Analyst, Investor Relations (IR) Manager, Financial Investment Manager, Investment Director at Vinamilk.
- » Prior to joining Vinamilk, she held other positions such as Project Director, then General Director at I.C Investment JSC; Deputy Manager of Advisory Department at Saigon Securities JSC (SSI).

Positions at other entities include

- » BOD member, Driftwood Dairy Holdings Corporation.
- » BOD member, Vinamilk Europe Spółka z Organizacją Odpowiedzialnością.
- » Chairwoman, Angkor Dairy Productions Ltd., Co.
- » Chairwoman, Vietsugar JSC.
- » BOD member, APIS JSC.
- » BOD member of the joint venture company DEL MONTE – VINAMILK DAIRY, PHILIPPINES, INC
- » BOD member of VIBEV Food and Beverage Joint Venture Co., Ltd



Mr. Nguyen Trung
Company Secretariat
Director of Supply Chain – Logistics

Born in 1973. He joined Vinamilk in 1994 and has been the Company Secretariat since 2012.

Professional qualifications

- » Executive Masters of Business Administration, Université du Québec à Montréal (2014).
- » Bachelor in Accounting, University of Finance – Accounting, Ho Chi Minh city, Vietnam (1994).
- » Certificate of Sustainable Development, Swedish Institute (2016).
- » Certificate of Corporate Governance.

Experience

- » Since July 2017 until present, he has been Director of Supply Chain – Logistics.
- » From July 2014 to July 2017, he was Director of Strategic Planning.
- » He has more than 7 years of experience (2007 – 2014) as Director of Internal Control and Risk Management and also responsible for Legal Division. Under this position, he took the lead in establishing the Code of Conducts for the Company.
- » He is a representative of Vinamilk at Asian Corporate Governance Association (ACGA). He participated in the Training course of Company Secretariat hosted by International Finance Corporation (IFC).
- » Previously, he spent more than 14 years in Finance Division with different positions: Accountant – Fixed assets, materials, and construction; General Accountant in charge of preparing financial statements.

PROFILE OF INTERNAL AUDIT



Mrs. Ta Hanh Lien
Internal Audit Director

Born in 1980, she joined Vinamilk in 2006

Professional qualifications

- » Bachelor of Economics, major in Accounting – Audit, University of Economics, Ho Chi Minh city, Vietnam.

Experience

- » She has years of working experience in audit, finance, and budget planning
- » She has held the position of Internal Audit Director since November 2011 after completing the role of Coordinator for the project “Establishing the Internal Audit Function” and received the transferred international audit procedures and techniques from KPMG Vietnam Co., Ltd.
- » From 2006 to 2010, she worked at the Finance Division at different positions, such as Budget Planning and Control Manager, Financial Analysis supervisor.
- » Prior to joining Vinamilk, she was Audit Associate and then Senior Audit Associate at KPMG Vietnam Co., Ltd. from 2002 to 2005.





BÍ QUYẾT SỐNG KHỎE CỦA NGƯỜI NHẬT VỚI FUCOIDAN



MIỄN DỊCH KHỎE BÉ LỚN NHANH

SỮA NON
24h



BÍ QUYẾT SỐNG KHỎE CỦA NGƯỜI NHẬT VỚI FUCOIDAN



PREMIUM NUTRITIOUS MILK



CAO KHOẺ CHẮNG KHÓ KHI CÓ DIELAC GROW PLUS



THANH NHẸ, *Mát Lạnh*

Từ nguồn sữa tươi trang trại sinh thái Green Farm cùng bí quyết lên men **30 năm** của Vinamilk cho vị sữa chua thanh nhẹ, mát lạnh



Trang Trại Sinh Thái VINAMILK GREEN FARM





Kem TRÂN CHÂU

NGON QUÊN SẦU



CREATIVE PRODUCTS

BRINGS
NEW EXPERIENCE



Kem:
Cốm
Bưởi



VINAMILK
SÁNG MẮT SÁNG TRÍ
THOẢ CHÍ PHIÊU LƯU





CHAPTER 03

2021 BUSINESS REPORT

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3.1 VIETNAM'S DAIRY INDUSTRY IN 2021

The Covid-19 pandemic continues to inhibit the dairy industry's growth in 2021

Vietnam's GDP in 2021 increased by 2.58%, the lowest rate in the past 10 years, due to severe impacts of the Covid-19 pandemic, especially in the third quarter of 2021 when key economic zones were forced into prolonged social distancing for disease control purposes. Total retail sales of consumer goods and services decreased by 3.8% compared to the previous year (2020 recorded an increase of 1.7%, according to GSO). Accordingly, the FMCG sector recorded a decrease of 3% in value while the dairy industry, as more essential necessities, maintained an increase of 1% (AC Nielsen).

Shifting distribution channels

2021 witnessed a major shift in shopping behavior from conventional to non-conventional channels. This trend was especially emphasized in the third quarter of 2021 when social distancing regulations for traditional markets and grocery stores in large cities to limit their activities and people were only allowed to buy essential goods at supermarkets and convenience stores at designated times. The penetration of online grocery shopping also accelerated and followed up a trend that had emerged before the pandemic. Online sales were driven by the young, high-income but busy consumers who prefer home delivery to avoid contact during the pandemic.



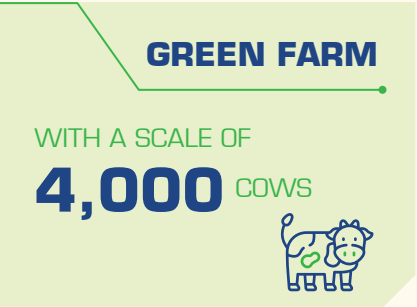
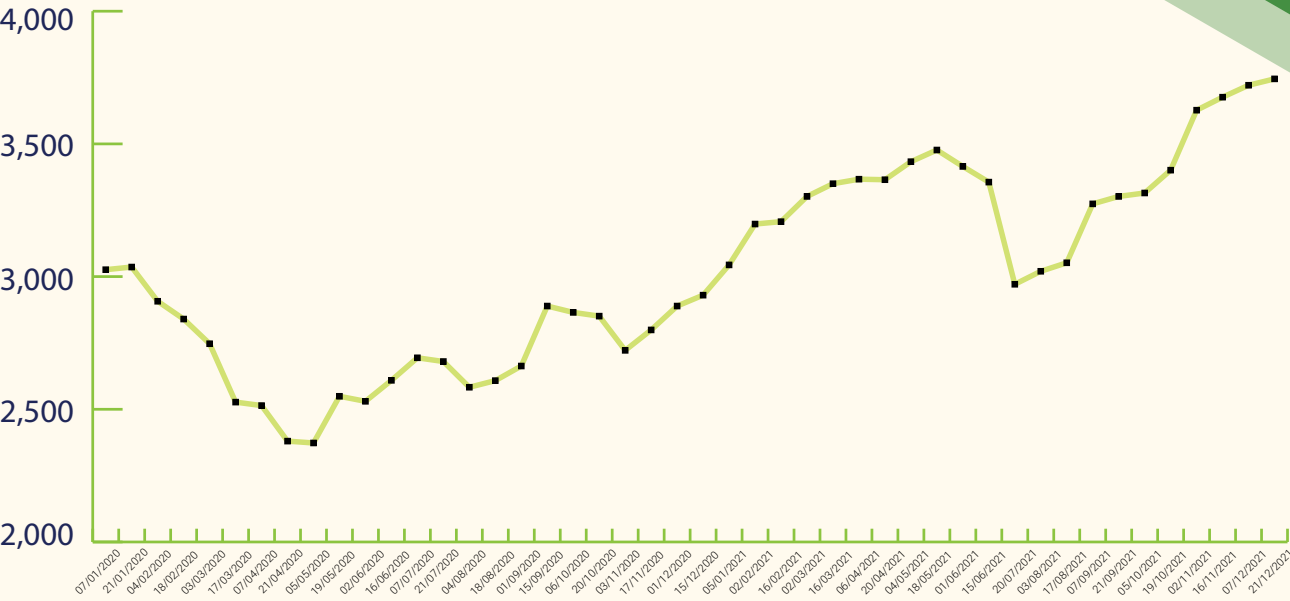
Soaring prices of raw materials

The prices of raw materials, animal feed, transportation costs, etc. all increased due to disruptions of the global supply chain and sharp increases in demand for commodity reserves in some large countries. Some important dairy ingredients, such as skim milk powder, recorded a 30-40% price hike in the 2020-2021 period, according to Global Dairy Trade. This trend may reverse when the pandemic was controlled in key regions such as New Zealand, Europe, and the US, helping to improve supply, stabilize international trade and reduce transportation costs.

Consumption of yogurt and liquid milk drove dairy industry growth

Yogurt sales delivered the most impressive growth in the dairy industry in 2021, according to Euromonitor, driven by public awareness of yogurt's ability to support the immune system and bodily resistance against infectious diseases. This awareness was even heightened during the pandemic outbreaks. For liquid milk who outweighs in the industry, demand remained stable as liquid dairy products are considered an easy-to-consume food source and play an important role in nutritional support for the development of young the children. In addition, sales of condensed milk in 2021 grew slightly, largely due to increased given the habit of using condensed milk for making coffee and desserts at home. For powdered milk, demand in 2021 was pressured by two factors: the ever-declining rate of birth rate and the prominent change in parental choice of dairy products. As for the latter, specifically, parents now tend to buy liquid milk for their children instead of powdered milk because liquid milk is more affordable and can be served to other family members as well, thereby saving family budgets in times of economic hardship. However, it is noted that the second factor is rather temporary and will disappear when economic growth recovered to pre-pandemic levels.

Skim Milk Powder Price 2020 - 2021



Autonomy in raw materials development as a growing trend

To meet the increasing demand for 100% fresh milk, domestic enterprises continue to expand their control and exploitation of raw material areas. According to the latest data released by the Department of Livestock Production, as of December 31, 2020, Vietnam had 331,368 dairy cows, an increase of 4.29% compared to last year. Industry leaders such as Vinamilk recently introduced the Green Farm system in Quang Ngai with a scale of 4,000 cows and are about to put into operation a farm complex in Laos in 2023, with the scale of phase 1 up to 24,000 cow heads. Smaller-sized companies like Moc Chau Milk also expanded their existing farms to the scale of 2,000 cow heads and planned to build a new ecological farm with a scale of 4,000 cow heads.

3.2 THE BOARD OF DIRECTORS' REPORT

Assessment of the Board of Directors' performance in 2021

ASSESSMENT OF THE BOARD OF DIRECTORS' AND ITS COMMITTEES' PERFORMANCE

In 2021, the operation of Vinamilk's BOD was affected by the impacts of the Covid-19 pandemic. However, the BOD still carried out activities effectively and appropriately in accordance with the Company's Charter, the Regulations on Corporate Governance, and the BOD Regulations. With the motto of focusing on efficiency and maximizing best practices, the entire BOD and all relevant Committees carried out duties through the following activities in 2021:



Activities of the Committees:

- » The Strategy Committee reviewed, discussed and assessed the five-year strategic objectives for the period 2017-2021, and assessed the Company's position in the new situation. The main contents of the agenda focused on reviewing and approving the direction and strategy for 2022-2026. Besides success factors for the coming future, topics of sustainable development and social responsibility to ensure the harmony of interests among stakeholders are under consideration to be integrated into the strategy.
- » The Nomination Committee re-evaluated the independence of the independent BOD members, implemented the personnel succession plan for the BOD, sought, screened, evaluated and selected candidates for the independent member positions in the new tenure. Regarding the BOM personnel, the Nomination Committee also reviewed, evaluated and approved nominations for the CEO and other BOM members' positions for the next 5-year period of 2022-2026.
- » The Remuneration Committee reviewed and adjusted the BOM's remuneration packages and operating budget for the new tenure, and proposed a remuneration scheme including salaries, bonuses and benefits of the CEO, the BOM and other management levels to ensure competitiveness in recruiting, attracting and retaining talents.
- » The Audit Committee, with its quarterly planning and work assignment, fully, timely and effectively reviewed the Company's financial reports and situations, improved the internal control system, upgraded the risk management system and improved operations of the Internal Audit. The apparatus and methodology of Internal Audit were supplemented and modified with a view to meeting the needs of the whole corporation. In addition, the Committee carried out the assessment and selection of the Company's independent auditor for 2022 to propose to the AGM.

Performance assessment:

- » The assessment of the BOD's performance was conducted in the last BOD meeting of the year (January 21, 2022) with the presence of all BOD members and the support of the Secretariat in charge of Corporate Governance.
- » Assessment Criteria: 8 behavioral and efficiency indicators in accordance with the Regulations on Corporate Governance. The assessment form in 2021 continued to use standardized questionnaires about 04 aspects of practices:



Self-leadership competence and operational results



A combination of knowledge, experience and diversity among BOD members



Dynamism



Operating process



Results:

In 2021, the BOD operated in accordance with the laws and the Company's Charter and overcome hurdles to the Company's accomplishment of the plan set out by the AGM. The contents under the BOD's responsibilities and authority on corporate governance, risk management, compliance, audit, strategic supervision, human resources and remuneration were executed professionally.

Improvement is noted from changes of the BOD members in charge of the Committees. Suggestions for performance improvement were all recorded and will be implemented in 2022. In terms of individual assessment, most of the BOD members performed well, having proactively and positively fulfilled their duties.

3.2 THE BOARD OF DIRECTORS' REPORT

Assessment Of The CEO And The Board Of Management's Performance

MONITORING AND EVALUATING THE GENERAL DIRECTOR AND THE BOARD OF MANAGEMENT


Pursuant to the Company's Charter and Corporate Governance Regulations, the Board of Directors supervised the activities of the General Director and members of the Board of Management in production, business and implementation of the AGM and the BoD's resolutions in 2021 as follows:


Monitoring method:

The BoD, through committees with specific tasks mentioned in the Internal Regulations on Corporate Governance, supervises the BoM in organizing and implementing the BoD resolutions. The heads of the committees will present the contents that the BoM must prepare to present/discuss/question at the latest BoD meeting. At the meetings, the BoD reviewed the implementation of the resolutions, quarterly and accumulated production and business situations, then discussed and approved the resolutions as a basis for implementation by the General Director and the BoM. Every month, the General Director and the BoM will send activity reports and make explanations for the contents requested by the BoD. In addition, the BoD members, according to the assignment of tasks for each committee, regularly discuss with the BoM members about the issues of interest to supervision.

The BoD's evaluation of the General Director and Chief Executive Officers:

Following the Corporate Governance Regulations, the BoD continued to evaluate the General Director and the Chief Executive Officers based on the following criteria:

 Accomplishment of business goals

 General duties of senior managers

 Competencies of senior managers




Accomplishment of business goals


This criterion is evaluated through the results of the implementation of (i) the overall goals of the Company and (ii) the quality objectives of the division or department that each Executive Director is in charge of according to the balanced scorecard model (BSC) with 04 goals of finance, customer, process and learning & development. The weight of each target will vary between positions, depending on the role of each individual in the value chain. The evaluation is combined with a summary report and self-assessment of each BoM member for the year. The outstanding issue of 2021 is finance and contents related to efforts to overcome impacts of the Covid-19 pandemic.

General duties of senior managers

The assessment of general duties includes two stages: individual self-assessment and direct evaluation of line managers. General duties criteria include:

 "Caution" as a duty

 "Honesty and avoidance of conflicts of interest" as a duty

 "Confidentiality" as a duty

 "Care and Loyalty" as a duty

Competencies of senior managers

The assessment of competencies is carried out based on a set of 12 leadership competencies developed specifically for Vinamilk.



Monitoring results:

With the results achieved in 2021, a year heavily affected by the Covid-19 pandemic, the BoD discussed and reached the conclusive evaluation that:

The General Director and the Board of Management made great efforts and performed assigned tasks in 2021 with remarkable and encouraging results, strictly complying with current legal regulations and the Company's operating regulations. The evaluation results of all BoM members were Excellent. In particular, the Board of Management did very well to manage production and business activities, ensuring employees' job security, health and safety, and doing business with high responsibility to related parties.

Audit Committee Report

I ORGANIZATIONAL STRUCTURE AND OPERATION OF THE AUDIT COMMITTEE IN 2021

1 Organizational structure of the Audit Committee

The Audit Committee consists of four members with some changes in 2021 as follows:

NO.	MEMBER	POSITION	DATE OF JOINING/ RESIGNING FROM THE AUDIT COMMITTEE	QUALIFICATION
1	Mr. Do Le Hung	Head of the Audit Committee	April 2017	Master of Public Finance
2	Mr. Michael Chye Hyn Fah	Member	April 2017	Master of Business and Science
3	Mr. Alain Xavier Cany	Member	June 2020	Baccalaureate, Academie de Paris
4	Mr. Hoang Ngoc Thach	Member	April 2021	Master of Business Administration
5	Mr. Le Thanh Liem	Member	Resigned since April 2021	Master of Finance and International Business
6	Mrs. Nguyen Thi Tham	Member	Resigned since April 2021	Master of Banking and Finance

2 Audit Committee Regulations

Pursuant to the provisions of current law (Enterprise Law 2020, Securities Law 2019, Decree 155 guiding the Securities Law, Circular 116 guiding the Enterprise Law 2020 and Decree 155), the Board of Directors has approved the updated Audit Committee Regulations in accordance with the Company’s Charter.

3 Audit Committee meetings and attendance of members

NO.	MEMBER	MEETINGS ATTENDED	ATTENDANCE RATE	REASONS FOR ABSENCE
1	Mr. Do Le Hung	4/4	100%	
2	Mr. Michael Chye Hyn Fah	4/4	100%	
3	Alain Xavier Cany	4/4	100%	
4	Mr. Alain Xavier Cany	4/4	100%	
5	Mr. Hoang Ngoc Thach	3/4	75%	Only joined since April 2021
6	Le Thanh Liem	1/4	25%	Resigned since April 2021
7	Nguyen Thi Tham	1/4	25%	Resigned since April 2021

4 Audit Committee’s remuneration and operating costs in 2021

Details of the Audit Committee members’ remuneration in 2021 are shown in the BOD’s report. In addition to this remuneration, the Audit Committee members do not receive any other benefits or remuneration.

The operating costs of the Audit Committee in 2021 are in compliance with Vinamilk’s internal regulations.



5 Audit Committee’s supervision of the BOD and the BoM

The Audit Committee supervises the BOD’s activities through meetings, discussions and mechanisms in which the Board’s resolutions are issued, and at the same time supervises the BoM’s activities through the BOM implementation of the BOD’s resolutions as well as the decentralization mechanism between the BOD and the CEO.

The Audit Committee’s supervisory activities are implemented through a variety of channels, including reporting to and communicating with the Finance Director, Chief Accountant, Internal Audit Director, Director of Internal Control and Risk Management, Head of the Legal Department as well as the Independent Auditor.

During performing its tasks, the Audit Committee has coordinated well with the BOD’s members, the BoM’s members and related executives and always received cooperation from the BOD.



Audit Committee Report

II SUPERVISION RESULTS OF THE AUDIT COMMITTEE

The Audit Committee's supervision results are reported as follows:

1 The BOD's implementation of resolutions:

Significant issues are freely discussed and thoroughly evaluated by the Board of Directors before issuing a resolution. The Board of Management closely follows and strictly implements the resolutions issued by the Board of Directors.

The Company Secretariat performs the task of monitoring and reporting on the implementation of the BOD's resolutions.

2 Financial statements

The Audit Committee has reviewed the quarterly and annual financial statements of 2021 based on the independent auditor's audit reports and agreed with the independent auditor's assessment that the financial statements of 2021 were prepared and presented with a true and fair view in accordance with VAS and current regulations.

In 2021, accounting policies and principles for determining accounting estimates were applied in consistency with the prior year.

No unusual fluctuations in revenue, profit or significant assets were recorded. No fraud or potential fraud risk was detected in the financial statements. Questions and requests of the Audit Committee during the review of the financial statements were satisfactorily answered by the Board of Management and the Independent Auditor.

3 Risk management and internal control system

In 2021, the Company continued to maintain a reliable, effective internal control and risk management framework.

In addition to updating risk management policies and procedures, the Company continued to maintain out and improve the self-control assessment.



Quality control systems such as food safety, energy and environment, occupational health and safety, laboratory capacity, corporate social responsibility and farming practices have been implemented in accordance with requirements of applicable standards, to which the certification is duly maintained.

The system of internal processes and regulations has been strictly managed and comprehensively updated, actively supporting the control of activities throughout the Company. Many processes were successfully computerized and digitized such as E-Office, E-Contract, and Online Bidding System.

The control system for conflict of interest has been effectively established and operated, ensuring tight control of transactions of related parties and stakeholders.

Risk management reports have been updated quarterly. Risks of the COVID-19 pandemic are still being closely monitored, as the Company continued to apply effective measures not only for production and business activities but also for the safety and health of employees. The pandemic risk has strong impacts on raw materials pricing and market demands, thus greatly affecting the Company's business and financial indicators. Aware of those difficulties, the Company prioritized the management of these issues and closely followed related action programs to control the risks.

Legal issues and legal risks have been effectively managed, helping to protect the Company's interests. The Legal Department always ensures that all legal risks are systematically and professionally managed.

The Company is planning to upgrade the risk management system, in which it aims to complete the risk management framework and select appropriate risk management tools to support the managerial decision-making process in the headquarters, subsidiaries and investment projects.



Audit Committee Report

II SUPERVISION RESULTS OF THE AUDIT COMMITTEE

The Audit Committee's supervision results are reported as follows:

4 Internal audit function

The Internal Audit function is operating effectively, contributing significantly to the improvement of the internal control system and risk management. The Internal Audit personnel has been consolidated with sufficient manpower to perform assigned tasks in 2021.

In terms of expertise, the Internal Audit has the authority and methodology that are close to international best practices and standards on internal audit, and at the same time consistent with the provisions of law and guidelines on internal audit issued by the Ministry of Finance.

The shift of priority from auditing for compliance to auditing for support and consulting for audited units in risk management and internal controls has brought about positive results. This has been well maintained in the past years and particularly in 2021.

The internal audit plan for 2021 approved by the Audit Committee and the CEO has been completed within the expected timeline and resources.

The internal audit results show that most of the detected issues and related risks are assessed as low and insignificant.

The recommendations of the internal audit were well received and promptly implemented by the relevant units through specific action plans and followed up by the Internal Audit.

5 Independent audit services

KPMG has successfully completed its tasks and fully fulfilled its obligations under the audit contract signed with Vinamilk, and met the expectations of the Audit Committee on key criteria such as:

- » Ensuring reliability, transparency and quality of the audited financial statements
- » Complying with the agreed audit timeline; complying with professional regulations
- » and ensuring independence and objectivity when giving audit opinions.



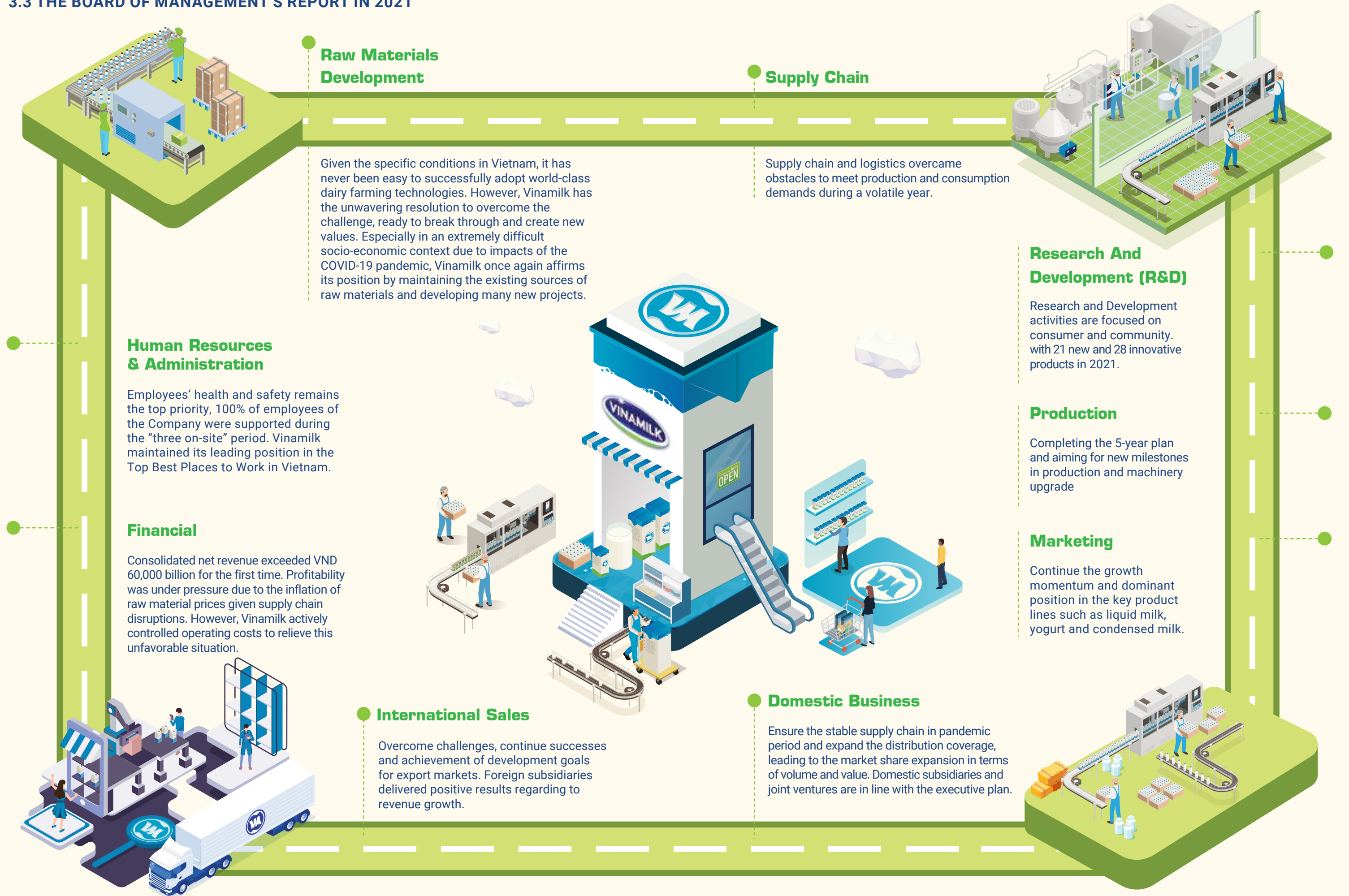
Mr. DO LE HUNG

Head of the Audit Committee



(*) Vinamilk Tower, No. 07 Tan Trao, District 7, Ho Chi Minh City.

3.3 THE BOARD OF MANAGEMENT'S REPORT IN 2021



THE BOARD OF MANAGEMENT’S REPORT IN 2021

Raw Materials Development

“ Given the specific conditions in Vietnam, it has never been easy to successfully adopt world-class dairy farming technologies. However, Vinamilk has the unwavering resolution to overcome the challenge, ready to break through and create new values. Especially in an extremely difficult socio-economic context due to impacts of the COVID-19 pandemic, Vinamilk once again affirms its position by maintaining the existing sources of raw materials and developing many new projects. ”

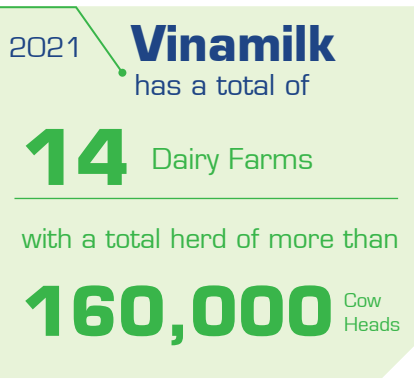


I GENERAL INTRODUCTION

Vinamilk is currently operating four dairy companies, namely Vietnam Dairy Cow One-Member Company Limited (“Vietnam Dairy Cow”) (holding 100% of charter capital), Thong Nhat Thanh Hoa Dairy Cow One-Member Company Limited (“Thong Nhat Thanh Hoa Dairy Cow”) (holding 100% of charter capital), Lao-Jagro Development Xiengkhouang Company Limited (“Lao-Jagro”) (holding 85.54% of charter capital) and Moc Chau Dairy Cattle Breeding Joint Stock Company (“Moc Chau Milk”) (holding 47.11% of voting rights).

The main activities of these companies are to build, operate, manage and develop a system of dairy farms in Vietnam and Laos.

As of December 31, 2021, in Vietnam, Vinamilk has a total of 14 dairy farms with a total herd of more than 160,000 cow heads. In particular, Vietnam Dairy Cow manages 11 farms with a total herd of 26,000 cow heads and Thong Nhat Thanh Hoa Dairy Cow manages two farms with 8,000 cow heads. Lao-Jagro Company is building the first farm complex for Phase I with a total scale of 24,000 cow heads. Moc Chau Milk currently owns more than 2,000 dairy cows on its farms and 25,000 cows under the care of 600 dairy farmers and three main breeding centers. In addition, Lao-Jagro company is building the first farm complex of phase I with a total scale of 24,000 animals, expected to come into operation in 2023.



During the pandemic, like many other businesses, Vinamilk’s production activities in general and dairy farming in particular faced numerous difficulties related to the shortage of raw materials, and the escalation of feed prices and transportation costs, to name just a few.

II CHALLENGES

The COVID-19 pandemic has been changing the world and directly affecting all countries, including the global economy, international trade and all domestic businesses and economic sectors. COVID break-out waves, especially the fourth wave which broke out at the end of April 2021 and spread to many provinces in Vietnam, have disrupted the production and circulation of goods, causing many difficulties for businesses.

In addition to social problems, the economy has been severely affected in the following four ways:

1. The global supply chain has been disrupted around the world, and the circulation of goods, services and labor has been stalled.
2. The COVID-19 pandemic has caused a serious reduction in consumption needs, among which tourism and service sectors are most affected.
3. The COVID-19 pandemic has been raging with complicated developments despite Vietnam’s sustained efforts in increasing vaccination rates.
4. Economic relationships and levels of cooperation in trade and investment have been halted in the context of long-term quarantine and lock-down to control the pandemic.



Overall, prices of livestock feed increased by 30-40% in 2021 and have shown no sign of decreasing in 2022. Increases in imported feed prices led to increases in domestic feed prices, in which sources of forage are fiercely competed for by buyers at higher prices. In addition, domestic shipping costs increased by about 20% and international freight by 500%, contributing to the high cost of raw milk production.

Vinamilk’s procurement of raw milk from farming households in some localities faced difficulties due to prolonged social distancing, high prices of livestock feed, and a lack of supply for some types of feed that leads to changes in cow diet, all greatly affecting farming households and forcing many to seek a different job.

THE BOARD OF MANAGEMENT’S REPORT IN 2021

Raw Materials Development (Continued)

MANAGEMENT OF FRESH MILK PRODUCTION

In response to prolonged social distancing and restricted trade all over the world, Vinamilk is determined to:



Develop domestic raw milk sources



Cooperate with domestic and foreign raw material suppliers,



Apply advanced technologies in management and production.

3.1 DEVELOPMENT OF DOMESTIC RAW MILK SOURCES

Vinamilk takes pride in building a system of internationally-standardized dairy farms and a system of farming households to secure stable sources of quality raw milk. Vinamilk’s Raw Materials Development Division has made incredible efforts to maintain these two raw milk sources for stable production through many activities such as:

INTERNATIONALLY-STANDARDIZED FARMING SYSTEMS

a. Maintainance of sustainable development goals

Vinamilk has applied the circular economy model to its farming system, with a view to effective use of natural resources throughout the value chain, from production and consumption to recovery of products and application of hi-tech services. Specifically:

Organic farming

With a view to responsible exploitation and efficient use of resources and adoption of circular economy to create economic values, Vinamilk implemented Organic Farms, good agricultural practices and scientific application in soil cultivation, crop rotation, and optimization of organic fertilizers as by-products of dairy farming.

In particular, Japanese agricultural farming techniques, which bring many positive benefits to the land, are being implemented in many farms. Vinamilk promotes the application of advanced technologies, such as activated carbon alkaline water for dairy herds and natural environment improvement methods for odor reduction and soil improvement.



The results show that on Vietnam Dairy Cow’s farms, corn yield and Mombasa grass yield in 2021 increased by 23% and 3% respectively from the previous year.



Pictures of grass and corn at the Farms

Prioritizing the use of energy-saving and renewable energy technologies



Green Farm Quang Ngai installed with a solar energy system

LED lighting systems are installed in all newly built barns and factories and have gradually replaced the high-pressure compact lamps in existing farms. This contributes to a significant reduction in electricity consumption, meeting the lighting intensity that ensures the care of cows with better safety, durability and life span.

The eco-friendly orientation is also applied to the machinery system by prioritizing the use of energy-saving,

low-emission latest generations of motorized equipment and high-capacity electrical equipment, such as engines with fuel economy mode (tractors, multi-purpose long forklifts, etc.), and electric motors with soft starters or inverters (rotor chippers, pumps, air compressors, etc.).

The solar panel system was first installed at Organic Farm Dalat in 2016. After that, the Company has continuously expanded the application of this green energy technology.

By 2020, solar panels have been installed in all farming units in Vinamilk Farm Dalat Camp 1, Camp 2, and Camp 3, Quang Ngai and Binh Dinh. By 2021, this energy system has been extended to farms in Thong Nhat Thanh Hoa, Nhu Thanh, Thanh Hoa, Nghe An, Ha Tinh and Tay Ninh. This is a big step in the journey to reduce greenhouse gas emissions in the sustainable development strategy of the Company.

THE BOARD OF MANAGEMENT’S REPORT IN 2021

Raw Materials Development (Continued)

a. Maintainance of sustainable development goals

Machinery optimization

Vinamilk continuously improves the efficiency of electricity consumption in farming activities. The overall operation of machinery and equipment is constantly reviewed in order to optimize operating time, specifically allocating the right amount of active time per day for each cluster of equipment in accordance with production activities and reducing the use of electricity during peak hours to save costs.

Machinery and equipment are periodically maintained to optimize operations and increase energy efficiency. Each type of motor vehicle and fuel-consuming device has a specific fuel efficiency rating as a basis for performance tracking and fuel management to minimize energy loss.



Prioritizing circulation and recycling



Circulation and recycling are top priorities in sustainable water management. The application of GEA solutions for manure collection and treatment technology, which makes use of water discharge to collect manure, not only helps to treat manure effectively but also reuses water discharge, bringing positive impacts to the environment and optimizing water use. This technology is being used at Thong Nhat Thanh Hoa Dairy Farm and is being studied for future widespread application.

The biogas-fueled water heating system has been first developed, installed and tested at Tay Ninh Dairy Farm. After the testing period, the system operates very efficiently, helping to reduce both environmental pollution and energy costs. The use of heated water to pasteurize milk, wash buckets and serve as drinking water for calves has proven its benefits. By now Vinamilk has developed and put this system into operation on all farms.

Previously, the feed was packed in small bags and stored in a cool, dry place. The cost of packaging was thus quite high while the feed quality was not always guaranteed in the typically hot and humid conditions of Vietnam. Therefore, at present, all Vinamilk’s farms have switched to an automatic silo feeding system been equipped with a Silo system to store fine feed fully automatically. This helps tremendously to reduce packaging, feed-mixing labor and equipment costs, as well as ensuring adequate nutritious rations for cows. The reduction of packaging has been particularly beneficial to environmental causes.

b. Development of high-quality human resources

In order to operate the current large-scale farming system, Vinamilk identifies highly qualified human resources as the most important factor. Every year, the Company recruits plenty of professionals across the country to consolidate its human resources, while organizing frequent training courses to ensure a sufficient skilled workforce and effective succession planning for the Company.

In the pandemic context, Vinamilk shares the difficulties with all employees and assures them of job security by maintaining full payment of salaries and benefits, providing optimal working and living conditions for on-site units and supporting all employees in testing and vaccination against Covid-19.

While many businesses suspend or dismiss workers due to impacts of the pandemic, Vinamilk has maintained the existing personnel structure and even created new job opportunities. Specifically, Vietnam Dairy Cow had about 14% of their staff as new recruits in 2021, Thong Nhat Thanh Hoa Dairy Cow with 4.5% and Laos-Jagro with 6%.

In addition, Vinamilk has signed consulting contracts with foreign experts in dairy farming from Israel and Japan. In addition, the Company has built an extensive network of cooperation with market leaders through regular sessions of professional training, experience sharing and technology transfer, thereby elevating the practices of dairy farming in Vietnam to the next level.



Pictures of Embryo Transfer Center staff at work

THE BOARD OF MANAGEMENT’S REPORT IN 2021

Raw Materials Development (Continued)

c. Establishment of the Green Farm system

In 2021, Vinamilk launched the Green Farm system including three dairy farms: Thong Nhat Thanh Hoa, Quang Ngai and Tay Ninh. This is a new farm model developed on existing farms that have been certified GlobalG.A.P.

Green Farm plays an important role in promoting green farming and is a step forward in pursuing sustainable, environmentally friendly dairy farming that provides pure fresh milk.

Special features of the Green Farm system include:



The farm has an ideal ecology with natural groundwater and a regulating lake to keep the air on the farm cool and fresh.



Cattle are purebred of foreign origins, with stable genetics and milk yield.



The farm has natural sources of forage, rich in nutrients for cows, such as corn, Mombasa grass, Ruzi grass, oat and stylo.



There is absolutely no use of chemical fertilizers and pesticides in the whole farming process.



EXTENSIVE NETWORK OF FARMING HOUSEHOLDS

In addition to the comprehensive development of the dairy farm system, Vinamilk pays great attention to the network of farming households that supply raw milk.

The journey of raw materials development started from the 1990s to the present. Initially, the number of farmers supplying raw milk to Vinamilk was about 30 households, with the average yield reaching 600 kg of milk per day. Currently, Vinamilk is managing 83 raw milk collection stations nationwide, with a total herd of more than 94,000 cow heads, supplying over 600 tons of raw milk per day. The milk transfer stations, in addition to the main duty of purchasing raw fresh milk, also support farmers in every matter of dairy farming such as feed distribution and after-milking cleaning, technology transfer and disease control. These functions have been well received and trusted by the local farmers.

Vinamilk works closely with farmers to guide and advise them on dairy farming techniques including feed distribution, milking hygiene, technology transfer, disease control, barn check, as well as coordinating with local veterinary clinics for

monitoring vaccination, epidemiology, ear-tagging and control of antibiotic residues in milk. Vinamilk maintains cohesive support programs and policies such as “Vinamilk Loyalty Card”, which has paid farmers a total of VND 18.5 billion, and “Rewarding the innovative dairy farmers” to motivate farmers. In the context of prolonged social distancing in some localities, Vinamilk still kept the commitment to purchase all qualified fresh milk from farmers and transferred those from restricted collection areas to open ones to ensure the stable supply of milk.

In order to further improve dairy farming by local farmers, Cu Chi Raw Milk Center was established. This is where all fresh milk in and around Ho Chi Minh City is collected, then distributed to factories in Ho Chi Minh City and Binh Duong after quality assurance.

The center is equipped with modern machinery, including:



Cold storage to keep samples



Barcode-based quick analysis system that returns accurate results to farmers



Automatic cleaning-in-place (CIP) system that provides advanced sanitation for tank trucks at collection stations, ensuring food hygiene and safety



Elevator system to transport staff to fast cooling tanks to get raw milk samples.

THE BOARD OF MANAGEMENT’S REPORT IN 2021

Raw Materials Development (Continued)

3.2 COMBINED NETWORKS OF RAW MATERIAL SUPPLY

- » Covid-19 has made businesses more aware of the role logistics and supply chain management play in business survival. With a solid internal control and risk management system, Vinamilk has foreseen changes and thus prepared an appropriate, effective response plan.
- » Strengthening cooperation with an extensive network of domestic and foreign raw materials suppliers to avoid passive actions due to raw material scarcity and supply chain disruption is a key measure to help Vinamilk overcome difficulties.
- » Especially, when social distancing was prolonged, the procurement of forage (corn, grass) faced many difficulties due to travel restrictions, shortage of workers and means of transport. However, Vinamilk responded flexibly with many options to make sure the cows are always well-fed.



3.3 APPLICATION OF ADVANCED TECHNOLOGIES IN MANAGEMENT AND PRODUCTION

One of the strongest effects of Covid-19 is the forced switch from offline to online. This is also the time when technology brings into play its superiority in ensuring smooth production and business activities.

Subsidiaries are equipped with advanced technologies from Vinamilk such as ERP system, e-Office and e-Sign (for electronic contracts and digital signature). These

applications have helped operations within Vinamilk and with external partners to continue without problems even during the work-from-home period.

Vinamilk farms thoroughly apply Industry 4.0 technology and automation, ensuring remote and highly systematic management.



IV BREAKTHROUGH FOR NEW HEIGHTS

Vinamilk is gradually affirming its position as an international brand in the direction of sustainable development. Vinamilk’s farm system stretches across Vietnam, proud to be the largest dairy producer in Asia certified to GlobalG.A.P. IFA standards.

4.1 INTERNATIONAL ASSESSMENTS AND CERTIFICATIONS

On July 18, 2014, Vinamilk’s Nghe An Dairy Farm was officially awarded the certificate of Global Good Agricultural Practices (GlobalG.A.P.) by Mr. Richard De Boer, representative of Control Union, a GlobalG.A.P. certification organization. Vinamilk’s farm was the first farm in Southeast Asia to be certified to GlobalG.A.P. and is one of only three farms in Asia to receive this certification.

Following the global trend of organic food, Vinamilk has built and put into operation the Organic Dairy Cow Farm in Da Lat in March 2017.

This is the first organic dairy farm in Vietnam to achieve the European Organic Standards certified by Control Union. The farm meets the strict principle of Three Nos: no chemicals, no genetically modified ingredients, and no growth hormones.

Organic cows graze on organic pastures, producing pure and natural fresh milk, bringing organic dairy products closer to the Vietnamese people than ever before.



Vinamilk

Proud to be

THE LARGEST DAIRY PRODUCER in Asia

Certified to GlobalG.A.P. IFA standards

1 of only three farms in Asia

To be certified to **GlobalG.A.P. (IFA)**

THE BOARD OF MANAGEMENT’S REPORT IN 2021

Raw Materials Development (Continued)

Vinamilk is the first Vietnamese company to import purebred A2 dairy cows from New Zealand and also the company that produced the first drops of A2 milk in Vietnam. This is Vinamilk’s pioneering step in expanding and diversifying dairy herds to serve the needs of a large number of Vietnamese consumers. The entire A2 herd was DNA tested and certified

A2-pure by New Zealand’s Livestock Improvement Corporation (LIC). By now, Vinamilk’s A2 cow herd has reached approximately 800 heads. Vinamilk 100% A2 pasteurized fresh milk once again affirms Vinamilk’s commitment - always a pioneer in making superior international-quality products to meet the increasingly diverse needs of consumers in Vietnam.

4.2 A SIGNIFICANT JOURNEY TO DEVELOP THE DAIRY FARM SYSTEM

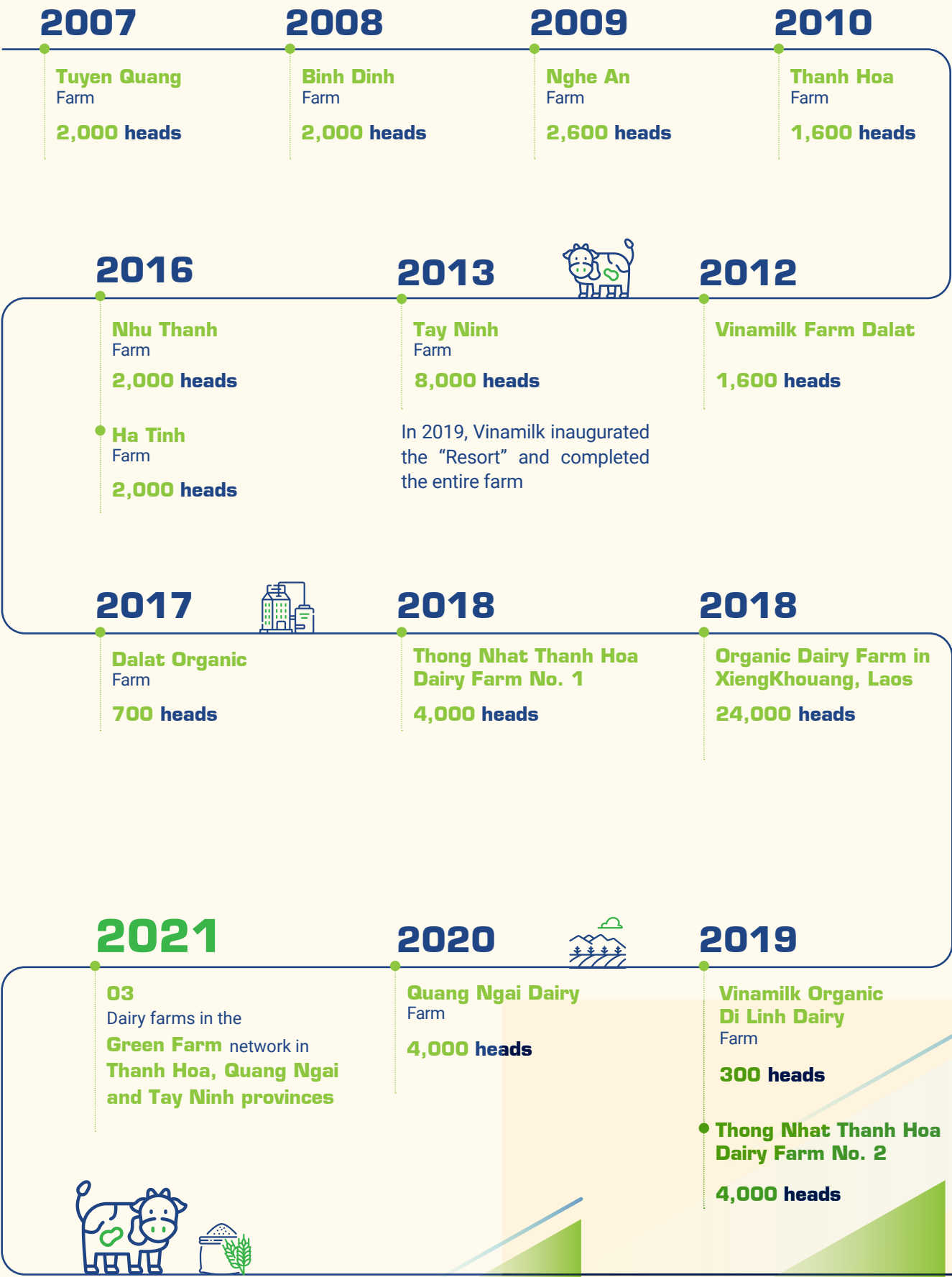
In addition, Vietnam Dairy Cow’s Technology and Embryo Transfer Center, being granted a business license on August 5, 2019 by the Department of Planning and Investment of Lam Dong Province, with an initial investment of VND 25 billion, was put into operation to serve the demand for genetic selection.

In 2021, despite difficulties caused by the pandemic, in line with Vinamilk’s spirit of courage, the staff of the Embryo Transfer Center actively carried out embryo transfer experiments, with initial results showing good potential for application to the Company’s cows in the near future.



Pictures of Embryo Transfer Center

A SIGNIFICANT JOURNEY TO DEVELOP THE DAIRY FARM SYSTEM



THE BOARD OF MANAGEMENT’S REPORT IN 2021

Raw Materials Development (Continued)

4.3

FUTURE PROJECTS/DAIRY FARMS

In addition to improving the current system of dairy farms to meet international standards, Vinamilk never stops striving for new breakthrough projects and farms in the near future in order to expand the Company’s scale of operations, diversify the products, and meet the increasing needs of consumers both domestically and internationally, for example:

- » Hi-tech dairy farming complex at Song Hau Farm in Can Tho Province
- » Tay Ninh Dairy Farm Project No. 2
- » Hi-tech dairy cow eco-tourism farm project Moc Chau Province
- » Vilico Tam Dao beef cattle project, in order to make effective use of bulls generated from Vinamilk’s dairy farm system
- » Expansion of Lao-Jagro Farm, expected to double the herd size


V CONCLUSION

With great flexibility to cope with mounting challenges, even turning challenges into opportunities, along with sensible support policies to share difficulties with employees and partners, Vinamilk has stabilized production and overcome difficulties to achieve new heights in the new normal.

This is demonstrated through the following highlights:

In 2021
VINAMILK QUANG NGAI DAIRY FARM AND EMBRYO TRANSFER CENTER

were certified to
ISO 9001:2015
& GlobalG.A.P



a significant step towards the goal of getting 100% of Vinamilk’s dairy farms and centers certified.

THE TOTAL OUTPUT OF RAW MILK SUPPLIED TO VINAMILK’S FACTORIES
(including Vietnam Dairy Cow, Thong Nhat Thanh Hoa, Moc Chau Milk and farming households)

REACHED NEARLY 400,000 TONS
EQUIVALENT TO 111% OF THE PLAN AND 109% OF THE 2020 FIGURE

Vietnam Dairy Cow’s revenue

REACHED 107%
of the plan

& 111% of the 2020 figure



THE BOARD OF MANAGEMENT’S REPORT IN 2021

Supply Chain

“ Supply chain and logistics overcame obstacles to meet production and consumption demands during a volatile year. ”

In response to the Covid-19 pandemic in 2021, social distancing and disease control measures were drastically and widely implemented in Vietnam and many other countries. This heavily affected the global supply chain in general and domestic supply, distribution, and logistics activities in particular.

However, with timely, creative and proactive solutions, Vinamilk’s supply and transportation operations were well maintained to help the Company overcome obstacles, ensuring smooth production and business activities during social distancing and meeting different disease prevention regulations between localities.



In terms of operational capacity, the Supply Chain Division was highly flexible and effective in placing orders and maintaining safe inventory levels, thus able to promptly and fully address the needs for raw materials and other production inputs during the pandemic that had disrupted the supply chain both domestically and

globally (e.g. suppliers’ reduction of their output and halt of production, goods congestion at ports, delays and changes in marine transport schedule, container shortage, etc.). In addition, the traceability and quality evaluation of raw materials has been continuously improved thanks to new solutions to closely monitor and control each material source

and each supplier. For suppliers, procedures and processes were shortened and optimized, while specific requirements were added to match disease control conditions. Along with that, timely and prompt decision making helped to maintain the most competitive purchase prices, within the year’s budget, in the context of strong price fluctuations.



Overcoming a difficult year and looking forward to the upcoming challenges, the Supply Chain Division will continue to improve its operational capacity through the application of advanced technology and modern management models.

The comprehensively built system that covers everything from the management of orders and production needs to dispatch planning and delivery teams will ensure operational consistency and efficiency, thus maintaining the highest quality of raw materials and finished products to consumers.

THE BOARD OF MANAGEMENT'S REPORT IN 2021

Research And Development (R&D)

“ Research and Development activities are focused on consumer and community. 21 new products in 2021. ”



2021

21 New products

28 Innovated products

completed the development of more than **80** products

As living standards have steadily improved, better nutrition and balanced diets for physical development have caught much more attention from consumers. Given the increasing demands of the market, Vinamilk's R&D team has been constantly making efforts to bring consumers the most innovative products. In 2021, Vinamilk successfully launched 21 new products and 28 innovated products to the market, including key product categories

such as powdered milk and liquid milk, drinking yogurt. Furthermore, the R&D division has completed the development of more than 80 products, including new and innovated products which aims to serve both domestic and export markets. Some remarkable products are ColosGold ready-to-drink milk and powdered milk, Green Farm pasteurized fresh milk, yogurt with black sugar pearls and other nutritious milk.



Conducting business in combination with corporate social responsibilities is always Vinamilk's motto in general and R&D's in particular. In 2021, enduring a complicated pandemic context that heavily affected consumers' lives, R&D activities focused on supporting the community to raise awareness of nutrition and health care. R&D's main activities in the year include:



Commenting on draft policies such as :

1. Draft Decree amending Decree 43 /2017/ND-CP on goods labels
2. Vietnam Standard - TCVN on foods containing probiotics
3. Draft approval of healthy nutrition criteria for some processed food categories.



Participating in the Asia-Pacific Quality Organization's International Conference 2021

with the presentation on "Control and prevention of Covid-19 infection at Vinamilk". This presentation won the first prize at the conference.



Vinamilk's An Khang Clinic and Nutrition Center have maintained community-oriented activities and supported disease control efforts through:

- » Nutrition and health counseling via online portals, emails and phone calls; organization of 13 vaccination campaigns in Bac Ninh - Hau Giang - Soc Trang - An Giang - Ho Chi Minh City.
- » Development of infection risk screening tools and many other documents/instructions for Covid-19 control (including 16 sets of HCM documents with various updates), which were effectively applied to all Vinamilk employees and businesses partners nationwide.
- » Dispatch of volunteer forces to support healthcare officials in Ho Chi Minh City during the most stressful time of the pandemic, contributing to the fight against Covid-19 pandemic.

In the coming years, the R&D Division will continue to **keep up with the latest consumption trends, expand the product portfolio**, enhance nutritional values of existing product lines and engage more actively in health counseling and pandemic control activities for the Company's employees as well as for the community, contributing to the realization of Vinamilk's sustainable development goals.

THE BOARD OF MANAGEMENT’S REPORT IN 2021

Production

“ **Completing the 5-year plan and aiming for new milestones in production and machinery upgrade** ”



2021 was a challenging year as the complicated situation of the COVID-19 pandemic has pushed Vinamilk’s production activities into a difficult position. Factories had to organize production activities more flexibly to keep up with demand while straining to follow disease control protocols and ensure the health of employees. However, the Production Division and factories have successfully fulfilled the dual goals of responding to the pandemic situation and completing the assigned output plan in terms of both quality and progress.

The Company’s capital expenditure plan for the 2017-2021 period has been completed in all factories, thus boosting production capacity by 60-80% for key product lines, sufficient for growth prospects towards 2025-2027. The machinery and equipment system has been modernized and synchronized to suit the production conditions of each factory, flexibly responding to various product lines, quality requirements and market demands.

BOOSTING
Production capacity
by **60 - 80%**
sufficient for growth prospects towards
2025 - 2027

Regarding production organization and quality management, the smooth coordination of the Production Control Board, Quality Management Board, Energy-Environment Management Board and the factories is the decisive factor for success, ensuring control procedures and maintaining the highest standards of product quality. New products such as Kenko Haru dietary food, ColosGold nutritious milk, GreenFarm pasteurized milk, Black Sugar Pearl yogurt, Orange and Oatmeal yogurt, etc. are all closely monitored in terms of quality assurance and production technology.

International standards on production processes and quality management systems such as:

ISO 9001	Organic EU
FSSC 22000	Organic China
ISO 17025	BRC
ISO 50001	PAS 99 Integrated System
Halal	(including ISO 14001 and ISO 45001)

are effectively maintained throughout all stages of operation, in all factories and through all management levels.

The operation and production processes have been **optimized**

In the pandemic context causing many difficulties to production activities, Vinamilk factories still responded well and did not let production be interrupted, ensuring delivery on schedule.

Furthermore, the operation and production processes have been optimized to save on raw materials and energy costs.

Accordingly, in 2021, the factories all performed well in saving raw materials, with a total saving value of VND 125 billion.

In responding to the energy and environment regulations, the factories performed well in reducing energy consumption, with a total saving value of nearly VND 54 billion.



By the end of the 5-year plan 2017-2021, Vinamilk has achieved remarkably in improving capacity and leading standards in product quality, demonstrating a market leader’s aspiration towards sustainable development.

In 2022 and the next 5 years, major new projects including Hung Yen Dairy Factory and Moc Chau Dairy Factory as well as projects to expand existing factories will contribute to the further improvement of the Company’s production capacity, **making it ready to respond proactively and flexibly to consumers’ needs, affirming Vinamilk’s stature and position in the market.**

THE BOARD OF MANAGEMENT’S REPORT IN 2021

Marketing

“Continue the growth momentum and dominant position in the key product lines such as liquid milk, yogurt and condensed milk.”

In the context of complicated pandemic developments and prolonged social distancing, Vinamilk’s sales and marketing teams has uncontinuously observing the market, closely following consumer needs and preferences, implementing appropriate promotions, actively contributing to maintaining the Company’s overall growth and especially the lead of key product categories including liquid milk, eating yogurt, drinking yogurt and condensed milk.

More importantly, Vinamilk is constantly innovating and creating to add value to its product lines in all segments, including affordable, middle and high-end, to meet the diverse needs of the market and provide consumers with quality nutritional solutions and diversified, convenient

experiences. Vinamilk’s products are always developed on the basis of a deep understanding of the nutritional needs, tastes and behaviors of Vietnamese consumers, thereby offering the most practical and meaningful nutritional solutions.

The highlight of 2021 is that in the context of prolonged closure that made it difficult to directly reach consumers, Vinamilk still successfully introduced new products such as Green Farm eating yogurt and fresh milk, Love Yogurt with Pearl Black Sugar, Ong Tho condensed milk tube, Susu drinking yogurt, new Ecolean 110ml packaging for Susu, new flavors and 180ml box for Hero fruit milk. These all contributed to the growth of their respective product categories.

In the last four months of 2021, in order to enhance its position in the powdered milk market, the one with the greatest competitive pressure, Vinamilk quickly launched new products such as ColosGold powdered milk/ready-to-drink milk and Dielac Grow Plus supplemented with colostrum, thereby increasing competitive edges and create new growth momentum in the following years. Also, anticipating the increasing demand for nutritional products and nutritional healthcare for the elderly in the pandemic context, Vinamilk has successfully developed and introduced Kenko Haru dietary food for elderly consumers, with an exclusive formula containing Fucoidan from brown algae and high-grade nutritional ingredients imported from Japan.



VINAMILK

CONSTANTLY

INNOVATING

CREATING

TO ADD

VALUE

TO ITS PRODUCT LINES IN

ALL SEGMENTS

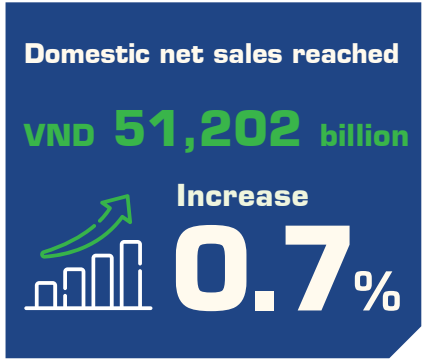


THE BOARD OF MANAGEMENT’S REPORT IN 2021

Domestic business

“ 2021 - Expanding distribution channels to ensure goods supply during the pandemic ”

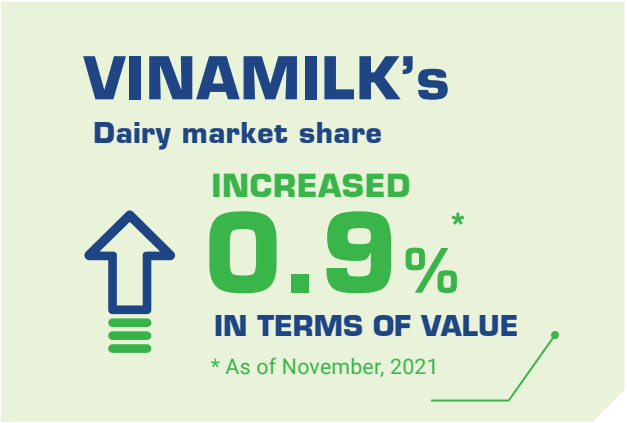
Sales Market coverage over 63 provinces, diversity in distribution channels as well as strong brand recognition have promoted Vinamilk’s leading position. By the end of 2021, Vinamilk’s market share in both value and volume showed improvements compared to the previous year. Domestic net sales reached VND 51,202 billion, a 0.7% growth from the previous year thanks to an efficient distribution system and a gradual recovery in consumption demand after social distancing measures were lifted.



Modern channels continued to be the main growth driver with double-digit growth. In addition to the distribution partners promoting the expansion of points of sale, Vinamilk’s Giac Mo Sua Viet store chain also opened more than 120 new stores in 2021 and brought the total number of stores to nearly 600 as of December 31, 2021. The development of the Giac Mo Sua Viet store chain not only helps Vinamilk increase its presence in the modern channels, but also serves as the basis to boost synergy for its subsidiaries, affiliates and strategic partners in the future.



Online channels recorded a three-fold increase in revenue from the previous year, showing the shift in shopping trends and Vinamilk’s timely decisions to adopt digitalization over the last few years. In the coming time, Vinamilk will continue to upgrade its IT infrastructure to integrate multi-platform data, thereby making better use of the online channels.



Traditional channels continued to be Vinamilk’s main distribution channel with nearly 200 exclusive distributors.



THE BOARD OF MANAGEMENT’S REPORT IN 2021

Domestic Business (Continued)

“ The development of domestic subsidiaries and joint ventures was in line with execution plan. ”

From mid-November 2021, the Vibev joint venture between Vinamilk and KIDO Group, in which Vinamilk has 51% ownership, has officially introduced products to domestic consumers, including two Oh Fresh branded fresh drinks of mung bean milk and corn milk. According to the plan, Oh Fresh products are sold in Vinamilk’s and KIDO’s nationwide distribution systems, including supermarkets, minimarts, grocery stores, restaurants and e-commerce sites.

Vibev Joint Venture officially entered the beverage market in Vietnam in November 2021 with the launch of the first two nutritious Vietnamese traditional drinks under the Oh Fresh brand: Fresh corn milk and mung bean milk. Vibev chooses a niche market of fresh drinks and aims to gradually take the lead in terms of fresh drinks market share which is still quite modest but full of potential. After only two months of market launch, the products were

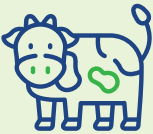
well received from points of sale and consumers. According to Intage’s market research report, over 9/10 consumers love and want to recommend Oh Fresh products to friends and relatives. Oh Fresh is currently available in tens of thousands of grocery stores, restaurants, supermarkets and convenience stores in the South and Central regions of Vietnam. It is expected that in March 2022, it will continue to expand to the North and cover the whole country through nearly 100 distributors and partners.

Following corn milk and mung bean milk, it is expected that in the first half of 2022 Vibev will continue to launch many new products in the fresh drink category, and at the same time introduce its first products in the longer shelf life category of healthy drink, building an competitive advantage with a view to dominating this potential market.



Moc Chau Dairy Cow Breed Joint Stock Company (Moc Chau Milk)

Recorded net revenue of VND 2,926 Billion



UP 3.6% Compared to the previous year



In 2021, Moc Chau Milk maintains its steady growth momentum when increasingly promoting its position as a member of Vinamilk. After two years of merging, net revenue in 2021 reached VND2,926 billion, recording 5% CAGR since 2019, thanks to the synergy with Vinamilk to expand sales distribution channels and development of diversified product portfolio.

Along with top line growth, both gross profit margin and net profit improved significantly, reaching 30.7% and 12.5% respectively in 2021 compared to 19.0% and 6.5% before the merger. Profit after tax in 2021 reached VND319 billion, delivering 24% CAGR in the period 2019-2021.

Besides, ROE reached 36%, an increase of nearly 10% compared to 2019 showing the effectiveness of Vinamilk’s ecosystem in business operations and optimized company structure. These business results have indicated Moc Chau Milk is on the right track in the roadmap to synergize with Vinamilk in the context of the pandemic impacts and increasingly market competition.



THE BOARD OF MANAGEMENT’S REPORT IN 2021

International Sales

“ Foreign subsidiaries brought positive sales growth. Joint venture with Del Monte official launched new products in Philippines. ”

1 ANGKORMILK

Following the success of previous years, Angkormilk’s business activities in 2021 continued to achieve impressive results: domestic sales increased by 14% and net profit increased by 24% compared to last year. Not only maintaining the stable growth momentum of key products (liquid milk, condensed milk), Angkormilk has also promoted the introduction of many new products (Probi yogurt, Yoko premium powdered milk) to strengthen its presence in Cambodia, meeting the diverse needs of Cambodian consumers. At the same time, Angkormilk has actively cooperated with the Cambodian government to support local communities during the pandemic by donating 48,000 dairy products to people living in the pandemic “red zone” of Phnom Penh, Cambodia’s capital.



2 DRIFTWOOD



In the context of complicated Covid-19 pandemic developments in the US that have negatively affected the socio-economic situation, Driftwood still maintained good production and business activities while ensuring job security and disease prevention for all employees. 2021 revenues recorded a positive growth by 10% compared to last year. Driftwood also actively expanded the market and promoted sales of imported products from Vinamilk. As a result, many Vinamilk products, such as Ngoi Sao Phuong Nam condensed milk and Icy salty lemonade, are increasingly known and trusted by American consumers.

3 DEL MONTE-VINAMILK DAIRY PHILIPPINES, INC.

In early 2021, Vinamilk signed an official joint venture contract with Del Monte Philippines, a leading beverage producer in the Philippines. The joint venture boasts great competitive advantages as the partnership of two leading brands in the Asia-Pacific region. Vinamilk is the only dairy company in Southeast Asia in the top 40 largest dairy companies in the world, while Del Monte is the most popular domestic brand in the Philippines. Despite facing many challenges due to impacts of the COVID-19 pandemic, the joint venture named Del Monte-Vinamilk successfully launched its first products in four main categories including fresh milk, nutritional milk, drinking yogurt and milk tea to Filipino consumers in September 2021. Products of the joint venture have been present in major supermarket chains in the Philippines such as SVI Group and Puregold, retail outlets and e-commerce platforms such as Shopee and Lazada.



THE BOARD OF MANAGEMENT’S REPORT IN 2021

International Sales (Continued)

“ Overcome challenges, continue successes and achievement of development goals for export markets. Exploring two more export markets increased the total accumulating export markets to 57. ”

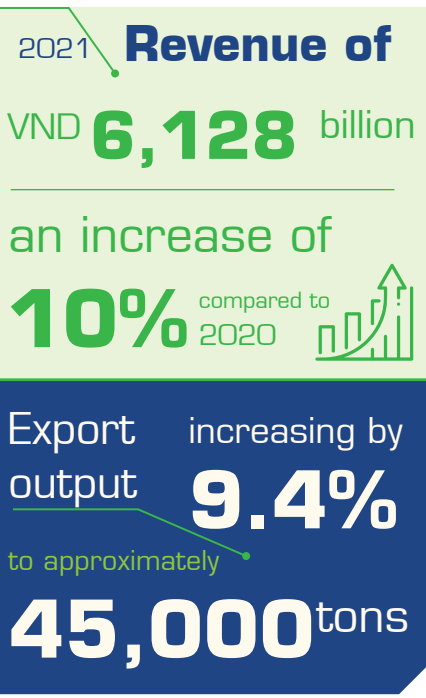
2021 was a year full of challenges for production and business activities of enterprises and countries around the world. The Covid-19 pandemic continued to be the main cause of disruptions in the global supply chain, as well as import and export activities.

However, the challenges also opened up opportunities for Vinamilk to demonstrate its prestige and capacity in international business. Despite various obstacles, especially in the second half of 2021 when pandemic waves returned to many countries, Vinamilk’s export activities still fulfilled the targets with revenue

of VND 6,128 billion, an increase of 10% compared to 2020, and export output increasing by 9.4% to approximately 45,000 tons.

During the year, International Sales developed two new markets in the Americas and Asia, bringing the total number of accumulated export markets to 57 countries and territories with total accumulated export turnover of more than USD 2.6 billion.

The above results came from flexible and effective strategies, mainly in the following activities:



Market expansion and product development

The successful development and introduction to China of Organic fresh milk that meets both China & EU organic standards, and at the same time, the entering into two more new markets thanks to key products of sweetened condensed milk and powdered milk for children, were all considered successful steps in the strategy of taking advantage of and promoting Vinamilk’s key and pioneering products.

Besides, Vinamilk has actively paid attention to and developed new products to catch up with post-pandemic consumption trends in developed markets.

In 2021, Vinamilk successfully launched and exported vegan coconut condensed milk to Japan, meeting the increasing demands and new tastes of consumers for non-dairy products.



Customer relations

Ensuring a stable supply of goods in terms of quantity and quality while focusing on building customer relationships with timely and excellent support programs, especially during the pandemic lockdown, is one of the three key export strategies implemented by Vinamilk in 2021.

Satisfying, building and strengthening the traditional customer groups was meant to forge long-term win-win partnerships with a view to sustainable development.



Vinamilk also maintained the title of **PRESTIGIOUS EXPORTER 2021** Which is the Company’s 5th time of winning this title.

THE BOARD OF MANAGEMENT’S REPORT IN 2021

Finance

“ Consolidated net revenue exceeded VND 60,000 billion for the first time. Profitability was under pressure due to the inflation of raw material prices given supply chain disruptions. However, Vinamilk actively controlled operating costs to relieve this unfavorable situation. ”

In 2021, the total consolidated revenue exceeded VND 60 trillion for the first time, specifically hitting VND 61,012 billion, increasing by 2.2% from the previous year and completing 98.2% of the plan.

Domestic net sales reached VND 51,202 billion, up 0.7% compared to the previous year; net export revenue reached VND 6,128 billion, up 10.2% year over year while net revenue from overseas subsidiaries reached VND 3,589 billion, up 11% year over year.

MCM specifically brought in VND 2,926 billion in net revenue, a 3.6% year-over-year growth, meeting 95% of the plan.

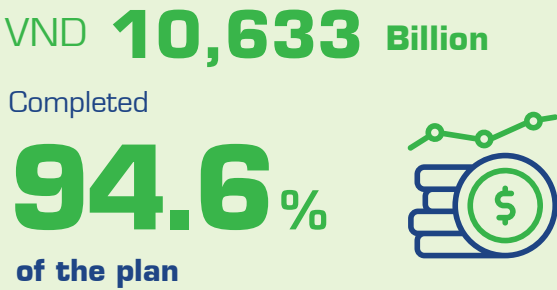


Profit margin and cost structure analysis

Vinamilk’s consolidated gross profit margin in 2021 reached 43.1%, decreasing by 326 basis points compared to the previous year. Consolidated net profit after tax hit VND 10,633 billion and completed 94.6% of the plan, equivalent to EPS of 4,517 VND and net profit margin of 17.4%. For MCM, net profit after tax reached VND 319 billion, up 13.7% year over year, fulfilling 100% of the plan, equivalent to EPS of VND 2,891. MCM’s net profit margin reached 10.9%, an improvement of 96 basis points from the previous year.

Consolidated selling, general and administrative expenses in 2021 accounted for 23.8% of net revenue, significantly optimized from the previous year’s rate of 25.8%, in response to the difficult market situation caused by the prolonged pandemic and ensure revenue growth simutanously.

Consolidated net profit after tax hit



Equivalent to EPS of



Key financial indicators

Indicator	2021	2020	Note
1. Liquidity			
- Current ratio	2.12	2.09	(times)
- Quick ratio	1.71	1.73	(times)
2. Capital structure			
- Debt to assets ratio	33%	31%	
- Debt to equity ratio	49%	44%	
3. Operational efficiency			
- Inventory turnover	5.90	6.40	(times)
- Receivables turnover	14.3	15.6	(times)
- Payables turnover	9.35	9.34	(times)
- Asset turnover	1.20	1.28	(times)
4. Profitability			
- Profit after tax/Net revenue	17%	19%	
- Profit after tax/Equity (ROE)	31%	35%	
- Profit after tax/Total assets (ROA)	21%	24%	
- Operating profit/Net revenue	21%	23%	



Liquidity

The Company’s liquidity indicators are still stable at a better level than the previous year, showing that the Company has sufficient resources to fulfill its payment obligations for incoming liabilities.



Capital structure

Taking advantage of favorable interest rates in 2021, the Company utilized long-term economic relationships with financial institutions to increase its financial leverage, thus the higher debt to assets and debt to equity ratios compared to the 2020’s figures.



Operational efficiency

Working capital turnover ratios were all improved in 2021. The Company still maintained effective inventory management policies despite the disruption of domestic and international supply chains. In addition, timely adjustments in trade credit terms for customers and suppliers also helped the Company ensure stable business operations in 2021.



Profitability

The year 2021 witnessed negative impacts from the COVID pandemic on Vinamilk. However, through efforts to expand the business and control costs, the Company’s profit margins remained high regardless the modest year-over-year decrease.

THE BOARD OF MANAGEMENT’S REPORT IN 2021

Human Resources & Administration

“Employees’ health and safety remains the top priority, 100% of employees of the Company were supported during the “three on-site” period.”

With a workforce of over 10,000 people at 35 units across Vietnam, Vinamilk pursues effective human resource policies as well as advanced and employee-oriented management models. In particular, in the context that the COVID-19 pandemic has severely hampered socio-economic developments and business activities in Vietnam, human resource policies have received even more attention.

During the pandemic, “people” is the critical key to creating strength for any business, helping it overcome difficulties and be ready for the

future. With the motto “Employees’ health and safety remains the top priority”, the management at Vinamilk has implemented drastic policies along with timely and flexible solutions to maintain favorable working conditions during the context of pandemic control and to boost workers’ morale regarding job security and commitment. For example, 100% of employees of the Company were supported during the “three on-site” period. The Company also established a special task force on disease prevention and control for the Company and its subsidiaries.

The task force is responsible for sourcing vaccines, organizing vaccinations for all employees, acting as 24/7 points of contact, updating regulations regularly and strengthening healthcare solutions for employees.



In addition to efforts to stabilize the workforce for the “dual goals”, Vinamilk simultaneously implemented plans to build human resources for future strategies.

The succession planning program for senior and mid-level managers continued to be one of the top-priority HR development programs at Vinamilk. In 2021, the Company continued to train existing candidates according to the Individual Development Plan (IDP) that had been approved and, at the same time, organize a re-assessment for candidates who have already completed all IDP sessions. The results of the re-assessment were quite impressive, with 80% of candidates reaching the Ready level. This result

demonstrates the effectiveness of HR development initiatives, thereby contributing to an increase in the percentage of positions with designated successors. Along with preparing successors for key senior and mid-level positions, the Company also focuses on developing junior managers through the Management Trainee Program. The Management Trainee Program has been implemented at Vinamilk since 2014 in order to identify and develop young staff members into future managers. In 2021, the young candidates were “tested” through the difficult pandemic situation. They also brought sparks and new ideas to the Company, contributing to quality management resources for the future.



THE BOARD OF MANAGEMENT’S REPORT IN 2021

Human Resources & Administration (Continued)

“
Vinamilk maintained its leading position in
the Top Best Places to Work in Vietnam.
”

VINAMILK BECOMES PARTNER OF “VIETNAM’S BEST PLACES TO WORK” SURVEY

After three consecutive years of maintaining the No. 1 position in the Top 100 Vietnam’s Best Places to Work compiled by Anphabe, Vinamilk officially joined the survey’s organizing committee in the new role of “Partner” in 2021. With this new role, Vinamilk will accompany the Survey’s organizing

committee to promote in-depth research on new employment trends, measure the attractiveness of employer brands and contribute to the promotion of good working environments in Vietnam.



VINAMILK

Three consecutive years of maintaining
“VIETNAM’S BEST PLACES TO WORK”

IN THE NEW ROLE OF
“PARTNER”
OF THE
VIETNAM’S BEST PLACES TO WORK





Since 2013, Vietnam’s Best Places to Work Survey has been conducted annually by Anphabe on hundreds of businesses, with comprehensive evaluation criteria on corporate working environments in Vietnam.

This year, the survey measured and evaluated the top 595 companies in 20 industries. With excellent and employee-oriented policies, Vinamilk maintained its leading position in the Top 100 Best Places to Work in Vietnam for three consecutive years (2017-2020), before which Vinamilk had always been among the Top 3.



“
“Vinamilk’s success after 45 years of operation is directly attributable to its workforce. Therefore, Vinamilk has maintained the most modern and preeminent HR policies to help employees feel secure and committed to the Company’s development. After three consecutive years as the Best Place to Work in Vietnam, this year, as a “Partner” with the Vietnam’s Best Places to Work survey, Vinamilk wishes to support the survey’s organizing committee in expanding the survey scale and introducing good workplace models to more businesses in Vietnam, thereby strengthening the connection between enterprises and their employees – a very important factor of sustainable development”
”

Said Mrs. Bui Thi Huong
Executive Director of Administration, Human Resources & Public Relation of Vinamilk.

”

THE BOARD OF MANAGEMENT’S REPORT IN 2021

Corporate Social Responsibility

CONTRIBUTIONS TO PANDEMIC CONTROL MEASURES

VINAMILK
MADE HUGE EFFORTS
TO SUPPORT
COMMUNITY
IN 2021

Overcoming obstacles caused by Covid-19 lockdowns in many provinces in 2021, not only that Vinamilk firmly maintained its production and business activities to ensure the stable supply of goods to consumers, but the Company also made huge efforts to support the government, frontline medical forces and local communities, and take care of disadvantaged children and F0 and F1 children – the most vulnerable groups of society in the fight against the pandemic. Through practical charitable activities, in 2021, Vinamilk donated:




VND 10 BILLION

To the Government’s Covid-19 vaccine fund



NEARLY VND 5 BILLION

To purchase medical equipment and supplies for frontline hospitals in HCMC



DONATED NUTRITIONAL PRODUCTS

- Vinamilk donated nearly 4 million products to frontline forces of the Covid-19 fight and children and people in need of support. In Ho Chi Minh City, the country’s pandemic hotspot, Vinamilk supported more than 700,000 products for the frontline forces.
- Not only supporting doctors and nurses, Vinamilk also donated tens of thousands of products to children of doctors and nurses to help take care of their health.
- Focusing on children: Vinamilk donated 45,000 milk cartons to children under pandemic-induced quarantine during the Lunar New Year, 24,000 products and 3,000 gift sets for children on the occasion of International Children’s Day June 1.

After two years 2020 and 2021, Vinamilk has contributed more than VND 100 billion in programs that supported the Government to control the Covid-19 spread, purchase vaccines, lend a hand to frontline forces, take care of children, and share the burden with local communities.


To be specific, more than 7 million nutritional products of Vinamilk were donated through various charitable initiatives focusing on children’s health and nutrition support for frontline medical staff.

VINAMILK

has contributed more than

VND 100 BILLION

IN PROGRAMS THAT SUPPORTED THE COMMUNITY.





Vinamilk products promptly “energized” medical staff at hospitals across the country.



Vinamilk’s representative donated VND 10 billion to the COVID-19 Vaccine Fund, received by representatives of the Ministry of Health

THE BOARD OF MANAGEMENT’S REPORT IN 2021

Corporate Social Responsibility (Continued)

“YOU ARE HEALTHY, VIETNAM IS HEALTHY” CAMPAIGN

Facing the fourth wave of the Covid-19 pandemic, with the desire to promote optimism and resilience in the fight against the disease, Vinamilk cooperated with VTV Digital to launch the campaign “You are Healthy, Vietnam is Healthy”. In just three months, the message of “When each of us is healthy, Vietnam will be healthy” was well received and promoted within local communities:

2021

VINAMILK

COOPERATED WITH

VTV DIGITAL

TO LAUNCH THE CAMPAIGN

“You are Healthy, Vietnam is Healthy”

WAS

WELL RECEIVED

AND

PROMOTED

within local communities

More specifically, the “You are Healthy, Vietnam is Healthy” campaign and the “Green Zone of Hope” project took the lead in the 10 most prominent community campaigns in September (according to Younet Media’s Live Dashboard SocialHeat G2 data). This is also the campaign with the highest Virality Score in the Top 5 prominent campaigns in the media industry, announced by Buzz Metric.

With a view to sustainable development, in all of its activities, Vinamilk always demonstrates a commitment to the Vietnamese community and people, especially children - the future of the country. The “You are Healthy, Vietnam is Healthy” campaign not only brought practical support both socially and materially to the community during pandemic-induced extended restrictions, but also contributed to promoting public health by encouraging people, especially children, to raise their awareness of healthcare and to build an active, healthy lifestyle.



The campaign has contributed VND 10 billion to purchase vaccines for children aged 12-18 and to support children affected by the pandemic.



Project “Green Zone of Hope” with online collection of green points “for a healthy Vietnam”: The project garnered active participation from the community, especially the Youth Union members in 63 provinces and cities across the country, who contributed one million glasses of milk to struggling children due to the pandemic.



A series of “Supporting the frontline forces for a healthy Vietnam” activities such as:

- » Donating 3000 nutritional gift sets and 50,000 Colosgold products to families and children of frontline doctors.
- » Donating 200,000 Sure Prevent Gold products for 10,000 health workers in more than 63 hospitals across the country. Particularly at the disease hotspot in Ho Chi Minh City, Vinamilk provided more than 700,000 products for the frontline forces.
- » And many other charitable activities such as providing equipment and medical supplies to frontline hospitals.

The “You are Healthy, Vietnam is Healthy” campaign

TOOK THE LEAD IN THE 10 MOST PROMINENT COMMUNITY CAMPAIGNS IN SEPTEMBER

(according to Younet Media’s Live Dashboard SocialHeat G2 data)



The “You are Healthy, Vietnam is Healthy” campaign received much better responses from the public than initially planned.



Representatives of Vinamilk (in the middle) and VTV Digital jointly presented a symbolic board of VND 10 billion to the representative of the Vietnam Children’s Fund

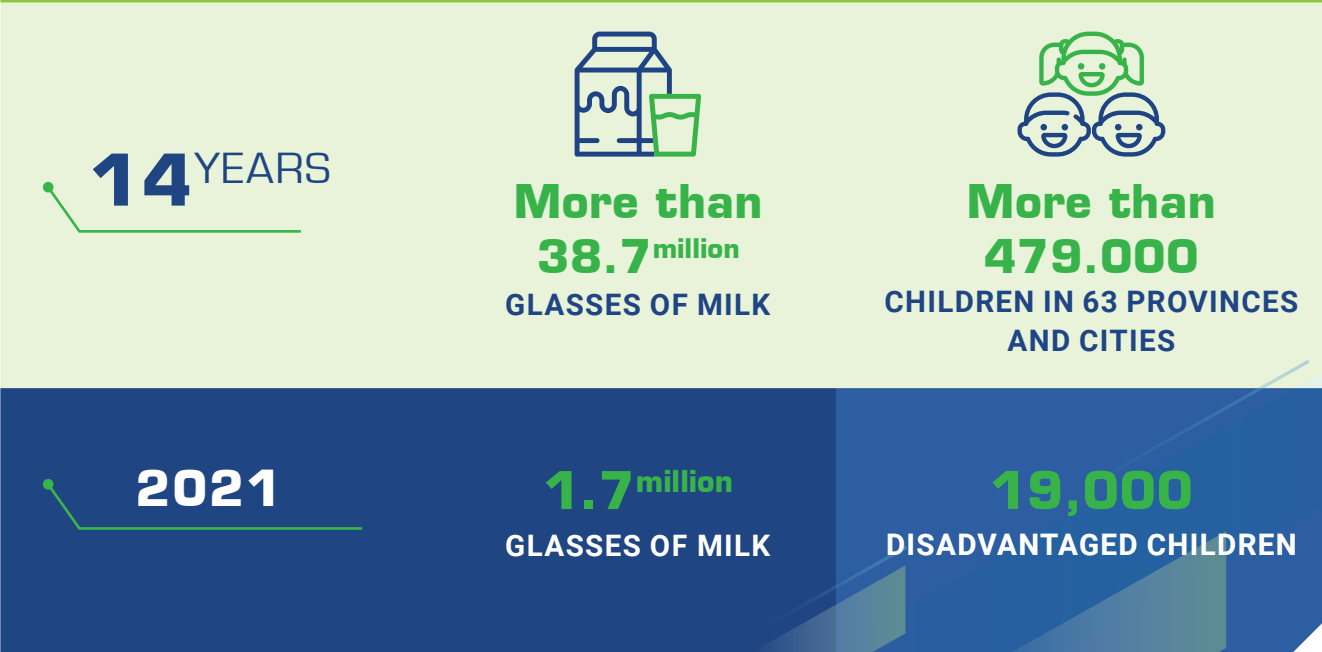


Representatives of Vinamilk, VTV Digital and the State’s Youth Union jointly donated one million glasses of milk to disadvantaged children during the pandemic through the Stand Tall Vietnam Milk Fund.

THE BOARD OF MANAGEMENT’S REPORT IN 2021

Corporate Social Responsibility (Continued)

“STAND TALL VIETNAM MILK” FUND



Wherever the Stand Tall Vietnam Milk Fund chooses to visit, the place will be filled with joy and laughter.

In 2021, despite facing challenges due to strict social distancing regulations, Vinamilk and Stand Tall Vietnam Milk Fund still regularly brought milk to social welfare centers, open houses and shelters across the country, with the determination not to let the children suffer from nutritional deficiencies.

To be specific, in the 14th year of implementing the program, Vinamilk donated 1.7 million glasses of milk to nearly 19,000 children living in social welfare centers, open houses and remote areas in 26 provinces and cities. Total sponsorship value was more than VND 12.5 billion.



Vinamilk and the Stand Tall Vietnam Milk Fund supported the children at the Center, providing nutritional support to promote health and improve study capacity.

Each box of milk given to the children carried a great hope of a better tomorrow, overcoming the pandemic and rising to success in life. One day, they will not only develop well

physically, mentally and intellectually, but also contribute to building the country when they become high-achieving doctors, engineers, teachers or athletes.


THE BOARD OF MANAGEMENT’S REPORT IN 2021

Corporate Social Responsibility (Continued)


SCHOOL MILK PROGRAM

In 2021, due to the social distancing regulations to control the pandemic, primary schools must switch to online learning while preschools temporarily closed down, causing delays in children’s academic and social development. The pandemic also affected the livelihoods of many households, increasing pressure on parents to ensure a good living space and take care of their children’s nutrition on a daily basis. Still, Vinamilk made its best efforts to implement the School Milk program in a number of provinces and cities so that children could continue to drink milk and strengthen their immune system to protect themselves against the pandemic.

15 YEARS OF PIONEERING



Nearly 4 million preschool and primary school students



24 provinces and cities.



A musical performance with props made of Vinamilk milk cartons

Not only was it meaningful in terms of nutrition for children, the Vinamilk School Milk program also showed its humanitarian values as it covered part of the spending for children’s nutritional care in disadvantaged families, especially during the Covid-19 epidemic when the quality of children’s meals was heavily affected, thanks to the support policies from local authorities and Vinamilk Corporation.



The children formed a habit of tidying up milk cartons after use.

With the positive contributions that the Vinamilk School Milk program has brought over the past 15 years, Vinamilk was honored to receive the “Asia Corporate Excellence & Sustainability Award 2021” (ACES 2021) as “Asia’s Top Community Centric Companies of the Year”. More specifically, Vinamilk’s School Milk Product and the School Milk model were honored with the highest rank - Platinum for the category of Enterprises with the Product Excellence Award voted by Global CSR Award.

Other programs:

- » The “Sharing the pandemic worries” program: On the occasion of the 45th anniversary of Vinamilk’s establishment, the Company subsidized its consumer products with a total budget of VND 170 billion and gave 45,000 gift sets to people in need.
- » The Loving Leaves program continued for the fourth year, providing milk and scholarships to disadvantaged students.
- » Vinamilk has partnered with the Sponsoring Association for Poor Patients of Ho Chi Minh City with a total budget of nearly VND 7 billion to support more than 1,200 cardiac and ocular surgeries (since 1995). In 2021, the Company donated VND 500 million to the association.



45,000 gift sets containing essential nutritional products were given by Vinamilk to disadvantaged working families.



Vinamilk’s representative donated VND 500 million to the Sponsoring Association for Poor Patients of Ho Chi Minh City



The “Healthy Leaves” Vinamilk visited the “Damaged Leaves” disadvantaged families through the “Loving Leaves” program.

As the pandemic context entails uncertainties and complications, Vinamilk will try to find new solutions to school nutrition issues. As a result, Vinamilk will promote activities to help Vietnamese children to improve their physical conditions and brain, and to have a good health foundation for learning and development.



The COVID-19 pandemic and strict, prolonged social distancing regulations in many provinces across Vietnam have had many impacts on the national economy and specific enterprises' production and business.

With the strategic application of advanced business-management models in the direction of sustainable development, together with advanced supply management systems, Vinamilk has flexibly responded and maintained stable production and business activities, supplying products to consumers both domestically and internationally.

Along with corporate resilience, Vinamilk also made efforts in social programs to support the government and local communities in disease control. Vinamilk's strong commitment and drastic actions to the common sustainable development of the whole society have been highly appreciated by prestigious organizations with many honors and recognitions.

AWARDS & TITLES

IMPRESSIVE RISE ON DOMESTIC AND INTERNATIONAL RANKINGS
WITH ADVANCED CORPORATE GOVERNANCE AS THE “KEY”

“ With the orientation of adopting world-class corporate governance, Vinamilk has flexibly turned “dangers” into “opportunities” to break through on prestigious power rankings during the Covid-19 pandemic context ”



BECOME THE ONLY DAIRY COMPANY IN
SOUTHEAST ASIA IN THE WORLD’S TOP 40
DAIRY PRODUCERS

According to Plimsoll (UK)

Climbing up
↑ 6 RANKS

Included in four rankings of Brand Finance (UK)’s annual report on the most valuable and strongest food and drink brands in 2021:



MOST VALUABLE GLOBAL DAIRY BRANDS



MOST POTENTIAL DAIRY BRANDS OF THE WORLD DAIRY INDUSTRY



IN 100 MOST VALUABLE GLOBAL FOOD BRANDS



STRONGEST GLOBAL FOOD BRANDS



“THE MOST CHOSEN DAIRY BRAND BY VIETNAMESE CONSUMERS FOR
10 CONSECUTIVE YEARS”
“THE BEST-SELLING FMCG BRAND FOR VIETNAMESE CONSUMERS FOR
4 CONSECUTIVE YEARS”

According to Brand Footprint Report by Kantar Worldpanel

Demonstrating great vision in core corporate governance issues when being honored as:



THE COMPANY WITH BEST CORPORATE GOVERNANCE
AND TRANSPARENCY

Within the framework of The Global Good Governance Awards 2021

AWARDS & TITLES

IMPRESSIVE RISE ON DOMESTIC AND INTERNATIONAL RANKINGS
WITH ADVANCED CORPORATE GOVERNANCE AS THE “KEY”



**TOP 5 BEST CORPORATE GOVERNANCE COMPANIES
(LARGE CAP CATEGORY)**
Listed Companies Voting Program 2021



**VIETNAM'S 50 BEST LISTED COMPANIES IN 2021 FOR 9
CONSECUTIVE YEARS.**
By Forbes Vietnam



**VIETNAM'S 50
BEST-PERFORMING
COMPANIES 2021**
Voted by Nhip Cau Dau Tu Magazine



**FOOD REPUTATION
AWARD IN 2021**
By Vietnam Report

AWARDS & TITLES

SUSTAINABLE DEVELOPMENT FOR OUTSTANDING ACHIEVEMENTS

In 2021, Vinamilk made a strong impression on many key aspects of sustainable development such as Reducing emissions and waste, Applying the circular economy model in production, Sharing values with the community, and Ensuring job security and safe production for workers. Many prestigious sustainable development awards dedicated to Vinamilk are the evidence of Vinamilk’s new steps on the path of sustainable development:



VIETNAMESE SUSTAINABLE ENTERPRISES

For the sixth consecutive year, Vinamilk entered the Top 10 Vietnamese Sustainable Enterprises in the manufacturing sector under the Corporate Sustainability Index (CSI 100) program for pioneering innovations in implementing sustainable development strategies.



“The reality in the Vietnamese business community has shown that businesses that have built a governance model towards sustainable development, in the recent difficult context, found opportunities to break through and overcome challenges, ensuring jobs for workers, expanding the market, contributing to the national budget and overall growth of the country.”

Mr. Pham Tan Cong, Chairman of VCCI



SUSTAINABLE DEVELOPMENT REPORT

Vinamilk also received the first prize for Sustainable Development Report and high appreciation from ESG investment firms, as socially responsible investing is an increasingly popular trend that has attracted investment interests, especially after the complications caused by the COVID-19 pandemic.



ASIA’S TOP COMMUNITY CENTRIC COMPANIES OF THE YEAR

At the Asia Corporate Excellence & Sustainability (ACES) Award 2021



Joining hands with the whole country of Vietnam to fight the fourth pandemic wave, Vinamilk has implemented a series of meaningful programs and gone through many obstacles to fulfill its mission of nutritional care for children. With drastic actions that created value and promoted cohesion in local communities, Vinamilk was awarded the highest prize in the Community category as Asia’s Top Community Centric Companies of the Year at the Asia Corporate Excellence & Sustainability (ACES) Award 2021.

“Vinamilk is a business that epitomizes what consumers are looking for today: social connection, close cohesion, ethical action and true values.”

Dr. Jayanthi Desan
Head of Judging Committee
of the ACES Awards 2021



THE GLOBAL CSR AWARDS 2021 WITH THE HIGHEST RANK PLATINUM IN TWO CATEGORIES OF BEST COMMUNITY PROGRAMME AWARD AND PRODUCT EXCELLENCE AWARD

2021 is also the second year Vinamilk was honored at The Global CSR Awards 2021 with the highest rank Platinum in two categories of Best Community Programme Award and Product Excellence Award, thanks to the Stand Tall Vietnam Milk Fund and the School Milk program.



“During the COVID-19 pandemic, children are the group that needs special attention and action programs to ensure their safety and health. To do this, the cooperation of the whole society is essential. Therefore, we greatly appreciate the timely and practical attention from organizations and businesses to help take care and protect children. Not only spreading positive messages of healthy and optimistic living, Vinamilk’s campaign is also a bridge, bringing love and care of the community to children in difficult circumstances affected by the pandemic.”

Ms. Nguyen Thi Ha
Deputy Minister of Labor
Invalids and Social Affairs

AWARDS & TITLES

PARTNER OF “VIETNAM’S BEST PLACES TO WORK”

Reasonable policies to protect health and provide employees with a safe, beneficial and reliable working environment are effective “vaccines” that help increase endurance and resistance for Vinamilk’s workforce in the COVID year 2021.

Vinamilk’s staff unanimously devoted themselves to ensuring smooth production and business activities and helping the Company to achieve positive results.



OFFICIALLY BECOME
THE “PARTNER”
OF
**VIETNAM’S BEST
PLACES TO WORK**

After three consecutive years of maintaining the No. 1 position in the Top 100 Vietnam’s Best Places to Work (2017-2020) by professional networking community Anphabe and market research company Intage, Vinamilk has officially become the “Partner” of the survey. This change of role marks a new turning point in HR development planning at Vinamilk, contributing to a greater connection between the Company and its employees, a critical element of Vinamilk’s sustainable development.



MOST ATTRACTIVE EMPLOYERS IN THE FMCG INDUSTRY

According to Career Builder Vietnam

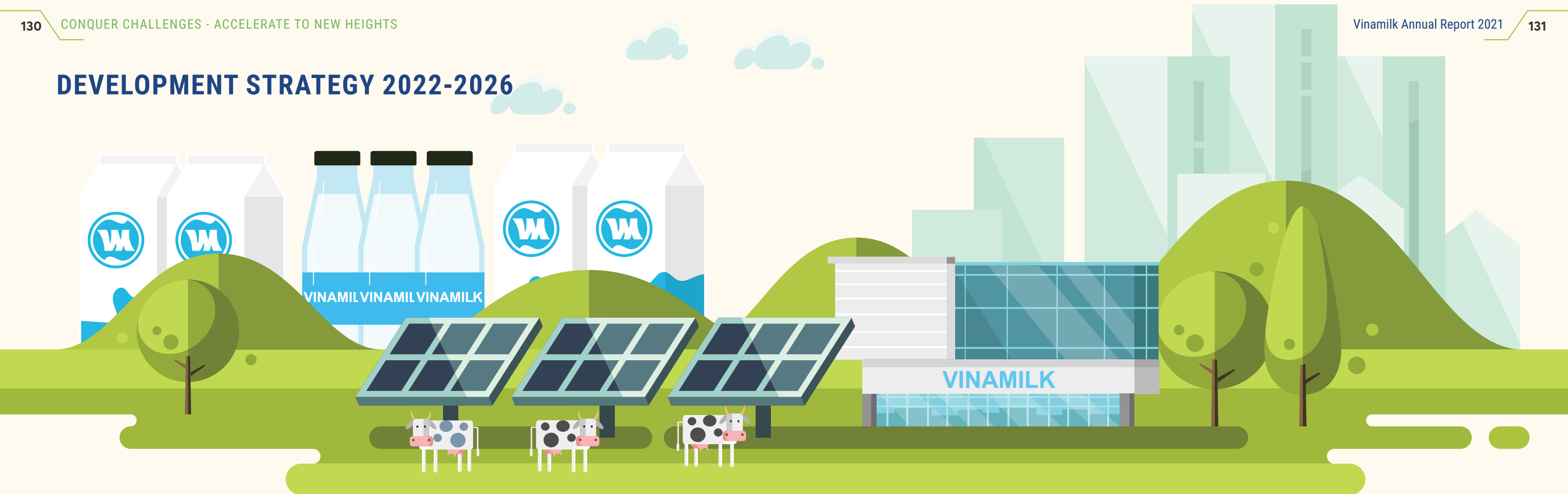




CHAPTER 04

DEVELOPMENT STRATEGY 2022 - 2026

DEVELOPMENT STRATEGY 2022-2026



2026 guidance (VND billion)

TOTAL REVENUE

86,200

EBT:

16,000



+7.2%

CAGR REVENUE IN

2021-2026



2022 guidance (VND billion)

TOTAL REVENUE:

64,070

EBT:

12,000



MARKET SHARE

IN VALUE 56%

INCREASE BY

0.5%

DEVELOP EXCELLENT PRODUCTS AND BRING SUPERIOR EXPERIENCES TO CONSUMERS

- » Consolidate the leading position in Vietnam's dairy industry.
- » Accelerate research and development of new products, aiming to serve comprehensive nutritional needs.
- » Put consumer experience at the heart of developing omnichannel outreach and distribution strategies.

CREATE NEW BUSINESS OPPORTUNITIES

- » Exploit business opportunities in new markets through M&A, JV, or venture capital activities.
- » Support and invest in start-up projects in accordance with the Company's growth strategy.
- » Continue to strengthen conventional export markets while seeking opportunities to invest in local production.

PROMOTE THE APPLICATION OF TECHNOLOGY IN SUSTAINABLE AGRICULTURE

- » Apply Internet of Things, big data, automation and robotics technologies, thereby improving transparency, efficiency, and biodiversity of farming, livestock, and exploitation activities.
- » Develop the largest international-standard certified dairy farm system in Vietnam.
- » Implement international standards on sustainable development, increased use of green energy, circular economy, preservation of water and land resources.

BECOME THE DESTINATION OF TALENTS

- » Continue to build a corporate culture towards innovation and creativity.
- » Establish a working and training environment for employees to grab new opportunities for transformation.



CHAPTER 05

CORPORATE GOVERNANCE

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Corporate Governance Report

The achievements on the Vietnamese stock market of:



Have demonstrated Vinamilk’s commitment and continuous efforts in corporate governance, worthy of its leading position in Vietnam and in the region. Corporate governance is the driving force for Vinamilk to maintain and enhance the results of long-term business development strategies.



Vinamilk has been exercising the “Vietnam Corporate Governance Code of Best Practices” released by the State Securities Commission and IFC in August 2019 as a standard guide for the implementation of corporate governance.

Vinamilk’s BOD commits to continuous research and gradual application of the best governance practices recommended by this document. The document has been published in the mass media and can be accessed at the following link:
https://viod.vn/wp-content/uploads/2019/08/Vietnam-CG-Code-of-Best-practices_v1.0_EV.pdf

On April 26, 2021, the Company submitted to the AGM for approval the following documents: i) Charter of the Company, ii) Regulations on Corporate Governance, iii) the BOD Regulations in accordance with the provisions of Circular 116/2020, effective from February 15, 2021.

In addition, following up Circular 116/2020, the BOD also issued the Audit Committee Regulations in 2021. Therefore, in this report, we would like to present the main contents with specific information that is either required or customary to be disclosed to investors and stakeholders during the financial year 2021 as follows:

A THE BOARD OF DIRECTORS’ RESPONSIBILITIES

PRINCIPLE 1:
ESTABLISHING CLEAR ROLES, RESPONSIBILITIES AND COMMITMENTS OF THE BOD



At Vinamilk, the BOD always acts on the basis of sufficient information for the best and long-term interests of the Company, in a dedicated, diligent and prudent manner, serving the interests of all shareholders while also tending to the interests of stakeholders of the Company.

1.1.1. At Vinamilk, the roles and responsibilities of the BOD are specified in the Company’s Charter and Regulations on Corporate Governance, which have been issued and published on the Company’s website at: <https://www.vinamilk.com.vn/en/he-thong-quan-tri>.

The main information published on the website above includes:



1.1.2. The BOD reviews and approves the Company’s strategic orientation, risk management policies, annual business plans, large investments valued from VND 300 billion and all external investment projects to form joint ventures, associates and subsidiaries of Vinamilk (including M&A activities). The BOD also oversees these investments by issuing regulations on post-investment performance assessment, as well as deciding on the divestment of these investments.

1.1.3. The BOD has been performing its oversight role well in monitoring the effectiveness of corporate governance and compliance with applicable laws. In addition, the BOD also paid special attention to the Company’s sustainable development policies and its environment and social responsibility activities. All these contents were reported to the BOD by the BOM. Specifically, since 2012 the Company had prepared sustainable development reports which has been officially audited by an independent consulting firm since 2016 to increase the accuracy, objectivity and reliability of the reports before they are issued. Please refer to the latest sustainable development reports of the Company at: <https://www.vinamilk.com.vn/vi/tin-tuc-phat-trien-ben-vung>

1.1.4. All BOD members actively participate in monitoring the Company’s activities, participating in discussions at quarterly meetings or through written opinions. The BOD is encouraged to make proposals and recommendations to the Company at any time deemed necessary and there are no limitations in terms of place, time and content of discussion. Meeting documents must be sent to the BOD members at least 7 days before the meeting date.

1.1.5. BOD members are responsible for attending all BOD meetings during the year. In case any member is unable to attend a meeting, a notice must be sent to the BOD to clearly state the reason for absence. Meeting minutes are sent to all BOD members to keep track of all contents of the meeting. In 2021, Vinamilk’s BOD held the following meetings:

NO.	BOD member	Position	DATE OF JOINING/ LEAVING THE BOD	Meetings attended	Attendance %
1	Mrs. Le Thi Bang Tam	Chairwoman	26/04/2013	5/5	100%
2	Mrs. Mai Kieu Lien	Member	23/03/2012	5/5	100%
3	Mr. Alain Xavier Cany	Member	31/03/2018	5/5	100%
4	Mrs. Dang Thi Thu Ha	Member	15/04/2017	5/5	100%
5	Mr. Do Le Hung	Member	15/04/2017	5/5	100%
6	Mr. Michael Chye Hin Fah	Member	15/04/2017	5/5	100%
7	Mr. Le Thanh Liem	Member	15/04/2017	5/5	100%
8	Mr. Lee Meng Tat	Member	01/09/2016	5/5	100%
9	Mrs. Nguyen Thi Tham (*)	Member	26/04/2021	2/2	100%
10	Mrs. Tieu Yen Trinh (**)	Member	26/04/2021	3/3	100%
11	Mr. Hoang Ngoc Thach (**)	Member	26/04/2021	3/3	100%

(*): The member submitted her resignation on April 7, 2021 and was dismissed by the AGM from April 26, 2021.
(**): New members elected by the AGM on April 26, 2021.

1.4. Personal succession planning

- With the advice of the world’s leading HR consulting group from the US, the Company has implemented the Personal Succession Plan for many years and is ready to meet the arising development needs.
- The BOD commits to the supervision and implementation of the Company’s policies seriously, objectively and transparently. This policy includes seeking, training and developing succession personnel for the BOM and other key management positions of the Company.



PRINCIPLE 2: ESTABLISHING A COMPETENT AND PROFESSIONAL BOD



Vinamilk has been maintaining a professional, objective and effective BOD with the role of ensuring the Company’s profitability and sustainability, for the best interests of the Company and all its shareholders.

Pursuant to Resolution No. 01/NQ-CTS.ĐHĐCD/2018, March 31, 2018 of the 2018 AGM, Vinamilk’s BOD’ structure for the 2017-2021 tenure includes 11 members without Inspection Committee. The current BOD includes:

NO.	BOD member	Position
1	Mrs. Le Thi Bang Tam	Chairwoman, independent member
2	Mrs. Mai Kieu Lien	Executive member
3	Mr. Alain Xavier Cany	Non-executive member
4	Mrs. Dang Thi Thu Ha	Non-executive member
5	Mr. Do Le Hung	Independent member
6	Mr. Michael Chye Hin Fah	Non-executive member
7	Mr. Le Thanh Liem	Executive member
8	Mr. Lee Meng Tat	Non-executive member
9	Mrs. Tieu Yen Trinh	Independent member (since April 26, 2021)
10	Mr. Hoang Ngoc Thach	Non-executive member (since April 26, 2021)

Thus, there is one vacancy in the BOD because the Company has not found any candidate that suits its development strategy. The BOD is still looking for suitable candidates to nominate at the upcoming AGM.

PRINCIPLE 2.1

The BOD consists of members with diverse perspectives, expertise, skills, and competencies, who play leading and supervising roles in the Company. Please refer to the profile of each BOD member from page 30 to page 39 of this report.

- 2.1.1. According to the Company’s assessment, Vinamilk’s BOD met the conditions of competence and professionalism such as diversity of knowledge, experience in corporate management and compatibility with the Company.
- 2.1.2. The nomination of candidates to the BOD is also carefully considered by the BOD’s Nomination Committee, following the standard candidate selection process before submitting to the BOD for review and proposing to the AGM for voting, as specified in the Company’s applicable procedures.
- 2.1.3. Vinamilk’s BOD currently has four female members, accounting for 40% of the total number of incumbent BOD members. This shows the diversity of gender in the BOD.



PRINCIPLE 2.2

Vinamilk’s BOD currently consists of two executive members and eight non-executive members. Non-executive members meet all prerequisites to effectively participate and assist the BOD in making objective and independent judgments regarding the Company’s operation, ensuring an appropriate control and balance mechanism.

PRINCIPLE 2.3

The BOD has appointed the Company Secretariat consisting of three members. The Secretariat is directly responsible to the BOD for all issues related to the functions and operations of the BOD. In addition, the Secretariat is assigned by the BOD to be in charge of corporate governance contents.

The Secretariat includes:

NO.	Full name	Position at Vinamilk
1	Mr. Tran Chi Son	Senior Finance Manager
2	Mrs. Le Quang Thanh Truc	Director of Foreign Subsidiary Management
3	Mr. Nguyen Trung	Director of Logistics cum Head of Supply Chain

All members of the Secretariat have been trained and certified in Corporate Governance.

Please refer to the Secretariat’s profiles from page 47 to page 49 of this report.

PRINCIPLE 2.4

All BOD members have attended domestic and overseas corporate governance training courses.

PRINCIPLE 3:
ENSURING EFFECTIVE LEADERSHIP AND INDEPENDENCE OF THE BOARD OF DIRECTORS

PRINCIPLE 3.1

Vinamilk’s BOD has three independent members, meeting the required number of independent members by current regulations. Independent BOD members include Mrs. Le Thi Bang Tam, Mrs. Tieu Yen Trinh and Mr. Do Le Hung. Independent BOD members at Vinamilk have the ability to promote the independent judgment of all BOD members and the integrity of the governance system at Vinamilk.

PRINCIPLE 3.2

Mr. Do Le Hung has been an independent BOD member at Vinamilk for less than 5 years. Mrs. Le Thi Bang Tam has been an independent BOD member since 2013 and is in her second term, so she still ensures her independence at Vinamilk. The third independent member, Mrs. Tieu Yen Trinh, was appointed by the AGM on April 26, 2021. All three independent BOD members are heads of the BOD’s committees as set forth in Principle 4 below.

PRINCIPLE 3.3

Mrs. Le Thi Bang Tam, Chairwoman is an independent BOD member.

PRINCIPLE 4: ESTABLISHING COMMITTEES UNDER THE BOARD OF DIRECTORS

At Vinamilk, the BOD has established four specialized committees under the BOD as follows:



The Audit
Committee



The Nomination
Committee



The Remuneration
Committee



The Strategy
Committee

The purpose of establishing these Committees is to assist the BOD in performing certain responsibilities and succeeding in its supervision duties. The BOD also established the limits of authority for approval of operating and capital expenditures, procurement of goods and services, and in order to optimize operational efficiency, clearly delegated relevant Committees to review and approve the transactions within the above limits. In addition to the special issues that require the BOD’s approval, the BOD is also responsible for reviewing and approving annual budgets, financial plans, financial statements, business strategies and major transactions, such as M&As, divestments, financing and investment proposals, and is also responsible for reviewing and approving transactions that exceed certain thresholds.

In order to resolve and monitor possible conflicts of interest related to BOD members and the Company, the BOD members are not required to vote on any issue in which they have interests or conflicts.

The Strategy Committee

The Strategy Committee was established by the BOD following its Resolution No.05/NQ-CTS.HDQT/2021, on April 26, 2021, including four members and having the following personnel changes during the year:

NO.	Position	As of January 01, 2021	As of April 26, 2021
1	Head of the Committee Executive member	Mrs. Mai Kieu Lien	Mrs. Mai Kieu Lien
2	Non-executive member	Mr. Lee Meng Tat	Mr. Lee Meng Tat
3	Executive member		Mr. Le Thanh Liem
4	Non-executive member	Mr. Alain Cany	Mr. Alain Cany
5	Non-executive member	Mrs. Dang Thi Thu Ha	Mrs. Dang Thi Thu Ha

The Strategy Committee is primarily responsible for drafting and proposing the Company’s business strategy to the BOD including:

**Approving the vision, mission and long-term strategic goals**

**Overseeing the formulation, implementation and execution of the strategy**

**Taking charge of the orientation of responsible and sustainable development**

**Giám sát việc lập, triển khai và thực thi chiến lược**

**Take charge of integrated reporting**

**Taking charge of stakeholder relations**

The Audit Committee

The BOD established the Audit Committee and determined the qualifications of its members, as well as the authority and responsibilities of the Committee in the Audit Committee Regulations. The Audit Committee consists of four BOD members and to conform to good governance practices, Mr. Le Thanh Liem has left this committee following the BOD’s Resolution No. 05/NQ-CTS.HDQT/2021, dated April 26, 2021. The personnel changes during the year are as follows:

NO.	Position	As of January 01, 2021	As of April 26, 2021
1	Head of the Committee Independent member	Mr. Do Le Hung	Mr. Do Le Hung
2	Non-executive member	Mr. Michael Chye Hin Fah	Mr. Michael Chye Hin Fah
3	Executive member	Mr. Le Thanh Liem	
4	Non-executive member	Mrs. Nguyen Thi Tham	Mr. Hoang Ngoc Thach
5	Non-executive member	Mr. Alain Cany	Mr. Alain Cany

The Audit Committee is primarily responsible for reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the Company’s financial statements, internal control and internal audit systems, in compliance with the laws relating to the Company’s business activities, associated transactions, related party transactions or transactions which may give rise to conflicts of interest, the scope and results of the external audit, as well as considering and selecting the Company’s and its subsidiaries’ independent auditors.

The Audit Committee supervises the implementation of the risk management function and the effectiveness of the internal control system for the entire Company and reports to the BOD on a quarterly basis.

Please refer to the Audit Committee’s report on the performance and responsibilities of the Audit Committee for the financial year ended December 31, 2021 on page 66 of this report.

The Nomination Committee

- » The Nomination Committee was established by the BOD with Mrs. Le Thi Bang Tam (an independent BOD member) acting as the Committee’s Head and Mrs. Mai Kieu Lien, Mr. Lee Meng Tat and Mrs. Dang Thi Thu Ha as members.
- » The Nomination Committee is primarily responsible for determining the criteria and selecting the right candidates to be appointed as BOD members and key management positions, developing procedures and guidelines for such selection to uphold transparency, performing duties in accordance with the laws and the Listing Manual as well as any amendments made thereunder and orders of competent authorities to the extent that is relevant to the Committee’s scope of authorities, duties and responsibilities, reviewing the nomination for re-appointment of BOD members and assisting the BOD in deciding and reviewing the independence of independent BOD members at least once a year.
- » The Nomination Committee is responsible for overseeing the implementation of the personnel succession planning in accordance with Principle 1.4 on Corporate Governance as presented.
- » In 2021, the Nomination Committee held a meeting to finalize and submit the candidate profiles for vacant BOD positions to the BOD for approval, before presenting to the AGM 2022 for elections.

The Remuneration Committee

- » The Remuneration Committee was established by the BOD, consisting of four members with personnel changes during the year according to the Resolution of the BOD No. 05/NQ-CTS.HDQT/2021, dated April 26, 2021 as follows:

NO.	Position	As of January 01, 2021	As of April 26, 2021
1	Head of the Committee Independent member	Mrs. Le Thi Bang Tam	Mrs. Tieu Yen Trinh
2	Non-executive member	Mr. Michael Chye Hin Fah	Mr. Michael Chye Hin Fah
3	Independent member		Mrs. Le Thi Bang Tam
4	Non-executive member	Mrs. Nguyen Thi Tham	Mr. Hoang Ngoc Thach

- » The Remuneration Committee is mainly responsible for:
 - Developing policies and guidelines for determining salaries, bonuses and remuneration for members of the BOM and the BOD, as well as reviewing, modifying, amending or revoking procedures and regulations on the BOD members’ remuneration to be approved by the Annual General Meeting of Shareholders (“AGM”);
 - Reviewing and evaluating the salaries, bonuses and remuneration of the BOD and BOM members and propose to the BOD;
 - Proposing to the BOD a framework and standards for salaries, bonuses and remuneration of the BOD and BOM members;
 - Proposing specific salaries, bonuses and other payments for each BOD member and the CEO.
- » In 2021, the Remuneration Committee held a meeting and submitted proposals to the BOD for approval, including the main contents as follows:
 - The BOD’s remaining remuneration of 2020 (according to Resolution No. 00/NQ-CTS.HDQT/2021, dated January 26, 2021);
 - The BOM’s remuneration bracket in 2021 (according to Resolution No. 12/NQ-CTS.HDQT/2021, dated December 15, 2021).



PRINCIPLE 5: ENSURING EFFECTIVE PERFORMANCE OF THE BOARD OF DIRECTORS



At Vinamilk, the best benchmark for the BOD’s effectiveness is through the BOD assessment process. All members of the BOD are evaluated at least once a year to assess their performance as a governing body as well as the BOD’s performance in general to make appropriate adjustments.

PRINCIPLE 5.1

The BOD conducts an annual self-assessment of the performance of each committee. After that, the BOD shall hold a formal meeting to assess the performance of each committee and the whole BOD during the year. The performance assessment of each BOD member shall be considered by the BOD to be conducted at an appropriate time in the future.

PRINCIPLE 5.2

The assessment of members of the BOD is conducted through a process with clearly defined and thoroughly considered assessment criteria to determine the effectiveness of the activities and efforts of each BOD member and committee accurately, completely and objectively.

PRINCIPLE 5.3

The BOD’s remuneration in 2021 is approved by the Company’s AGM at VND 25 billion for 11 members. The BOD’s remuneration will be calculated and paid in proportion to the actual number of members. The actual remuneration paid to each member shall be proposed by the Remuneration Committee to the BOD for approval based on the roles, tasks and performance results of each individual and the whole Company in the year, in order to create motivation for the BOD to lead the Company to achieve both short-term and long-term goals. Besides the remuneration detailed below, the BOM and BOD members are entitled to the Health & Accident Insurance Program for themselves and their immediate family members under the Company’s general insurance policy.

The remuneration paid to each BOD member in 2021 is as follows:

NO.	Full name	Remuneration (VND million)	Note
1	Mrs. Le Thi Bang Tam	3,646	Chairwoman, Head of Nomination Committee
2	Mrs. Mai Kieu Lien	2,118	BOD member, Head of Strategy Committee, CEO
3	Mr. Alain Xavier Cany	2,675	BOD member
4	Mr. Michael Chye Hin Fah	2,712	BOD member
5	Mrs. Dang Thi Thu Ha	2,495	BOD member
6	Mr. Do Le Hung	2,458	BOD member, Head of Audit Committee
7	Mr. Le Thanh Liem	1,064	BOD member, CFO
8	Mr. Lee Meng Tat	2,458	BOD member
9	Mrs. Nguyen Thi Tham	1,046	BOD member (until April 2021)
10	Mrs. Tieu Yen Trinh	920	BOD member, Head of Remuneration Committee (since April 2021)
11	Mr. Hoang Ngoc Thach	1,280	BOD member (since April 2021)
Total		22,872	

Regarding the BOM’s remuneration, as the executive directors make an important team of the Company in a highly competitive labor market, along with the confidential nature of individual remuneration, in order to harmonize those influential factors, the Company shall announce the BOM members’ remuneration brackets for the financial year 2021 as follows:

NO.	Full name	Remuneration bracket	Salary	Bonus based on the Company’s performance	Allowance	Other benefits
1	Mrs. Mai Kieu Lien	C	30.0%	70.0%	0.1%	0.0%
2	Mr. Mai Hoai Anh	B	50.0%	45.8%	4.0%	0.0%
3	Mr. Trinh Quoc Dung	B	53.0%	47.0%	0.0%	0.1%
4	Mrs. Nguyen Thi Thanh Hoa	B	52.0%	45.0%	3.0%	0.1%
5	Mrs. Bui Thi Huong	B	44.7%	51.9%	3.3%	0.1%
6	Mr. Nguyen Quoc Khanh	B	53.0%	47.4%	0.3%	0.1%
7	Mr. Le Thanh Liem	B	50.0%	46.0%	4.2%	0.0%
8	Mr. Phan Minh Tien (1)	A	69.0%	12.0%	19.0%	0.1%
9	Mr. Nguyen Quang Tri (2)	A	56.0%	43.0%	1.1%	0.0%
10	Mr. Tran Minh Van	B	53.0%	47.5%	0.2%	0.1%

Remuneration brackets:

- “A” total remuneration in the range of VND 1,000,000,000 to VND 4,000,000,000
 - “B” total remuneration in the range of VND 4,000,000,000 to VND 10,000,000,000
 - “C” total remuneration in the range of VND 10,000,000,000 to VND 16,000,000,000
- (1) Mr. Phan Minh Tien resigned on June 1, 2021.
- (2) Mr. Nguyen Quang Tri was appointed on July 5, 2021.



PRINCIPLE 6: ESTABLISHING AND MAINTAINING AN ETHICAL CORPORATE CULTURE



Vinamilk issued the Code of Conduct in January 2010 and applied it to all members of the BOD and the BOM, as well as all employees. In the coming time, the Code of Conduct will be further revised and supplemented along with the implementation of project Vinamilk’s Updated Code of Corporate Culture in order to integrate, systemize and complement the application of the Code. In this report, the Company presents selected contents according to the current Code of Conduct.

PRINCIPLE 6.1

The Nomination Committee supervises the implementation of the Code of Conduct to establish a high standard of business culture throughout the Company. This Code of Conduct provides standards for professional and ethical behavior, as well as clarifies those behaviors and activities that are acceptable and unacceptable in internal and external relationships. The Code of Conduct has been disseminated appropriately to the BOD, the BOM and all employees (including those of Vinamilk’s subsidiaries) and is published on the Company’s website at: <https://www.vinamilk.com.vn/vi/he-thong-quan-tri>

PRINCIPLE 6.2

The BOD ensures appropriate and effective implementation and monitors compliance with this Code of Conduct throughout the Company’s operations. The BOD encourages the application of this Code of Conduct to all of Vinamilk’s subsidiaries and associates.

PRINCIPLE 6.3

The BOD is the focal point and collectively bears accountability for the governance of the company, its long-term success and the delivery of sustainable value to its stakeholders. The BOD always strives to be the role model for the BOM and employees of the Company.



B CONTROL ENVIRONMENT

PRINCIPLE 7: ESTABLISHING A SOUND RISK MANAGEMENT POLICY AND CONTROL ENVIRONMENT



The BOD has successfully established an effective internal control system and risk management policy. The BOD is ultimately responsible for the Company’s risk management policy and oversees the operation of the Company’s internal control system. The BOD established the Audit Committee, the Internal Audit Department and the Internal Control and Risk Management Department to establish a strong control environment at the Company.

PRINCIPLE 7.1

The BOD ensures the integration of strategy, risk and control, and oversees the effectiveness of the Company’s internal control system. All production and business activities of the Company must be considered by the BOM and the BOD in terms of the relevant risks. Please refer to the Risk Management Report presented on page 152 of this report.

PRINCIPLE 7.2

The BOD has established the Internal Audit function to provide objective assurance and independent advice to improve the Company’s operations, consisting of the following units.



The Audit Committee, which oversees the Internal Audit function in terms of expertise, to make sure that Internal Audit has sufficient authority and resources to ensure the independence, objectivity and professionalism of Internal Audit.



The Internal Audit Department, established as an independent unit to assist the BOD via the Audit Committee, to evaluate and improve the effectiveness of risk management, internal control and management processes.



During the financial year ended 31 December 2021, the Internal Audit conducted audits as detailed in the internal audit plan submitted to and approved by the Audit Committee. Please refer to the Audit Committee report for more details.

PRINCIPLE 7.3

The BOD has also established a compliance function, namely the Internal Control and Risk Management Department, as the second line of defense with the necessary position and authority.

- » The BOD recognizes the responsibility to ensure a system of risk management and internal control to protect the investments of shareholders and the Company’s assets. In this regard, the Audit Committee has each of its members oversee various areas to ensure the adequacy and effectiveness of financial, operational, compliance and information technology controls, including systematic risk management through the identification of subjects, structures, strategies and risks, and the monitoring of risk management results.
- » To ensure compliance with applicable laws and regulations, the BOD has also developed effective internal control systems to monitor compliance with laws and regulations related to the Company’s business activities.

PRINCIPLE 7.4

Recognizing the importance of information technology to the Company’s business operations, the BOD has accordingly established and monitored the effective operation of a cybersecurity policy for many years. The cybersecurity policy established and applied by Vinamilk is an integral part of the Company’s overall risk management system.

PRINCIPLE 7.5

The BOD established the criteria for independent auditor selection and work quality evaluation of the independent auditor, and determined follow-up procedures regarding independent auditors’ recommendations.



When selecting the Company’s independent auditor, the Audit Committee considers independent auditor candidates in terms of qualifications, recognized achievements and independence in providing audit services with no relationship or interest with the Company, including non-audit services that shall affect the independence of the auditor. The bidding process for selecting independent auditors has been implemented at the Company with professionalism, publicity and transparency.



The AGM 2021 approved the selection of KPMG Vietnam Company Limited as the independent auditor for the financial year 2021. According to the Audit Committee’s assessment and report to the BOD, the quality and timeliness of KPMG’s quarterly and annual audit work during the year are satisfactory to the Company



The Audit Committee holds regular meetings with the independent auditor every quarter before publishing quarterly financial statements. In these meetings, the Audit Committee shall review all contents related to financial statements and recommendations of the independent auditor, if any.



Non-audit service costs incurred in 2021 accounted for 67% of the total audit service fees for the year (in 2020: 53%). Non-audit consulting services include regular tax advisory advice, compliance studies for related-party transactions and consulting services to prepare financial statements in accordance with International Financial Reporting Standards (“IFRS”).

C DISCLOSURE AND TRANSPARENCY

PRINCIPLE 8: STRENGTHENING THE COMPANY’S DISCLOSURE PRACTICES



The BOD commits to and ensures adequate communication with shareholders, investors, regulators and the general public by pursuing a transparent and effective information disclosure policy.

PRINCIPLE 8.1

The Company commits to transparency and fairness in disclosing information to all shareholders and other stakeholders.



The CEO is the person disclosing information of the Company and during the year the Company did not violate the law on information disclosure.



Information, when disclosed outside of the Company, are also sent to all BOD members, the division in charge of corporate governance and relevant functional departments to supervise the disclosure.

PRINCIPLE 8.2

To promote cost-effective access to information, Vinamilk ensures easy and non-discriminatory access to published information through various communication tools. In addition, Vinamilk has a dedicated investor relations department that is always ready to welcome shareholders and investors.

- » Vinamilk commits to maintaining bilingual information disclosure (in Vietnamese and English) so that shareholders and foreign investors can update information quickly and conveniently.
- » Vinamilk maintains a variety of channels for information disclosure such as:
 - On the Company’s website at: <https://www.vinamilk.com.vn/vi/thong-bao-co-dong>
 - On HOSE’s website at: <https://www.hsx.vn/Modules/Listed/Web/SymbolView/128>
 - In the mass media
 - Through the Company’s Investor Relations Unit (IR) as follows:
 - » Vietnam Dairy Products Joint Stock Company
 - » 10 Tan Trao, Tan Phu Ward, District 7, Ho Chi Minh City
 - » Investor Relations page: <https://www.vinamilk.com.vn/vi/lien-he-thong-tin-co-dong>
 - » Or Mr. Dong Quang Trung – Ir manager
 - » Email: dqtrung@vinamilk.com.vn
 - » Tel: (+84 – 28) 541 55555, Ext: 108247
- » In the context of complicated pandemic development, the Company did not manage to welcome many investors and shareholders at the Company’s premises. Instead, Vinamilk actively participates in online video conferences with domestic and foreign investors to provide information on the Company’s business operations.

PRINCIPLE 8.3

The Board commits to ensuring the best possible disclosure of non-financial information, including environmental and social reports. Please refer to the content presented in Principle 1.1.3 of this report.

D SHAREHOLDERS' RIGHTS

PRINCIPLE 9:
ESTABLISHING A FRAMEWORK FOR EFFECTIVE EXERCISE OF SHAREHOLDERS' RIGHTS



The BOD should protect the rights of shareholders and ensure fair treatment of all shareholders, including minority and foreign shareholders.

PRINCIPLE 9.1

Shareholders' rights:

- » The Company recognizes and respects the rights of shareholders and owners of the Company, including minority and foreign shareholders.
- » The Company has ensured fair and appropriate treatment for each shareholder through accurate, transparent and timely disclosure of information. The Company attaches great importance to the completeness of information disclosure so that shareholders can make informed decisions at the shareholders' meeting, including voting and expressing opinions on significant changes and electing BOD members based on accurately, completely, transparently, and fairly disclosed information.
- » Shareholders' rights are also clearly defined in the Company's Charter and protected by Vietnamese law. In addition, the BOD closely supervises these contents. Details of shareholders' rights in the Company's Charter are published on the Company's website at: <https://www.vinamilk.com.vn/vi/he-thong-quan-tri>

PRINCIPLE 9.2

Every year, the BOD holds an effective Annual General Meeting of Shareholders.

- » The AGMs are held in accordance with the agenda mentioned in the relevant meeting invitation. The Company sends to shareholders full information related to the meeting in the meeting invitation and its attached documents. The Company also posts information related to the meeting on HOSE's and Vinamilk's websites so that shareholders have sufficient time to thoroughly study the information. In addition, at least 21 days before the meeting date, the notice of the meeting of shareholders and a full set of meeting documents will be published on Vinamilk's website to provide shareholders with sufficient time to prepare for the meeting, as required by relevant laws and regulations.
- » The Chairwoman and Heads of the Audit Committee, the Remuneration Committee, the Strategy Committee and the Nomination Committee, as well as BOD members, are usually present and ready to answer questions of shareholders at these meetings. Vinamilk's independent auditor, KPMG Vietnam is also present to address shareholders' requests regarding the conduct of the audit, and the preparation and contents of the independent audit report. During the meeting, the Chairwoman allows shareholders to ask questions, express opinions and make recommendations openly and equally.
- » During the AGM 2021, the Company invited representatives of the Internal Audit Department and the Control and Risk Management Department to be members of the Vote Counting Committee, and invited representatives of the shareholders to witness the vote counting as independent supervisors.
- » The Chairwoman and the BOM also answer questions and provide sufficient information at the request of shareholders. Minutes of the meeting must be recorded accurately, fully and timely in accordance with the laws, submitted together with the AGM Resolution to HOSE and SSC and posted on Vinamilk's website within 24 hours after the meeting.
- » Due to the complicated pandemic situation and to ensure the safety of shareholders, the Company held the AGM 2021 online in accordance with current law. All documents related to the AGM (including minutes and resolutions of the AGM), not only in 2021 but also from previous years are kept on Vinamilk's website in both Vietnamese and English for shareholders' easy access at: <https://www.vinamilk.com.vn/vi/dai-hoi-dong-co-dong>.

PRINCIPLE 9.3

Implement a fair and consistent dividend policy.



Vinamilk's dividend policy is approved by the AGM based on the Company's business results in the year. Normally, Vinamilk shall pay dividends to shareholders in 03 (three) installments during the year.



The AGM approves the cash dividend payment for 2021 as at least 50% of consolidated net profit after tax (excluding net profit after tax allocated to minority shareholders). Specifically:

- The first advance payment of 2021: VND 1,500/share, made on September 30, 2021.
- The second advance payment of 2021: VND 1,400/share, made on February 25, 2021.

Thus, the Company has made advance payments for dividends with a total amount of VND 6,061 billion. The remaining dividend of 2021 will be decided by the AGM 2022.



Dividend for the financial year 2020: The total dividend of the financial year 2020 approved by the AGM 2020 is VND 7,871 billion, equivalent to 71% of the Company's consolidated net profit after tax (in 2019 the total dividend was VND 7,836 billion, equivalent to 74% of the Company's consolidated net profit after tax).

PRINCIPLE 9.4

Related party transactions should be approved and conducted in a manner that ensures conflicts of interest are properly managed and protects the interests of the Company and its shareholders.



The Company has developed a risk management policy and avoids conflicts of interest. Accordingly, all management levels must declare information for the purpose of controlling transactions to avoid conflicts of interest of internal people and related parties

During the financial year ended December 31, 2021, business transactions between Vinamilk and its insiders and related parties are presented on page 227 of the attached financial statements.

Stock trading transactions of insiders and insiders' related parties are disclosed as below:

Stock trading transactions by insiders:

	INSIDERS	Position at Vinamilk	Ownership at year beginning		Ownership at year end		Note
			Number of shares	%	Number of shares	%	
1	Mrs. Mai Kieu Lien	BOD member cum CEO	6,400,444	0.31%	6,400,444	0.31%	
2	Mrs. Nguyen Thi Thanh Hoa	Executive Director	1,108,184	0.05%	1,108,184	0.05%	
3	Mr. Tran Minh Van	Executive Director	887,236	0.04%	887,236	0.04%	
4	Mr. Mai Hoai Anh	Executive Director	512,511	0.02%	512,511	0.02%	
5	Mr. Le Thanh Liem	BOD member cum Finance Director	493,381	0.02%	493,381	0.02%	
6	Mr. Trinh Quoc Dung	Executive Director	241,950	0.01%	241,950	0.01%	
7	Mrs. Bui Thi Huong	Executive Director	134,176	0.01%	134,176	0.01%	
8	Mr. Phan Minh Tien	Executive Director	115,716	0.01%	1,616	0.00%	(*)
9	Mr. Nguyen Quoc Khanh	Executive Director	29,755	0.00%	29,755	0.00%	
10	Mr. Nguyen Quang Tri	Executive Director	7,651	0.00%	7,651	0.00%	(**)

(*) : Sale after resigning from the Executive Director position
(**) : Appointed on July 05, 2021

Stock trading transactions by related parties:

	RELATED PARTIES	Relationship with insiders	Ownership at year beginning		Ownership at year end		Increase/ (decrease)
			Number of shares	%	Number of shares	%	
1	State Capital Investment Corporation	Mrs. Dang Thi Thu Ha, Mr. Le Thanh Liem, Mr. Hoang Ngoc Thach	752,476,602	36.00%	752,476,602	36.00%	-
2	F&N Dairy Investments Pte Ltd	Mr. Michael Chye Hin Fah and Mr. Lee Meng Tat	369,752,859	17.69%	369,752,859	17.69%	-
3	F&Nbev Manufacturing Pte. Ltd.	Mr. Michael Chye Hin Fah and Mr. Lee Meng Tat	56,432,376	2.70%	56,432,376	2.70%	-
4	Platinum Victory Pte. Ltd.	Mr. Alain Xavier Cany	221,856,553	10.62%	221,856,553	10.62%	-
5	Mr. Mai Quang Liem	Mrs. Mai Kieu Lien's brother	36,094	0.00%	36,094	0.00%	-
6	Mrs. Le Thi Ngoc Thuy	Mrs. Mai Kieu Lien's sister-in-law	619,303	0.03%	619,303	0.03%	-
7	Mr. Nguyen Minh An	Mrs. Nguyen Thi Thanh Hoa's brother	251,721	0.01%	251,721	0.01%	-
8	Mrs. Duong Thi Ngoc Trinh	Mr. Mai Hoai Anh's mother	275,976	0.01%	275,976	0.01%	-
9	Mrs. Nguyen Lan Huong	Mrs. Nguyen Thi Thanh Hoa's sister-in-law	15,574	0.00%	15,574	0.00%	-

E STAKEHOLDER RELATIONS

PRINCIPLE 10: BUILDING EFFECTIVE STAKEHOLDER ENGAGEMENT



The BOD commits to considering and respecting the interests of all stakeholders affected by the Company's activities.

- » Vinamilk has been well applying the Company's Code of Conduct to stakeholders. This Code of Conduct is published on the Company's website at: <https://www.vinamilk.com.vn/vi/he-thong-quan-tri>
- » In addition, the Company has also issued policies on the management of related-party transactions. And during the year, no transactions having conflicts of interest with the Company were detected. The anti-corruption and anti-bribery policies are also strictly enforced by the Company.



RISK MANAGEMENT REPORT

2021 has concluded with many unprecedented difficulties for the economy and people's life all over the world, including Vietnam. The pandemic spread out, many dangerous variants appeared, many disease prevention and control measures were applied nationwide, which severely affected production, trade, goods circulation and implementation of business plans and strategies.

The Covid-19 pandemic posed a major problem for businesses: how to maintain operations not only during the pandemic but also in the future with increasing uncertainties? The answer is having

effective corporate governance as the foundation for businesses to keep their hands on the wheel to weather continuous waves of unpredictable changes, as it plays a key role in maintaining smooth operations, readily responding to potential risks and seizing opportunities for sustainable growth.

2021 marks the 45th anniversary of Vinamilk's continuous and sustainable development. In a period full of challenges, Vinamilk has made timely responses to achieve the dual goal of ensuring growth and stabilizing

business activities while complying with pandemic control regulations. To accomplish this, the Company's risk management system has been effective, helping Vinamilk to increase its resilience to fluctuations, adapt flexibly to crises, maintain continuous operations and keep sustainable growth in 2021.

Vinamilk's risk management structure

The Company's risk management structure consists of four elements: Establishment - Management - Execution - Assurance.

The structure is consistent and reasonable, defining roles and responsibilities of different levels.



- Kí hiệu:
- Establish
 - Manage
 - Enforce
 - Guarantee
 - Risk reporting channel
 - Two-way information exchange or joint risk management

Vinamilk's Risk Management Framework is designed according to the ISO 31000 risk management framework, to ensure the system's establishment, operation, integration and continuous improvement

Corresponding to the above risk management framework, the risk management system at Vinamilk is based on three layers of protection

PREVENTION 	This element places an emphasis on minimizing the likelihood of a risk occurring through careful risk assessment and the establishment of preventive control methods.
DETECTION 	This element has two main objectives: (i) To reduce the probability of the occurrence of risks through early detection by key risk indicators. (ii) To minimize the level of impact or damage.
SOLUTION/ EXECUTION 	This element aims at minimizing the impact/damage when the actual risk occurs.

Risk management activities implemented in 2021

In 2021, the year full of difficulties and challenges, risk management activities at Vinamilk were maintained regularly to manage risks specified in the portfolio, according to the process of risk identification, assessment, monitoring and reporting, featuring the following activities:

1 Risk management during the Covid-19 pandemic

In the context of consecutive Covid-19 outbreaks with complicated developments in 2021, Vinamilk assessed the impacts of the pandemic on key aspects in production and business activities, then carried out corresponding response plans to minimize the pandemic impacts and ensure the Company's continuous operations: Strategy and Execution – Finance – Operations – Compliance, Legal – Force Majeure. These risks are regularly monitored, periodically assessed, and strict and timely control measures are put in place to prevent and minimize damage if a risk occurs.

2 Implementation of Project Review and upgrade Vinamilk’s risk management system:

In 2021, Vinamilk implemented a project titled “Review and upgrade the risk management system” with the consulting firm PwC Vietnam, with a view to improving Vinamilk’s risk management system according to advanced practices. The project team carried out a comprehensive assessment of the current risk management system, reviewed and updated its documentation based on comparisons with advanced practices in the world, the common risk portfolio of the dairy and beverage industry and the Company’s strategy and objectives, taking into account changes in the external context (economic, political, technological, the pandemic, etc.) and the internal context (the Company’s development strategies, activities, structure, etc.).

- » Deployed the Vinamilk Risk Management Culture survey.
- » Conducted a comprehensive assessment of the current risk management structure and system in terms of human resources, techniques, processes, and technology.
- » Conducted a survey with the Audit Committee and the General Director on Risk Appetite and Credit Rating with the Internal Control system.
- » Reviewed and updated risk appetite, risk portfolio, risk measurement criteria/parameters, key risk indicators (KRIs) of the Company.
- » Reviewed and updated the documentation related to risk management activities such as policies, procedures and implementation forms.
- » Ensured that business continuity is integrated into the Company’s risk control.

“ We are honored to support Vinamilk in implementing this key project of the Company. We have reviewed the risk management function through multiple lenses and made recommendations for improvement in line with best practices with fine-tuning that aligns with purpose, culture and specific characteristics of Vinamilk to support the Company in achieving business goals, strategies and sustainable development. We believe that the commitment and leadership from the company’s management is an important basis for the project to be successfully implemented, which founded a solid launch pad for the Company’s new initiatives on Risk Management in 2022 and going forwards.

”

Mr. Xavier Potier
Deputy General Director and Project Leader “Review and upgrade the Risk Management system”
Representative of consulting firm PwC Vietnam

Risk management activities to be implemented in 2022:

In 2022, the world’s economic, political and social situation will experience even more unpredictable changes, especially as the pandemic develops with new variants of the virus and will expose to a lot of potential risks. This continues to be a major obstacle for Vinamilk’s growth targets.

With “Control of risks” as one of Vinamilk’s “5Cs” to achieve new goals in the 2022-2016 five-year plan, risk management activities at Vinamilk will continue to focus on integration to increase the effectiveness of the system, ensuring effective control of risks and maintain business continuity through the following key activities:



Establish a comprehensive training program to equip necessary knowledge of risk management for all levels, ready resources to meet the Company’s strategy for the next 5 years (2022 - 2026).



Applying the results of the Project to review and upgrade the Risk Management system into practice.



Continue to maintain and promote control assessment every 6 months and expand to risks in Risk List 2022.



Planning digital transformation applications through the selection of appropriate Risk Management software for risk management activities.

With the above highlights, Risk Management will become more and more deeply embedded in daily work and become an indispensable part, not only helping Vinamilk become more and more stable in ensuring the achievement of its goals, but also bringing the system to the next level. Risk management takes a new step of maturity.



CHAPTER 06

SUSTAINABLE DEVELOPMENT

Summary of the Sustainable Development Report 158

SUSTAINABLE DEVELOPMENT

VINAMILK

BUILDING TRUST

SHARING PROSPERITY AND ACCOMPANYING STAKEHOLDERS

“TOWARDS A BETTER DECADE OF SUSTAINABLE DEVELOPMENT”



Sustainable development is the “Green Card” to help businesses reach their aspirations of economic prosperity, environmental sustainability and social justice. Especially in the context of pandemic-induced economic disruption combined with imbalances in the labor market and disparities in technological, educational, healthcare and other development, there is a risk of divergence in national trajectories as humanity begins to accelerate its recovery from the pandemic.

For 45 years, Vinamilk has confronted challenges and overcome limits to constantly transform, evolve and thrive. On the journey to bring Vietnamese Milk to the world, Vinamilk always puts people at the center of all activities and remains consistent in forging sustainable values to Build trust, to Share prosperity with stakeholders and to Accompany the government and stakeholders “Towards a better decade of Sustainable Development, leaving no one behind”.

Customers

Vinamilk is committed to and takes responsibility for meeting customers’ needs through affordable made-in-Vietnam, international-quality nutritional products which are:

- » Safe and high-quality products
- » Products that satisfy a wide range of customers
- » Nutritional products with the best benefits for human health
- » Green, clean, organic products
- » Environmentally friendly products

Shareholders

The Company’s current value is what attracts shareholders and investors, while its future value is the foundation of sustainable relationships. Investment in Vinamilk is an investment in sustainable growth values.

- » Ensuring shareholders’ interests
- » Information transparency
- » Advanced corporate governance
- » Green and sustainable investment

In addition to tangible values, Vinamilk expects shareholders, as the Company’s owners, to always support our business perspectives and responsibilities that have been committed to the society, and seek opportunities for improvement through sharing about the Sustainable Development trend and advanced practices to build a more sustainable community.

Partners

Vinamilk is committed to respect, fairness, transparency and cooperation for development.

Farming households

- » Comprehensive cooperation and commitment to improving Vietnam’s dairy industry
- » Reducing imports and helping farmers improve their lives through competitive purchasing policies and supportive financial solutions
- » Application and transfer of high-tech agriculture.

Associations and NGOs

- » Seeking opportunities for cooperation and participation, contributing to the sustainable development of the dairy industry
- » Being a proactive member to implement initiatives on sustainable development in Vietnam and the world.

Employees

Vinamilk always considers manpower as the core, the most valuable asset and the center during the course of utilizing resources and conducting activities at the Company. Vinamilk aims to build the best working environment for employees, concerning many aspects including:

- » Safe working conditions
- » Training and promotion
- » Good working conditions, incomes and benefitst
- » Respecting human rights, listening to employees’ opinions and aspirations
- » Encouraging employees to participate in unions and community activities
- » Positive personal growth, healthy work-life balance

Communities

Vinamilk has been and will continue contributing resources to develop together with local communities: implementing initiatives that are suitable for the local communities, conducting responsible production and business, participating in community building activities and investing in public health for a rising Vietnam.
















- » Nutrition consulting and public health care
- » Cooperation to overcome the pandemic
- » Creating economic growth opportunities for the communities where the Company operates
- » Participating in environmental protection and climate change response
















Government

Vinamilk accompanies the government to create a better Vietnam, through:

- » Contributing to the national budget and economic growth
- » Pioneering in the strategy of enhancing the competitiveness of Vietnamese brands in the international market
- » Becoming one of the leading enterprises in creating jobs, improving living standards and increasing incomes for employees
- » Promoting the dairy industry, contributing to local economic development and national sustainable development

KEY SUSTAINABLE DEVELOPMENT PILLARS AT VINAMILK

Areas	Aspects	Key areas	SDGs
Economy	Rural Economies	Development of the dairy industry	     
		Procurement and prioritization of appropriate local sourcing	
		Value for stakeholders	
	Market Development	Expanding sustainability activities to suppliers in the supply chain	
		Sustainable investment, employing relevant SD criteria in the assessment when there are investment opportunities.	
Society	Working Conditions	Building a safe working environment and taking care of employees' health.	     
		Respect in the spirit of voluntariness, equality, non-discrimination, respect for human rights and attention to the voices of employees.	
		Positive and healthy development, cultivating talents through training and promotion, ensuring income and welfare, encouraging and facilitating community activities, balancing work and life.	
		Culture of integrity and business ethics in the organization	
	Product Safety & Quality	Transparent labeling information	  
		Transparent, honest and responsible communication and marketing	
		Safe and quality products	


Areas	Aspects	Key areas	SDGs
Environment	Greenhouse Gas Emissions	Using resources efficiently and responsibly	        
		Reducing greenhouse gas emissions, responding to climate change	
		Technology application in production and animal husbandry	
		Using green energy: solar energy, Bio-mas, CNG, etc.	
	Waste	Application of 3R (Reduce, Reuse, Recycle) and circular economy solutions	
		Wastewater and waste control	
	Water Availability & Quality	Efficient and responsible use of water	
	Biodiversity	Protecting biodiversity	
Industry standards	Product Safety & Quality	Products to meet a variety of needs	     
		Green, clean, organic products	
	Animal Care		
		Well-being for cows	

VINAMILK'S SUSTAINABLE DEVELOPMENT ACTIVITIES IN 2021 IN LINE WITH UNITED NATION'S 17 SUSTAINABLE DEVELOPMENT GOALS



1 No poverty

- Jobs for more than **7,933** employees
- Local economic development



2 Zero hunger

- Over 250 SKUs in Vinamilk's portfolio covering all **63/63 provinces**.
- 45.000** milk boxes brought to children under Covid-19 quarantine during the Lunar New Year.
- Easing the pandemic burden through **VND 170 billion** worth of product subsidization.
- Over **38.7 million glasses of milk** brought to more than **479,000** disadvantaged children by 2021.




3 Good health and well-being

- >50%** of the product portfolio are food supplements.
- Providing milk for school milk programs in **25** provinces and cities nationwide.
- 23** communication programs and **13** on-field consultations for local communities on nutritional health, Covid-19 vaccination and prevention.
- Contributing **VND 10 billion** to support children's Covid-19 vaccines, supporting children affected by the pandemic.
- VND 5 billion** to purchase medical equipment and supplies for frontline hospitals in Ho Chi Minh City
- 45,000** gifts for people in need in 03 provinces: HCMC; Dong Nai, Binh Duong.
- Donating **VND 500 million** to support surgery initiatives for children with congenital heart disease.
- Donating nearly **4 million** products to frontline medics, children and people in need of support.
- Donating nearly **200,000** Sure Prevent Gold products to **10.000** healthcare workers in more than 63 hospitals across the country.
- Providing more than **700,000** products for the frontline medics in Ho Chi Minh City.




4 Quality Education

- 585** training courses with a participation of **25.267** attendees.
- Vocational training and support for local dairy farming practices.




5 Gender equality

- No discrimination.
- 40%** Females account for 40% of management teams.



6 Clean water and sanitation

- 100%** of production wastewater undergone standardized treatment process.
- 100%** compliance from member units regarding the permitted water consumption.
- 100%** of water used meeting standards.



7 Affordable and clean energy

- Rate of renewable energy/fuel: **86,52%** (production).
- Solar power at farms and factories.




8 Decent work and economic growth

- High-income jobs for **7,933** employees.
- Export to **57** countries and regions.
- Occupational health and safety management system according to ISO 45001
- The world's **Top 8** most valuable dairy brands (valued at USD 2.4 billion).
- The world's **Top 27** most valuable food brands.
- The world's **Top 36** dairy companies in terms of revenue (according to Plimsoll - UK).



9 Industry, innovation and infrastructure

- Deploying **69** initiatives on energy saving and sustainable development
- 100%** of the infrastructure reviewed to look for new investment opportunities



10 Reduced inequalities

- No complaints about inequality
- No complaints about discrimination
- No forced labor, no child labor



11 Sustainable cities and communities

- 100%** waste disposal service providers properly licensed.
- No environmental complaints from the local communities.
- "Best Community Program Award"** honored by The Global CSR Awards.
- "Asia's Best Community Centric Company Of The Year 2021"** honored by the **Asia Excellence and Sustainability Awards 2021** (ACES Awards)




12 Responsible consumption and production

- Factory system certified to FSSC 22000, ISO 14001, ISO 50001, Organic EU, Organic China
- Farm system certified to Global GAP, Organic EU, Organic China, Organic USDA NOP
- Compliance with social responsibilities according to SMETA Sedex 4 Pillars standards
- Transparency of information to stakeholders
- Good customer services
- Ranking in **Top 10** Vietnamese Sustainable Enterprises in the manufacturing sector for six consecutive years.



13 Climate action

- Deploying **69** initiatives on energy saving and sustainable development.
- Application of renewable energy and circular economy.




14 Life below water

- Production wastewater properly treated before discharge.



15 Life on land

- The entire farm system certified to GlobalGAP
- 3** farms certified to EU Organic.
- 2** farms certified to China Organic
- 1** farm certified to USDA NOP Organic



16 Peace, justice and strong institutions

- Giving comments and feedbacks to the elaboration and amendment of legal documents.
- Supporting and accompanying the government towards **17** sustainable development goals.



17 Partnerships for the goal

- Promoting and establishing a Vietnamese mechanism for dairy export activities.
- Sustainable companionship with suppliers, partners and farming households.
- Cooperation in implementing a sustainable development project under the global DSF (Dairy Sustainability Framework).



CHAPTER 07

FINANCIAL STATEMENTS

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES CORPORATE INFORMATION

Business Registration Certificate No.	4103001932 0300588569	20 November 2003 26 October 2020
	The Company's business registration certificate has been amended several times, the most recent of which is by the Business Registration Certificate No. 0300588569 dated 26 October 2020. The business registration certificate and its updates were issued by Ho Chi Minh City Planning and Investment Department.	

Board of Directors	Mdm. Le Thi Bang Tam	Chairwoman
	Mdm. Mai Kieu Lien	Member
	Mr. Lee Meng Tat	Member
	Ms. Dang Thi Thu Ha	Member
	Mr. Le Thanh Liem	Member
	Mr. Michael Chye Hin Fah	Member
	Mr. Do Le Hung	Member
	Mr. Alain Xavier Cany	Member
	Ms. Nguyen Thi Tham	Member (until 26 April 2021)
	Ms. Tieu Yen Trinh	Member (from 26 April 2021)
	Mr. Hoang Ngoc Thach	Member (from 26 April 2021)

Board of Management	Mdm. Mai Kieu Lien	Chief Executive Officer
	Ms. Bui Thi Huong	Executive Director – Human Resource – Administration and Public Relation
	Mr. Mai Hoai Anh	Executive Director – Sales
	Mr. Le Thanh Liem	Executive Director – Finance
	Mr. Nguyen Quang Tri	Executive Director – Marketing (from 5 July 2021)
	Mr. Phan Minh Tien	Executive Director – Marketing (until 1 June 2021)
	Bà Nguyễn Thị Thanh Hòa	Executive Director – Supply chain (until 1 January 2022)
	Mr. Le Hoang Minh	Executive Director – Production (from 1 February 2022)
	Mr. Tran Minh Van	Executive Director – Production (until 1 February 2022)
	Mr. Nguyen Quoc Khanh	Executive Director – Research and Development
	Mr. Trinh Quoc Dung	Executive Director – Raw Materials Development

Registered Office 10 Tan Trao, Tan Phu Ward District 7, Ho Chi Minh City Vietnam

Auditor KPMG Limited Vietnam

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES STATEMENT OF THE BOARD OF MANAGEMENT

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

The Board of Management is responsible for the consolidated financial statements of Vietnam Dairy Products Joint Stock Company ("the Company") and its subsidiaries (together referred to as "the Group") which give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of the consolidated results of operations and consolidated cash flows for the year then ended. In preparing these consolidated financial statements, the Board of Management is required to:

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

The Board of Management is responsible for ensuring that proper accounting records are maintained, which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and which enable these consolidated financial statements to be prepared which comply with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. The Board of Management is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements set out on pages 7 to 64 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of the consolidated results of operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

On behalf of the Board of Management



Mai Kieu Lien
Chief Executive Officer

Ho Chi Minh City, 28 February 2022

FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders
Vietnam Dairy Products Joint Stock Company and its subsidiaries

We have audited the accompanying consolidated financial statements of Vietnam Dairy Products Joint Stock Company (“the Company”) and its subsidiaries (together referred to as “the Group”), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company’s Board of Management on 28 February 2022, as set out on page 170 to page 229.

Management’s Responsibility

The Company’s Board of Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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

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

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

Auditor’s Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Vietnam Dairy Products Joint Stock Company and its subsidiaries as at 31 December 2021 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited’s Branch in Ho Chi Minh City, Vietnam
Audit Report No.: 21-01-00189-22-8



Chong Kwang Puay
Practicing Auditor Registration
Certificate No. 0864-2018-007-1
Deputy General Director



Ha Vu Dinh
Practicing Auditor Registration
Certificate No. 0414-2018-007-1

Ho Chi Minh City, 28 February 2022

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Consolidated statement of financial position as at 31 December 2021

Form B 01 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2021 VND	1/1/2021 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		36,109,910,649,785	29,665,725,805,058
Cash and cash equivalents	110	V.1	2,348,551,874,348	2,111,242,815,581
Cash	111		1,187,350,251,579	863,853,260,384
Cash equivalents	112		1,161,201,622,769	1,247,389,555,197
Short-term financial investments	120		21,025,735,779,475	17,313,679,774,893
Trading securities	121	V.4(a)	1,119,781,812	1,124,178,861
Allowance for diminution in the value of trading securities	122	V.4(a)	(666,201,430)	(936,520,806)
Held-to-maturity investments	123	V.4(b)	21,025,282,199,093	17,313,492,116,838
Accounts receivable – short-term	130		5,822,028,742,791	5,187,253,172,150
Accounts receivable from customers	131		4,367,766,482,060	4,173,563,213,813
Prepayments to suppliers	132		655,822,646,219	546,236,562,342
Short-term loans receivable	135		-	150,000,000
Other short-term receivables	136	V.3(a)	810,697,107,773	483,737,475,103
Allowance for doubtful debts	137	V.2	(12,257,493,261)	(16,434,079,108)
Inventories	140	V.5	6,773,071,634,017	4,905,068,613,616
Inventories	141	V.5	6,820,486,391,670	4,952,848,688,011
Allowance for inventories	149	V.5	(47,414,757,653)	(47,780,074,395)
Other current assets	150		140,522,619,154	148,481,428,818
Short-term prepaid expenses	151	V.11(a)	57,272,673,101	57,414,707,597
Deductible value added tax	152		79,012,114,725	37,158,670,216
Taxes receivable from State Treasury	153		4,237,831,328	53,908,051,005

The accompanying notes are an integral part of these consolidated financial statements

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Consolidated statement of financial position as at 31 December 2021 (continued)

Form B 01 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2021 VND	1/1/2021 VND
Long-term assets (200 = 210 + 220 + 230 + 240 + 250 +260)	200		17,222,492,788,434	18,766,754,868,571
Accounts receivable – long-term	210		16,695,104,495	19,974,111,715
Other long-term receivables	216	V.3(b)	16,695,104,495	19,974,111,715
Fixed assets	220		12,706,598,557,849	13,853,807,867,036
Tangible fixed assets	221	V.6	11,620,094,589,519	12,717,306,878,414
Cost	222		27,645,343,065,556	27,037,635,338,368
Accumulated depreciation	223		(16,025,248,476,037)	(14,320,328,459,954)
Intangible fixed assets	227	V.7	1,086,503,968,330	1,136,500,988,622
Cost	228		1,341,664,803,067	1,338,628,984,267
Accumulated amortisation	229		(255,160,834,737)	(202,127,995,645)
Investment property	230	V.8	60,049,893,676	59,996,974,041
Cost	231		98,822,678,885	81,481,271,444
Accumulated depreciation	232		(38,772,785,209)	(21,484,297,403)
Long-term work in progress	240		1,130,023,695,910	1,062,633,519,957
Long-term work in progress	241	V.9	295,204,758,395	268,812,038,616
Construction in progress	242	V.10	834,818,937,515	793,821,481,341
Long-term financial investments	250		743,862,023,831	973,440,912,476
Investments in associates, joint venture	252	V.4(c)	661,023,754,422	686,485,729,063
Equity investments in other entities	253	V.4(c)	101,921,059,081	101,924,299,081
Allowance for diminution in the value of long-term financial investments	254	V.4(c)	(19,082,789,672)	(14,969,115,668)
Held-to-maturity investments	255	V.4(b)	-	200,000,000,000
Other non-current assets	260		2,565,263,512,673	2,796,901,483,346
Long-term prepaid expenses	261	V.11(b)	725,108,101,375	713,499,307,014
Deferred tax assets	262	V.12(a)	27,147,520,911	24,854,170,720
Goodwill	269	V.13	1,813,007,890,387	2,058,548,005,612
TOTAL ASSETS (270 = 100 + 200)	270		53,332,403,438,219	48,432,480,673,629

The accompanying notes are an integral part of these consolidated financial statements

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Consolidated statement of financial position as at 31 December 2021 (continued)

Form B 01 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2021 VND	1/1/2021 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		17,482,289,188,835	14,785,358,443,807
Current liabilities	310		17,068,416,995,519	14,212,646,285,475
Accounts payable to suppliers	311	V.14	4,213,887,652,294	3,199,186,016,787
Advances from customers	312		66,036,392,886	111,159,982,412
Taxes payable to State Treasury	313	V.16	648,146,741,635	659,550,222,596
Payables to employees	314		304,671,997,074	279,673,306,451
Accrued expenses	315	V.17	1,817,263,017,920	1,910,213,748,076
Short-term unearned revenue	318		3,983,400,698	15,927,234,779
Other short-term payables	319	V.18	114,417,067,658	145,835,054,429
Short-term borrowings	320	V.15(a)	9,382,354,118,118	7,316,497,078,307
Provision	321	V.19	10,290,982,323	15,278,019,908
Bonus and welfare fund	322	V.20	507,365,624,913	559,325,621,730
Long-term liabilities	330		413,872,193,316	572,712,158,332
Other long-term payables	337	V.18	21,900,931,811	59,731,299,502
Long-term borrowings	338	V.15(b)	75,636,000,000	167,421,748,884
Deferred tax liabilities	341	V.12(b)	316,335,261,505	345,559,109,946

The accompanying notes are an integral part of these consolidated financial statements

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Consolidated statement of financial position as at 31 December 2021 (continued)

Form B 01 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2021 VND	1/1/2021 VND
EQUITY (400 = 410)	400		35,850,114,249,384	33,647,122,229,822
Owners' equity	410	V.21	35,850,114,249,384	33,647,122,229,822
Share capital	411	V.22	20,899,554,450,000	20,899,554,450,000
Share premium	412		34,110,709,700	-
Other capital	414		202,658,418,215	202,658,418,215
Treasury shares	415	V.22	-	(11,644,956,120)
Foreign exchange differences	417		253,569,601	10,647,239,612
Investment and development fund	418		4,352,441,335,060	3,286,241,911,090
Retained profits	421		7,594,260,378,375	6,909,725,668,453
- Retained profits brought forward	421a		2,521,098,332,953	1,578,060,922,710
- Profit for the current year	421b		5,073,162,045,422	5,331,664,745,743
Non-controlling interest	429		2,766,835,388,433	2,349,939,498,572
TOTAL RESOURCES (440 = 300 + 400)	440		53,332,403,438,219	48,432,480,673,629

28 February 2022

Prepared by:



Le Thanh Liem
Executive Director – Finance
cum Chief Accountant

Approved by:



Mai Kieu Lien
Chief Executive Officer

The accompanying notes are an integral part of these consolidated financial statements

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Consolidated statement of income for the year ended 31 December 2021

Form B 02 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2021 VND	2020 VND
Revenue from sales of goods and provision of services	01	VI.1	61,012,074,147,764	59,722,908,393,236
Revenue deductions	02	VI.1	92,909,301,618	86,622,167,689
Net revenue (10 = 01 - 02)	10	VI.1	60,919,164,846,146	59,636,286,225,547
Cost of sales	11	VI.2	34,640,863,353,839	31,967,662,837,839
Gross profit (20 = 10 - 11)	20		26,278,301,492,307	27,668,623,387,708
Financial income	21	VI.3	1,214,683,819,394	1,581,092,655,317
Financial expenses	22	VI.4	202,338,232,232	308,569,328,835
In which: Interest expense	23		88,799,090,663	143,818,465,177
Share of (loss)/profit in associates	24	V.4(c)	(45,044,429,889)	3,882,188,676
Selling expenses	25	VI.5	12,950,670,402,404	13,447,492,622,165
General and administration expenses	26	VI.6	1,567,312,426,985	1,958,155,456,285
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		12,727,619,820,191	13,539,380,824,416
Other income	31	VI.7	422,823,192,290	212,386,195,135
Other expenses	32	VI.8	228,207,525,562	233,230,932,527
Results of other activities (40 = 31 - 32)	40		194,615,666,728	(20,844,737,392)
Profit before tax (50 = 30 + 40)	50		12,922,235,486,919	13,518,536,087,024
Income tax expense – current	51	VI.10	2,320,981,674,175	2,310,674,009,890
Income tax benefit – deferred	52	VI.10	(31,282,159,734)	(27,870,156,991)
Net profit after tax (60 = 50 - 51 - 52) (carried forward to next page)	60		10,632,535,972,478	11,235,732,234,125

The accompanying notes are an integral part of these consolidated financial statements

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Consolidated statement of income for the year ended 31 December 2021 (continued)

Form B 02 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2021 VND	2020 VND
Net profit after tax (60 = 50 - 51 - 52) (brought forward from previous page)	60		10,632,535,972,478	11,235,732,234,125
Attributable to:				
Equity holders of the Company	61		10,532,477,099,899	11,098,936,856,369
Non-controlling interest	62		100,058,872,579	136,795,377,756
Basic earnings per share	70	VI.11	4,517	4,770

28 February 2022

Prepared by:



Le Thanh Liem
Executive Director – Finance
cum Chief Accountant

Approved by:



Mai Kieu Lien
Chief Executive Officer

The accompanying notes are an integral part of these consolidated financial statements

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Consolidated statement of cash flows for the year ended 31 December 2021 (Indirect method)

Form B 03 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2021 VND	2020 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		12,922,235,486,919	13,518,536,087,024
Adjustments for				
Depreciation and amortisation	02		2,121,337,734,780	2,208,866,621,752
Amortisation of goodwill	02	V.13	245,540,115,225	608,148,574,973
Allowances and provisions	03		33,465,629,186	49,503,861,013
Exchange (gain)/losses arising from revaluation of monetary items	04		(1,658,368,628)	637,221,447
Gain on revaluation to fair value of investment in an associate when it becomes a subsidiary	05		-	(300,636,476,590)
Losses on disposals/written off of fixed assets and construction in progress	05		73,844,049,508	43,139,101,409
Dividends, interest income and other gain from investment activities	05		(1,106,041,407,749)	(1,177,792,557,781)
Share of loss/(profit) in associates	05		45,044,429,889	(3,882,188,676)
Interest expense	06	VI.4	88,799,090,663	143,818,465,177
Income from waiver of borrowing	07		(70,747,452,470)	-
Operating profit before changes in working capital	08		14,351,819,307,323	15,090,338,709,748
Change in receivables	09		(516,850,818,361)	(714,954,818,416)
Change in inventories	10		(2,260,680,842,222)	(270,075,299,427)
Change in payables and other liabilities	11		1,484,048,321,527	(212,797,659,741)
Change in prepaid expenses	12		115,756,136	23,640,914,247

The accompanying notes are an integral part of these consolidated financial statements

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Consolidated statement of cash flows for the year ended 31 December 2021 (Indirect method - continued)

Form B 03 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Mã số	Thuyết Minh	2021 VND	2020 VND
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUE)				
Change in trading securities	13		-	23,488,016
Interest paid	14		(98,339,684,932)	(212,768,515,107)
Income tax paid	15	V.16	(2,356,597,912,369)	(2,286,330,907,427)
Other payments for operating activities	17		(1,171,540,563,209)	(1,236,906,523,665)
Net cash flows from operating activities	20		9,431,973,563,893	10,180,169,388,228
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(1,531,025,359,270)	(1,264,816,995,703)
Receipts from disposals of fixed assets and construction in progress	22		133,904,995,529	150,342,752,442
Payments for term deposits	23		(3,514,465,835,454)	(4,881,270,877,530)
Receipts from collecting loans	24		150,000,000	31,565,648,327
Payments for investments in other entities	25		(23,227,732,575)	(8,134,000)
Collections from investments in other entities	26		1,336,500,000	21,631,584,086
Receipts of interest and dividends	27		1,000,079,344,561	1,140,545,861,067
Net cash flows from investing activities	30		(3,933,248,087,209)	(4,802,010,161,311)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from sales of treasury shares	31		60,119,994,553	-
Proceeds from additional shares issued by a subsidiary to non-controlling interest	31		39,200,670,000	-
Proceeds from capital contributed by non-controlling interest	31		218,540,000,000	-

The accompanying notes are an integral part of these consolidated financial statements

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Consolidated statement of cash flows for the year ended 31 December 2021 (Indirect method - continued)

Form B 03 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2021 VND	2020 VND
CASH FLOWS FROM FINANCING ACTIVITIES (CONTINUE)				
Payments for repurchase of treasury shares from non-controlling interest	32		-	(14,364,328,733)
Proceeds from borrowings	33		9,596,960,360,003	7,769,144,505,494
Payments to settle loan principals	34		(7,551,460,199,195)	(5,753,602,224,085)
Payments of dividends	36		(7,523,560,503,000)	(7,836,199,623,000)
Payments of dividends of subsidiaries to non-controlling interest	36		(97,197,960,150)	(91,511,921,061)
Net cash flows from financing activities	40		(5,257,397,637,789)	(5,926,533,591,385)
Net cash flows during the year (50 = 20 + 30 + 40)	50		241,327,838,895	(548,374,364,468)
Cash and cash equivalents at the beginning of the year	60		2,111,242,815,581	2,665,194,638,452
Effect of exchange rate fluctuations on cash and cash equivalents	61		(2,270,210,170)	(1,530,516,223)
Currency translation differences	62		(1,748,569,958)	(4,046,942,180)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61 + 62)	70	V.1	2,348,551,874,348	2,111,242,815,581

28 February 2022

Prepared by:

Le Thanh Liem
Executive Director – Finance
cum Chief Accountant

Approved by:

Mai Kiều Liên
Chief Executive Officer

The accompanying notes are an integral part of these consolidated financial statements

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Notes to the consolidated financial statements for the year ended 31 December 2021

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

I CORPORATE INFORMATION

1 Ownership structure

Vietnam Dairy Products Joint Stock Company (“the Company”) is incorporated as a joint stock company in Vietnam.

Major milestones related to the establishment and development of the Company and its subsidiaries (collectively referred to as “the Group”) are achieved as follows:

- » 20 August 1976: The Company was established on the basis of three dairy factories: Thong Nhat Dairy Factory, Truong Tho Dairy Factory, Dielac Powdered Milk Factory.
- » 29 April 1993: Vietnam Dairy Products Company was established according to Decision No. 420/CNN/TCLD issued by the Ministry of Light Industry in form of a State-owned Enterprise.
- » 1 October 2003: The Company was equitised from a State-owned Enterprise of the Ministry of Industry according to Decision No. 155/2003/QĐ-BCN.
- » 20 November 2003: The Company was registered as a joint stock company and began operating under Enterprise Laws of Vietnam and its Business Registration Certificate No. 4103001932 was issued by Ho Chi Minh City Planning and Investment Department.
- » 28 December 2005: The State Securities Commission of Vietnam issued Listed Licence No. 42/UBCK-GPNY.
- » 19 January 2006: The Company’s shares were listed on Ho Chi Minh City Stock Exchange.
- » 12 December 2006: International Real Estates One Member Limited Company was established in accordance with the Business License No. 4104000260 issued by the Department of Investment and Planning of Ho Chi Minh City.
- » 14 December 2006: Vietnam Dairy Cow One Member Limited Company was established in accordance with the Business License No. 150400003 issued by the Department of Planning and Investment of Tuyen Quang Province.
- » 26 February 2007: Lam Son Dairy Joint Stock Company was established in accordance with the Business License No. 2603000521 issued by the Department of Planning and Investment of Thanh Hoa Province.
- » 24 June 2010: Lam Son Dairy Joint Stock Company was renamed as Lam Son Dairy One Member Company Limited.
- » 30 September 2010: Dielac Dairy One Member Company Limited was established based on the re-registration of F&N Food Vietnam Limited Company in accordance with the Investment Certificate No. 463041000209 issued by the Management of Vietnam – Singapore Industrial Park.

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

Form B 09 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

- » 18 September 2012: The Company issued the Decision No. 2482/QĐ-CTS.KSNB/2012 on the liquidation of the Dielac Dairy One Member Limited Company to establish a dependent branch of Vietnam Dairy Products Joint Stock Company. On 25 September 2012, the Management of Vietnam – Singapore Industrial Park issued the Decision No. 37/QĐ-BQL on the termination of operating activities of Dielac Dairy One Member Limited Company. In July 2013, Dielac Dairy One Member Limited Company had finalised its process of liquidation.
- » 21 October 2013: Thong Nhat Thanh Hoa Dairy Cow Limited Company was established in accordance to Business Registration Certificate No. 2801971744 issued by the Department of Investment and Planning of Thanh Hoa Province.
- » 6 December 2013: The Company received Foreign Investment Certificate No. 663/BKHĐT-ĐTRNN issued by the Ministry of Investment and Planning, investing in Driftwood Dairy Holding Corporation in California, the United States of America. As at 31 December 2013, the Company completed a transfer of its investment of USD7 million and held 70% of ownership in Driftwood Dairy Holding Corporation.
- » 6 January 2014: The Company received Foreign Investment Certificate No. 667/BKHĐT-ĐTRNN issued by the Ministry of Investment and Planning, investing in Angkor Dairy Products Co., Ltd. in Phnom Penh, Cambodia with 51% of ownership.
- » 24 February 2014: The Company's Board of Management issued the resolution to liquidate International Real Estate One Member Limited Company. On 14 January 2015, the Department of Planning and Investment of Ho Chi Minh City issued Notice No. 14191/15 to liquidate International Real Estate One Member Limited Company.
- » 30 May 2014: The Company received Foreign Investment Certificate No. 709//BKHĐT-ĐTRNN issued by the Ministry of Investment and Planning, to establish Vinamilk Europe sp.z.o.o in Poland with 100% of ownership.
- » 19 May 2016: The Company received Foreign Investment Certificate No. 201600140 issued by the Ministry of Investment and Planning, approved additional investment in Driftwood Dairy Holding Corporation amounted to USD3 million. As at 30 June 2016, the Company completed a transfer of its investment of USD3 million, bringing the total investment to USD10 million and increased ownership percentage in Driftwood Dairy Holding Corporation from 70% to 100%.
- » 19 January 2017: The Company received its 25th revised Business Registration certificate dated 18 January 2017, issued by the Ho Chi Minh Department of Planning and Investment. Accordingly, Lam Son Dairy Products One Member Company Limited was merged into the Company (prior to the merger, it was a 100% subsidiary owned by the Company). The Company completed the merger on 1 March 2017.

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- » 31 July 2017: On 23 March 2017, the Company received its first revised offshore investment registration certificate dated 10 March 2017 issued by the Ministry of Planning and Investment of Vietnam, in relation to Angkor Dairy Products Co., Ltd. ("Angkormilk"). Accordingly, the Company's total investment capital increased from USD10,210,000 to USD20,995,390. The reason of capital increase was to purchase the entire capital contribution of the local partner in Angkormilk. As at 31 July 2017, the Company completed the transfer of its investment, bringing the total investment to USD20.9 million and increased ownership percentage in Angkormilk from 51% to 100%.
- » 21 October 2017: On 30 September 2017, the Company entered into an agreement to acquire the remaining 3.89% of its equity interest in Thong Nhat Thanh Hoa Limited Company from non-controlling shareholders. The transaction was completed on 21 October 2017.
- » 1 November 2017: On 25 October 2017, the Company entered into an agreement to purchase newly issued shares of Khanh Hoa Sugar Joint Stock Company and took 65% equity interest. The transaction was completed on 1 November 2017. From 14 November 2017, Khanh Hoa Sugar Joint Stock Company changed its name to Viet Nam Sugar Joint Stock Company.
- » 23 November 2018: In July 2018, the Company entered into an agreement to acquire 51% equity interest of Lao-Jagro Development Xiengkhouang Co., Ltd to develop a high-tech beef – dairy farm complex. The transaction was completed on 23 November 2018. On 29 January 2019, the Company invested VND51,547 million representing its percentage of equity interest in this entity following the shareholders' decision. On 1 April 2019 and 15 July 2021, the Company paid VND154,391 million and VND20,790 million, respectively, to the former owners according to the Share Purchase Agreement.
- » 12 September 2019: On 12 September 2019, the Company received the second revised Oversea Investment Registration Certificate no. 201600140 in which the Company's investment in its 100% owned subsidiary named Driftwood Dairy Holding Corporation in California, United States increased from USD10 million to USD20 million. As at 30 September 2019, the Company completed the transfer of its investment.
- » 19 December 2019: The Company completed its acquisitions of 75% of equity interest of GTNFoods Joint Stock Company through various acquisition transactions.
- » 10 August 2020: The Company received the first amendment of the foreign Investment Registration Certificate dated 10 August 2020 from the Ministry of Planning and Investment to increase the Company's investment capital in Lao-Jagro from USD25,411,924 to USD66,413,630. On 19 April 2021 and 29 December 2021, the Company contributed capital amounting to VND328,578 million and VND11,232 million, respectively, to Lao-Jagro Development Xiengkhouang Co., Ltd. As the result, the Company's equity interest in Lao-Jagro Development Xiengkhouang Co., Ltd increased from 80.29% to 85.54%.

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- » 19 November 2020: The Company’s Board of Directors approved the resolution to close the subsidiary Vinamilk Europe Spółstka Z Ograniczona Odpowiedzialnoscia. In November 2021, the Company collected VND42,195 million from the dissolution. As at the issuance date of these consolidated financial statements, the dissolution was not completed.
- » 31 January 2021: On 31 January 2021, the Company, GTNFoods Joint Stock Company, and Vietnam Livestock Corporation – Joint Stock Company have completed the acquisition of 9.7 million, 29.5 million and 1.7 million additional shares issued by Moc Chau Dairy Cattle Breeding Joint Stock Company, respectively. As such, the effective economic interest of the Company in Moc Chau Dairy Cattle Breeding Joint Stock Company has increased from 28.61% to 47.12%.
- » 1 March 2021: Vibev Food and Beverage Joint Venture Company Limited, 51% owned subsidiary, was established in accordance with the Business License No. 0316724859 issued by the Ho Chi Minh City Planning and Investment Department. On 9 April 2021 and 10 June 2021, the Company contributed capital amounting to VND51,000 million and VND153,000 million, respectively, to Vibev Food and Beverage Joint Venture Company Limited for the establishment of this subsidiary.
- » 27 September 2021: Japan Vietnam Livestock Company Limited, 51% owned subsidiary of Vietnam Livestock Corporation – Joint Stock Company, was established in accordance with the Business License No. 0109752537 issued by the Ha Noi City Planning and Investment Department. Vietnam Livestock Corporation – Joint Stock Company contributed capital amounting to VND23,460 million to Japan Vietnam Livestock Company Limited for the establishment of this subsidiary.

2 Principal activities

The principal activities of the Group are to:

- » Process, manufacture and distribute milk cake, soya milk, fresh milk, refreshment drinks, bottled milk, powdered milk, nutritious powder and other products from milk
- » Trade in food technology, spare parts, equipment, materials and chemicals
- » Trade in real estate, own or lease land use rights (according to Article no. 11.3 of 2014 Real Estate Law)
- » Trade in warehouse, yards
- » Provide internal transportation by cars for manufacturing and consuming Company’s products
- » Manufacture, sell and distribute beverages, grocery and processing foods, roasted-ground-filtered and instant coffee (not manufacturing and processing at the head office)
- » Manufacture and sell plastic, packaging (not at the head office)
- » Provide healthcare clinic services (not at the head office)
- » Raise cattle, cultivation
- » Retail sugar, milk and products from milk, bread, jam, candy and products processed from cereal, flour, starch and other food

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- » Retail alcoholic drinks, non-alcoholic drinks (carbonated and non-carbonated soft drinks), natural mineral water, low-alcoholic or non-alcoholic wine and beer.
- » Manufacture and trade products from tea and wine
- » Manufacture, breed, process and trade cattle and poultry products and premix products for livestock.

3 Normal operating cycle

The normal operating cycle of the Company is generally within 12 months.

4 Group structure

As at 31 December 2021, the Group had 12 subsidiaries and 8 associates, 1 joint venture and dependent units (1/1/2021: the Group had 10 subsidiaries and 9 associates and dependent units) as follows:

(a) Subsidiaries

Name	Location	Principal activities	Economic interest	
			31/12/2021	1/1/2021
Directly owned subsidiaries				
Vietnam Dairy Cow One Member Limited Company	10 Tan Trao, Tan Phu Ward, District 7, Ho Chi Minh City	Dairy cow raising	100.00%	100.00%
Thong Nhat Thanh Hoa Dairy Cow One Member Limited Company	Ward 1, Thong Nhat Town, Yen Dinh District, Thanh Hoa Province	Milk production and cattle raising	100.00%	100.00%
Driftwood Dairy Holding Corporation	No. 10724, Street Lower Azusa and El Monte Boulevards Intersection, California 91731-1390, United States	Milk production	100.00%	100.00%
Angkor Dairy Products Co., Ltd.	Lot P2-096 and P2-097, Phnom Penh Special Economic Zone (PPSEZ), National Highway 4, Khan Posenchey, Phnom Penh, Kingdom of Cambodia	Milk production	100.00%	100.00%
Vinamilk Europe Spółstka Z Ograniczona Odpowiedzialnoscia	Ul, Gwiazdzista 7a/401-651 Warszawa, Poland	Dairy raw materials and animal trading	100.00%	100.00%
Vietnam Sugar Joint Stock Company	Thuy Xuong Village, Suoi Hiep Commune, Dien Khanh District, Khanh Hoa Province	Sugar producing and refining	65.00%	65.00%
Lao-Jagro Development Xiengkhouang Co., Ltd.	Boungvene Village, Paek District, Xiengkhouang Province, Lao PDR	Dairy cow raising and agricultural products trading	85.54%	80.29%

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Name	Location	Principal activities	Economic interest	
			31/12/2021	1/1/2021
Directly owned subsidiaries (continued)				
GTNFoods Joint Stock Company	14th floor, A Tower, Handi Resco Building, 521 Kim Ma, Ngoc Khanh Ward, Ba Dinh District, Ha Noi	Manufacturing and trading products from milk, tea and wine	75.00%	75.30%
Vibev Food and Beverage Joint Venture Company Limited	10 Tan Trao, Tan Phu Ward, District 7, Ho Chi Minh City	Producing ice cream and beverages	51.00%	-
Indirectly owned subsidiaries through GTNFoods Joint Stock Company				
Vietnam Livestock Corporation – Joint Stock Company	519 Minh Khai, Vinh Tuy Ward, Hai Ba Trung District, Ha Noi	Manufacturing, breeding, processing and trading of cattle and poultry products	55.87%	56.09%
Moc Chau Dairy Cattle Breeding Joint Stock Company (*)	Km194 Moc Chau Farm Town, Phiang Luong, Moc Chau, Son La	Processing of milk and dairy products	47.12%	28.61%
Japan Vietnam Livestock Company Limited	519 Minh Khai, Vinh Tuy Ward, Hai Ba Trung District, Ha Noi	Importing, processing and trading beef products	28.49%	-

(*) In January 2021, the Company, GTNFoods Joint Stock Company, and Vietnam Livestock Corporation – Joint Stock Company have completed the acquisition of 9.7 million, 29.5 million and 1.7 million additional shares issued by Moc Chau Dairy Cattle Breeding Joint Stock Company, respectively. As such, the effective economic interest of the Company in Moc Chau Dairy Cattle Breeding Joint Stock Company has increased from 28.61% to 47.12%.

(b) Associates, joint venture

Name	Location	Principal activities	Economic interest	
			31/12/2021	1/1/2021
Directly owned associates, joint venture				
Miraka Holdings Limited	108 Tuwharetoa, Taupo, New Zealand	Milk production	22.81%	22.81%
APIS Corporation	No. 18A, VSIP II-A, 27 Street, Viet Nam – Singapore II-A Industrial Zone, Vinh Tan Ward, Tan Uyen District, Binh Duong Province	Food raw materials trading	20.00%	20.00%
Asia Coconut Processing Joint Stock Company	Giao Long Industrial Zone, Phase II, An Phuoc Commune, Chau Thanh District, Ben Tre Province, Vietnam	Coconut-based products manufacturing and trading	25.00%	25.00%

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Name	Location	Principal activities	Economic interest	
			31/12/2021	1/1/2021
Directly owned associates, joint venture (continued)				
Del Monte – Vinamilk Dairy Inc., Philippines	JV Campos Centre, 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City, Philippines	Importing and trading milk and dairy products	50.00%	-
Indirectly owned associates through GTNFoods Joint Stock Company				
As at 31 December 2021, there were 5 associates (1/1/2021: 6 associates) indirectly owned through GTNFoods Joint Stock Company.				

(c) Dependent units

Sales branches:

- Vietnam Dairy Products Joint Stock Company’s Branch in Ha Noi – 11th Floor, Tower B, Handi Resco Building, 521 Kim Ma, Ngoc Khanh Ward, Ba Dinh District, Ha Noi City.
- Vietnam Dairy Products Joint Stock Company’s Branch in Da Nang – 7th Floor, Danang Post Office Tower, 271 Nguyen Van Linh, Vinh Trung Ward, Thanh Khe District, Da Nang City.
- Vietnam Dairy Products Joint Stock Company’s Branch in Can Tho – 77-77B Vo Van Tan, Tan An Ward, Ninh Kieu District, Can Tho City.

Manufacturing factories:

- Thong Nhat Dairy Factory – 12 Dang Van Bi, Thu Duc District, Ho Chi Minh City.
- Truong Tho Dairy Factory – 32 Dang Van Bi, Thu Duc District, Ho Chi Minh City.
- Dielac Dairy Factory – Bien Hoa I Industrial Park, Dong Nai Province.
- Can Tho Dairy Factory – Tra Noc Industrial Park, Can Tho City.
- Sai Gon Dairy Factory – Tan Thoi Hiep Industrial Park, District 12, Ho Chi Minh City.
- Nghe An Dairy Factory – Sao Nam Street, Nghi Thu Commune, Cua Lo Town, Nghe An Province.
- Binh Dinh Dairy Factory – 87 Hoang Van Thu, Quang Trung Ward, Quy Nhon City, Binh Dinh Province.
- Vietnam Beverage Factory – My Phuoc II Industrial Park, Binh Duong Province.
- Tien Son Dairy Factory – Tien Son Industrial Park, Bac Ninh Province.
- Da Nang Dairy Factory – Hoa Khanh Industrial Park, Da Nang City.
- Vietnam Powdered Milk Factory – 9 Tu Do Boulevard - Vietnam-Singapore Industrial Park, Thuan An District, Binh Duong Province.
- Vietnam Dairy Factory – My Phuoc II Industrial Park, Binh Duong Province.
- Lam Son Dairy Factory – Le Mon Industrial Zone, Thanh Hoa City, Thanh Hoa Province.

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Warehouses:

- 1. Ho Chi Minh Logistic Enterprise – 32 Dang Van Bi, Thu Duc District, Ho Chi Minh City.
- 2. Hanoi City Logistic Enterprise – Km 10 Highway 5, Duong Xa Commune, Gia Lam District, Ha Noi City.

Clinic:

- 1. An Khang Clinic – Pharmacy – 184-186-188 Nguyen Dinh Chieu, Ward 6, District 3, Ho Chi Minh City.

Raw milk center:

- 1. Branch of Vietnam Dairy Products Joint Stock Company’s – Cu Chi Raw Milk Center - Lot B14-1, B14-2 D4, Dong Nam Industrial Zone, Hoa Phu Commune, Cu Chi District, Ho Chi Minh City.

As at 31 December 2021, the Group had 9,732 employees (1/1/2021: 9,361 employees).

II ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

1 Annual accounting period

The annual accounting period of the Group is from 1 January to 31 December.

2 Accounting and presentation currency

The Company’s accounting currency is Vietnam Dong (“VND”), which is also the currency used for consolidated financial statement presentation purpose.

III ACCOUNTING STANDARDS AND SYSTEM

1 Statement of compliance

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirement applicable to financial reporting.

2 Basis of measurement

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the indirect method.

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IV SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated financial statements.

The accounting policies that have been adopted by the Group in the preparation of these consolidated financial statements are consistent with those adopted in the preparation of the latest consolidated annual financial statements.

1 Basis of consolidation

(a) Subsidiaries

Subsidiaries are those entities in which the Group has control over the financial and operating policies, generally evidenced by holding more than half of voting rights. In assessing control, exercisable potential voting rights are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(b) Non-controlling interests

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

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

(c) Loss of control

When the Group losses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of income. Any interest retained in the former subsidiary when control is lost is stated at the carrying amount of the retained investment in the consolidated financial statements adjusted for appropriate shares of changes in equity of the investee since the acquisition date, if significant influence in the investee is maintained, or otherwise stated at cost.

(d) Associates and joint venture

Associates and joint venture are those entities in which the Group has significant influence, but not control, over the financial and operating policies, generally evidenced by holding 20% to 50% of voting rights in these entities. Associates, joint venture are accounted for using the equity method. The consolidated financial statements include the Group’s share of the income and expenses of the associates, joint venture

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after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group’s share of losses exceeds its interest in an associate or joint venture, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate or joint venture.

(e) Transactions eliminated on consolidation

Intra-group balances, transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associates, joint venture are eliminated against the investment to the extent of the Group’s interest in the associate or joint venture.

(f) Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

2 Foreign currency

(a) Foreign currency transactions

Transactions in currencies other than VND during the year have been translated into VND at actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and account transfer selling rate, respectively, at the end of the annual accounting period quoted by the commercial bank where the Company and its subsidiaries most frequently conduct transactions and has the largest outstanding balance of foreign currencies at the end of the annual accounting period.

All foreign exchange differences are recorded in the consolidated statement of income.

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to VND at exchange rates at the end of the annual accounting period. Income and expenses of foreign operations are translated to VND at average exchange rates of the year.

Foreign currency differences arising from the translation of foreign operations are recognised in the consolidated statement of financial position under the caption “Foreign exchange differences” in equity.

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3 Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

4 Investments

(a) Trading securities

Trading securities are those held by the Group for trading purpose, include those with maturity periods more than 12 months that are purchased for resale with the aim of making profits. Trading securities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at cost less allowance for diminution in value.

Trading securities shall be recorded when the Group acquires the ownership, in particular:

- » Listed securities are recognised at the time of matching (T+0).
- » Unlisted securities are recognised at the time the ownership is acquired as prescribed in the Vietnamese laws and regulations.

An allowance is made for diminution in value of trading securities if market price of the securities item falls below its carrying amount. The allowance is reversed if there is evidence that the market price subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the securities’ carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(b) Held-to-maturity investments

Held-to-maturity investments are those that the Group’s management has intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank. These investments are stated at costs less allowance for diminution in the value.

Held-to-maturity investments classified as monetary items denominated in foreign currencies are revaluated at actual exchange rate at the reporting date.

(c) Loans receivable

Loans receivable are loans granted under an agreement between parties but not being traded as securities in the market. Allowance for doubtful loans receivable is made for each of the doubtful debt based on overdue days in payment of principals according to initial debt commitment (exclusive of the debt rescheduling between contractors), or based on the estimated possible loss that may arise.

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(d) Investment in equity instruments of other entities

Investment in equity instruments of other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment value if the investee has suffered a loss which may cause the Group to lose their invested capital, unless there is evidence that the value of the investment has not been diminished. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment’s carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

5 Accounts receivable

Accounts receivable are monitored in detail of receivable terms, receivable parties, original currency and other factors depending on the Group’s managerial requirements. Accounts receivable from customers include trade receivables arising from buying-selling transactions. Other receivables include non-trade receivables, not related to buying-selling transactions. Accounts receivable are classified as short-term and long-term in the consolidated statement of financial position based on the remaining period of these receivables at the reporting date.

Trade and other receivables are stated at cost less allowance for doubtful debts. Allowance for doubtful debts is made for each doubtful debt based on overdue days in payment of principals according to initial debt commitment (exclusive of the debts rescheduling between contracting parties), or based on expected loss that may arise.

Trade and other receivables classified as monetary items denominated in foreign currencies are revaluated at actual exchange rate at the reporting date.

6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and estimated costs to sell.

The Group applies the perpetual method of accounting for inventories.

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7 Tangible fixed assets

(a) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use, and the costs of dismantling and removing the asset and restoring the site on which it is located. Expenditure incurred after tangible fixed assets have been put into operation, such as repair and maintenance and overhaul cost, is charged to the consolidated statement of income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(b) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

» Buildings and structures	5 – 50 years
» Machinery and equipment	2 – 20 years
» Motor vehicles	4 – 10 years
» Office equipment	2 – 12 years
» Livestock	6 years
» Others	3 – 20 years

8 Intangible fixed assets

(a) Land use rights

Definite life land use rights are stated at cost less accumulated amortisation. The initial cost of land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over the valid term of land use rights certificate.

Indefinite life land use rights are stated at cost and not amortised.

Land lease right acquired through business combination are initially recognised at fair value and amortised on a straight-line basis over the term of the lease.

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(b) Trademark

Trademark acquired through business combinations are initially recognised at fair value and amortised on a straight-line basis over 20 years.

(c) Raw material area

Raw material area acquired through business combination are initially recognised at fair value and amortised on a straight-line basis over 18 years.

(d) Software

Cost of acquiring of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over 2 – 8 years.

(e) Others

Other intangible assets are amortised on a straight-line basis over 4 – 10 years.

9 Investment property

(a) Cost

Investment property held to earn rental is stated at cost less accumulated depreciation. The initial cost of an investment property held to earn rental comprises its purchase price, cost of land use rights and any directly attributable expenditure of bringing the property to the condition necessary for it to be capable of operating in the manner intended by management. Expenditure incurred after the investment property held to earn rental has been put into operation, such as repair and maintenance, is charged to the consolidated statement of income in the year in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property held to earn rental, the expenditure is capitalised as an additional cost of the investment property.

(b) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of investment property held to earn rental. The estimated useful lives are as follows:

» Definite life land use rights	13 – 50 years
» Infrastructure	8 – 10 years
» Buildings	6 – 50 years

Indefinite life land use rights are not amortised.

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10 Construction in progress

Construction in progress represents the costs of tangible and intangible fixed assets which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

11 Prepaid expenses

(a) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals, including those for which the Group obtained land use rights certificate but are not qualified as intangible fixed assets under prevailing laws and regulations, and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of the lease.

(b) Tools and instruments

Tools and instruments include assets held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Costs of tools and instruments are amortised on a straight-line basis over 1 – 5 years.

(c) Others

Others are recorded at cost and amortised on a straight-line basis over their economic useful lives of 1 – 3 years.

12 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint venture. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (gain from bargain purchase), it is recognised immediately in the consolidated statement of income.

Goodwill arising on acquisition of a subsidiary is amortised on a straight-line basis over 10 years. Carrying value of goodwill arising on acquisition of a subsidiary is written down to recoverable amount as management determines that it is not fully recoverable.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and is not amortised.

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13 Trade and other payables

Accounts payable are monitored in details by payable terms, payable parties, original currency and other factors depending on the Group’s managerial requirements. Accounts payable to suppliers include trade payables arising from transaction of buying-selling transactions and payables for import through entrustees (in import entrustment transactions). Other payables include non-trade payables, not related to buying-selling transactions. Accounts payable are classified as short-term and long-term in the consolidated statement of financial position based on the remaining period of these payables at the reporting date.

Trade and other payables are stated at their cost. Trade and other payables classified as monetary items denominated in foreign currencies are revaluated at actual exchange rate at the reporting date.

14 Accrued expenses

Accrued expenses include those made for goods, services received from suppliers in the annual accounting period but not yet paid due to the lack of receipts or supporting documents, are recognised in the reporting period based on the term stated in the respective contracts.

15 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their average salary for the six-month period prior to the end of the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Company are excluded.

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16 Share capital

(a) Ordinary shares

Ordinary shares are stated at par value. Excess of cash received from share issues over par value is recorded as share premium. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from share premium.

(b) Repurchase and reissue of ordinary shares (treasury shares)

Before 1 January 2021

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognized as a reduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are sold for reissue subsequently, cost of the reissued shares is determined on a weighted average basis. Any difference between the amount received and the cost of the shares reissued is presented within share premium.

From 1 January 2021

Treasury shares are recognised only in respect of repurchased shares which are aggregated fractions of share arising when the company issues shares to pay dividends or issues shares from equity reserves in accordance with an approved issuance plan, or repurchased odd-lots of shares as requested by the shareholders. In all other cases, when shares recognised as equity are repurchased, their par value amount is recognised as a reduction to share capital. The difference between the par value and the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is included in share premium.

This change in accounting policy has been applied prospectively from 1 January 2021 due to change in applicable laws and regulations on buying back shares.

17 Taxation

Income tax on the consolidated profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation

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or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

18 Revenue and other income

(a) Goods sold

Revenue from the sale of goods is recognised in the consolidated statement of income when significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or possible return of goods. Revenue on sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

(b) Services rendered

Revenue from services rendered is recognised in the consolidated statement of income in proportion to the stage of completion of the transaction at the end of the annual accounting period. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(c) Rental income

Rental income from leased property is recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

(d) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(e) Dividend income

Dividend income is recognised when the right to receive dividend is established.

(f) Income from disposal of short-term and long-term financial investments

Income from disposal of short-term and long-term financial investments is recognised in the consolidated statement of income when significant risks and rewards of ownership have been transferred to the buyer. Significant risks and rewards of ownership have been transferred upon the completion of the trading transaction (for listed securities) or the completion of the agreement on transfer of assets (for non-listed securities).

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19 Revenue deductions

Revenue deductions include sales discounts, sales allowances and sales returns.

In case goods were sold or services were provided during the reporting period but the related sales discounts, sales allowances or sales returns occur in the following period, revenue deductions are recognised in the reporting period only if such payments occur prior to the issuance of the consolidated financial statements.

20 Cost of sales

Cost of sales comprise the cost of products, goods and services provided during the year and is recognised corresponding to revenue. For cost of direct raw materials consumed which is over the normal level, labour cost and manufacturing overheads not allocated to finished goods are recorded directly into the cost of sales (after deducting compensations, if any) even if products and goods are not yet determined to be consumed.

21 Operating lease payments

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense, over the term of the lease.

22 Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred, except where borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

23 Dividend distribution

The Group's net profit after tax is available for appropriation to shareholders as dividends after approval by shareholders at the Company's Annual General Meeting and after making appropriation to reserve funds in accordance with the Company's Charter.

Dividends are declared and paid based on the estimated earnings of the year. Final dividends are declared and paid in the following year from undistributed earnings based on the approval of shareholders at the Company's Annual General Meeting.

24 Funds

Appropriation to funds is made in accordance with the Company's Charter as follows:

- » Bonus and welfare fund 10% of profit after tax
- » Investment and development fund 10% of profit after tax

Utilisation of the above funds requires approval of the shareholders, the Board of Directors or the Chief Executive Officer, depending on the nature and magnitude of the transactions involved as stated in the Company's Charter.

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25 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company (after appropriation to bonus and welfare fund for the annual accounting period) by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares, which comprise convertible bonds and share options.

26 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on geographical segments.

27 Related parties

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

28 Comparative information

Comparative information in these consolidated financial statements are presented as corresponding figures. Under this method, comparative information for the prior year are included as an integral part of the current year consolidated financial statements and are intended to be read only in relation to the amounts and other disclosures relating to the current year. Accordingly, the comparative information included in these consolidated financial statements is not intended to present the Group's consolidated financial position, results of operation or cash flows for the prior year.

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V SUPPLEMENTARY INFORMATION TO ITEMS DISCLOSED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1 Cash and cash equivalents

	31/12/2021 VND	1/1/2021 VND
Cash on hand	1,485,618,484	1,347,052,417
Cash in bank	1,185,864,633,095	862,506,207,967
Cash equivalents	1,161,201,622,769	1,247,389,555,197
	2,348,551,874,348	2,111,242,815,581

2 Allowance for doubtful debts

Movements of allowance for doubtful debts during the year were as follows:

	2021 VND	2020 VND
Opening balance	(16,434,079,108)	(16,794,705,625)
Increase in allowance during the year	(466,127,562)	(2,405,219,918)
Allowance utilised during the year	3,060,361,538	851,765,474
Allowance written back during the year	1,572,227,183	1,885,733,814
Currency translation differences	10,124,688	28,347,147
Closing balance	(12,257,493,261)	(16,434,079,108)

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3 Other receivables

(a) Other short-term receivables

	31/12/2021 VND	1/1/2021 VND
Interest income and dividends	432,204,790,110	323,933,949,595
Receivables from employees	1,033,203,389	1,911,386,028
Advances to employees	41,579,487,025	40,530,325,166
Short-term deposits	108,968,676,520	4,636,064,550
Import tax refundable	4,664,338,506	900,657,091
Rebate income receivable from suppliers	128,258,346,989	20,395,323,959
Others	93,988,265,234	91,429,768,714
	810,697,107,773	483,737,475,103

(b) Other long-term receivables

	31/12/2021 VND	1/1/2021 VND
Collateral, deposits	12,442,333,595	15,721,340,815
Others	4,252,770,900	4,252,770,900
	16,695,104,495	19,974,111,715

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4 Investments

(a) Trading securities

	31/12/2021			1/1/2021		
	Carrying amount VND	Fair value VND	Allowance for diminution in value VND	Carrying amount VND	Fair value VND	Allowance for diminution in value VND
Short-term investments in shares	1,119,781,812	453,580,382	(666,201,430)	1,124,178,861	187,658,055	(936,520,806)

(b) Held-to-maturity investments

	31/12/2021 VND	1/1/2021 VND
Held-to-maturity investments – short-term * term deposits	21,025,282,199,093	17,313,492,116,838
Held-to-maturity investments – long-term * term deposits	-	200,000,000,000

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	31/12/2021			1/1/2021		
	% of equity owned and voting rights	Equity accounted/ cost VND	Fair value VND	Allowance for diminution in value VND	% of equity owned and voting rights	Equity accounted/ cost VND
Investments in associates, joint venture						
Miraka Holdings Limited	22.81%	325,236,308,653	(*)	-	22.81%	359,933,689,425
APIS Corporation	20.00%	32,456,749,642	(*)	-	20.00%	30,674,569,203
Asia Coconut Processing Joint Stock Company	25.00%	106,218,560,860	(*)	-	25.00%	86,870,895,709
Del Monte – Vinamilk Dairy Inc., Philippines	50.00%	4,285,501,160	(*)	-	-	-
Indirectly owned associates through GTNFoods Joint Stock Company		192,826,634,107	(*)	-		209,006,574,726
		661,023,754,422		-		686,485,729,063
Equity investments in other entities						
Asia Saigon Food Ingredients Joint Stock Company	14.71%	69,261,607,154	(*)	-	14.71%	69,261,607,154
An Khang Clinic – Pharmacy		300,000,000	(*)	-		300,000,000
Others		32,359,451,927	(*)	(19,082,789,672)		32,362,691,927
		101,921,059,081		(19,082,789,672)		101,924,299,081
		762,944,813,503		(19,082,789,672)		788,410,028,144
						(14,969,115,668)

(*) At the reporting date, the Group has not determined fair values of these financial instruments for disclosure in the consolidated financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of these financial instruments may differ from their carrying amounts.

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Movements of equity investments in associates, joint venture during the year were as follows:

	2021 VND	2020 VND
Opening balance	686,485,729,063	688,112,587,059
Investments	23,227,732,575	-
Other increases	-	2,270,219,533
Dividends received	(2,600,000,000)	(121,500,000)
Disposals	(1,045,277,327)	(7,657,766,205)
Share of (loss)/profit in associates	(45,044,429,889)	3,882,188,676
Closing balance	661,023,754,422	686,485,729,063

Movements in the allowance for diminution in the value of trading securities during the year were as follows:

	2021 VND	2020 VND
Opening balance	(936,520,806)	(840,586,787)
Increase in allowance during the year	-	(100,563,091)
Allowance written back during the year	267,749,939	-
Currency translation differences	2,569,437	4,629,072
Closing balance	(666,201,430)	(936,520,806)

Movements in the allowance for diminution in the value of long-term financial investments during the year were as follows:

	2021 VND	2020 VND
Opening balance	(14,969,115,668)	(5,973,306,842)
Increase in allowance during the year	(6,325,491,549)	(4,752,980,411)
Allowance written back during the year	2,211,817,545	-
Other increases	-	(4,242,828,415)
Closing balance	(19,082,789,672)	(14,969,115,668)

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5 Inventories

	31/12/2021		1/1/2021	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	1,074,655,773,411	-	503,903,375,198	-
Raw materials	4,226,624,123,827	(16,060,209,799)	2,923,632,361,907	(12,307,783,410)
Tools and supplies	65,185,806,961	(548,075,465)	58,380,347,644	(34,115,719)
Work in progress	257,787,043,440	(29,811,948,260)	217,923,916,830	(14,845,850,302)
Finished goods	1,124,201,739,313	(994,524,129)	1,185,827,459,309	(20,463,190,100)
Merchandise inventories	65,918,346,190	-	52,957,999,917	(129,134,864)
Goods on consignment	6,113,558,528	-	10,223,227,206	-
	6,820,486,391,670	(47,414,757,653)	4,952,848,688,011	(47,780,074,395)

Movements in the allowance for inventories during the year were as follows:

	2021 VND	2020 VND
Opening balance	(47,780,074,395)	(13,070,396,061)
Increase in allowance during the year	(47,777,803,432)	(58,607,152,943)
Allowance written back during the year	22,197,765,545	19,335,886,062
Allowance utilised during the year	25,825,670,746	4,468,035,818
Currency translation differences	119,683,883	93,552,729
Closing balance	(47,414,757,653)	(47,780,074,395)

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6 Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Livestock VND	Others VND	Total VND
Cost							
Opening balance	5,572,782,190,918	18,224,161,792,060	1,256,615,164,374	657,295,375,886	1,319,902,320,479	6,878,494,651	27,037,635,338,368
Additions	9,171,305,464	100,865,940,027	36,798,101,062	41,193,543,463	88,330,992,957	37,812,002	276,397,694,975
Transfer from construction in progress	253,788,525,009	317,855,536,854	10,476,917,044	2,455,256,076	-	214,759,000	584,790,993,983
Transfer from inventories	-	-	-	-	391,972,981,325	-	391,972,981,325
Transfer to investment property	(16,828,971,741)	(512,435,700)	-	-	-	-	(17,341,407,441)
Reclassification	697,845,454	-	(830,145,456)	-	132,300,002	-	-
Disposals/write off	(17,057,665,262)	(59,383,445,613)	(15,409,456,143)	(5,411,249,613)	(382,960,901,531)	(154,239,828)	(480,376,957,990)
Other (decreases)/increases	(2,816,644,810)	(55,499,365,672)	122,000,000	-	(84,529,057,304)	-	(142,723,067,786)
Currency translation differences	(815,211,329)	(3,674,870,065)	(325,750,185)	(109,926,899)	(83,482,640)	(3,268,760)	(5,012,509,878)
Closing balance	5,798,921,373,703	18,523,813,151,891	1,287,446,830,696	695,422,998,913	1,332,765,153,288	6,973,557,065	27,645,343,065,556
Accumulated depreciation							
Opening balance	2,184,257,360,770	10,386,860,192,140	787,588,750,157	492,515,882,597	462,882,320,588	6,223,953,702	14,320,328,459,954
Charge for the year	295,013,929,550	1,416,431,846,964	81,106,449,207	47,591,633,331	223,814,424,590	579,547,565	2,064,537,831,207
Transfer to investment property	(13,220,276,630)	(445,331,025)	-	-	-	-	(13,665,607,655)
Reclassification	720,308,108	270,452,930	(990,351,733)	-	126,647,585	(127,056,890)	-
Disposals/write off	(11,264,993,062)	(45,953,992,314)	(12,814,904,209)	(5,402,987,587)	(197,326,334,767)	(116,427,826)	(272,879,639,765)
Other decreases	(868,465,483)	(31,106,343,778)	-	-	(38,123,517,398)	-	(70,098,326,659)
Currency translation differences	(348,834,631)	(2,253,746,076)	(222,494,794)	(106,911,761)	(39,943,898)	(2,309,885)	(2,974,241,045)
Closing balance	2,454,289,028,622	11,723,803,078,841	854,667,448,628	534,597,616,580	451,333,596,700	6,557,706,666	16,025,248,476,037
Net book value							
Opening balance	3,388,524,830,148	7,837,301,599,920	469,026,414,217	164,779,493,289	857,019,999,891	654,540,949	12,717,306,878,414
Closing balance	3,344,632,345,081	6,800,010,073,050	432,779,382,068	160,825,382,333	881,431,556,588	415,850,399	11,620,094,589,519

Included in the cost of tangible fixed assets were assets costing VND5,686,436 million which were fully depreciated as at 31 December 2021 (1/1/2021: VND4,736,593 million), but which are still in active use.

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Intangible fixed assets

	Land use rights VND	Trademark VND	Raw material area VND	Software VND	Others VND	Total VND
Cost						
Opening balance	723,044,213,359	276,413,594,392	164,964,058,635	124,275,417,881	49,931,700,000	1,338,628,984,267
Additions	-	-	-	5,514,722,036	-	5,514,722,036
Transfer from construction in progress	-	-	-	9,805,777,108	-	9,805,777,108
Other decreases	(11,233,473,547)	-	-	-	-	(11,233,473,547)
Currency translation differences	(829,324,172)	-	-	(26,582,625)	(195,300,000)	(1,051,206,797)
Closing balance	710,981,415,640	276,413,594,392	164,964,058,635	139,569,334,400	49,736,400,000	1,341,664,803,067
Accumulated amortisation						
Opening balance	34,348,539,231	16,259,623,199	10,997,603,909	106,697,529,306	33,824,700,000	202,127,995,645
Charge for the year	16,614,232,208	16,259,623,200	10,997,603,909	9,305,564,105	-	53,177,023,422
Currency translation differences	-	-	-	(11,884,325)	(132,300,005)	(144,184,330)
Closing balance	50,962,771,439	32,519,246,399	21,995,207,818	115,991,209,086	33,692,399,995	255,160,834,737
Net book value						
Opening balance	688,695,674,128	260,153,971,193	153,966,454,726	17,577,888,575	16,107,000,000	1,136,500,988,622
Closing balance	660,018,644,201	243,894,347,993	142,968,850,817	23,578,125,314	16,044,000,005	1,086,503,968,330

Included in the cost of intangible fixed assets were assets costing VND91,560 million which were fully amortised as at 31 December 2021 (1/1/2021: VND83,092 million), but which are still in active use.

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Investment property

	Land use rights VND	Infrastructure VND	Buildings VND	Total VND
Cost				
Opening balance	39,821,793,375	469,928,364	41,189,549,705	81,481,271,444
Transfer from tangible fixed assets	-	512,435,700	16,828,971,741	17,341,407,441
Closing balance	39,821,793,375	982,364,064	58,018,521,446	98,822,678,885
Accumulated depreciation				
Opening balance	6,342,256,731	469,928,364	14,672,112,308	21,484,297,403
Charge for the year	865,672,684	61,004,250	2,696,203,217	3,622,880,151
Transfer from tangible fixed assets	-	445,331,025	13,220,276,630	13,665,607,655
Closing balance	7,207,929,415	976,263,639	30,588,592,155	38,772,785,209
Net book value				
Opening balance	33,479,536,644	-	26,517,437,397	59,996,974,041
Closing balance	32,613,863,960	6,100,425	27,429,929,291	60,049,893,676

The Group's investment property represented land use rights, buildings and infrastructure held for earning rental income.

At the reporting date, the Group has not determined fair values of investment property held to earn rental for disclosure in the consolidated financial statements because there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of investment property held to earn rental may differ from its carrying amounts.

Included in the cost of investment property held to earn rental was assets costing VND4,433 million which were fully depreciated as at 31 December 2021 (1/1/2021: VND3,875 million), but which are still in active use.

9

Long-term work in progress

Long-term work in progress represented cows under 16 months of age, which will be transferred to tangible fixed assets under livestock category at the end of the sixteen-month period, when the cows are ready for milk production.

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10 Construction in progress

	2021 VND	2020 VND
Opening balance	793,821,481,341	694,211,658,507
Additions	699,233,714,086	804,687,483,899
Transfer to tangible fixed assets	(584,790,993,983)	(630,991,054,102)
Transfer to intangible fixed assets	(9,805,777,108)	-
Transfer to inventories	(4,145,910,049)	(7,465,976,084)
Transfer to short-term prepaid expenses	(2,394,716,320)	(1,760,555,092)
Transfer to long-term prepaid expenses	(9,352,479,360)	(40,232,557,176)
Disposals	(251,726,812)	(4,585,064,945)
Other decreases	(45,799,778,777)	(18,698,614,871)
Currency translation differences	(1,694,875,503)	(1,343,838,795)
Closing balance	834,818,937,515	793,821,481,341

Major constructions in progress by the entities within the Group were as follows:

	31/12/2021 VND	1/1/2021 VND
Vietnam Dairy Products Joint Stock Company	185,208,805,297	172,902,613,971
Vietnam Dairy Cow One Member Limited Company	38,998,571,441	321,520,100,900
Lao-Jagro Development Xiengkhouang Co., Ltd.	385,541,144,205	194,824,183,791
Moc Chau Dairy Cattle Breeding Joint Stock Company	102,119,517,256	-
Others	122,950,899,316	104,574,582,679
	834,818,937,515	793,821,481,341

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11 Prepaid expenses

→ (a) Short-term prepaid expenses

	31/12/2021 VND	1/1/2021 VND
Software deployment and networks maintenance	12,701,896,856	13,444,591,545
Advertising	1,884,131,751	3,073,357,070
Operating lease	2,935,474,635	2,775,891,081
Tools and supplies	12,276,634,485	11,644,154,656
Renovation and repair	1,209,272,308	2,467,885,300
Cows isolated for testing	982,649,464	1,126,237,206
Other short-term prepaid expenses	25,282,613,602	22,882,590,739
	57,272,673,101	57,414,707,597

→ (b) Long-term prepaid expenses

	Prepaid land costs VND	Tools and instruments VND	Others VND	Total VND
Opening balance	360,378,589,603	313,579,764,224	39,540,953,187	713,499,307,014
Additions	1,994,417,330	199,992,199,544	39,730,320,823	241,716,937,697
Transfer from construction in progress	142,395,901	9,084,018,979	126,064,480	9,352,479,360
Amortisation for the year	(13,915,101,782)	(193,034,014,722)	(33,117,926,232)	(240,067,042,736)
Other (decreases)/ increases	-	(302,871,398)	1,071,506,569	768,635,171
Currency translation differences	(119,169,394)	(33,591,376)	(9,454,361)	(162,215,131)
Closing balance	348,481,131,658	329,285,505,251	47,341,464,466	725,108,101,375

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12 Deferred tax assets and liabilities

(a) Deferred tax assets

	31/12/2021 VND	1/1/2021 VND
Deferred tax assets		
Foreign exchange differences	582,265,598	303,463,416
Accrued expenses and provisions and fixed assets	26,565,255,313	24,550,707,304
	27,147,520,911	24,854,170,720

(b) Deferred tax liabilities – net

	31/12/2021 VND	1/1/2021 VND
Deferred tax assets		
Tax losses carry forwards	45,661,384,440	41,085,965,700
Accrued expenses	8,428,646,640	5,396,236,170
Accounts receivable	1,733,600,040	1,492,658,700
Inventories	996,607,440	834,802,800
Others	3,063,120,480	3,702,654,150
Total deferred tax assets	59,883,359,040	52,512,317,520
Deferred tax liabilities		
Fixed assets	(340,194,799,510)	(373,762,052,764)
Others	(36,023,821,035)	(24,309,374,702)
Total deferred tax liabilities	(376,218,620,545)	(398,071,427,466)
Net deferred tax liabilities	(316,335,261,505)	(345,559,109,946)

Deferred tax assets have been recognised on taxable temporary differences and tax losses incurred at Driftwood Dairy Holding Corporation, a subsidiary incorporated and operating in the United States of America, using its effective tax rate.

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13 Goodwill

	2021 VND	2020 VND
Opening balance	2,058,548,005,612	2,366,060,103,995
Increase due to gain on revaluation to fair value of investment in an associate when it becomes a subsidiary	-	300,636,476,590
Charge for the year	(245,540,115,225)	(608,148,574,973)
Closing balance	1,813,007,890,387	2,058,548,005,612

14 Accounts payable to suppliers

Accounts payable to related parties

	31/12/2021 VND	1/1/2021 VND
Associates		
APIS Corporation	57,204,285,214	11,757,967,902
Asia Coconut Processing Joint Stock Company	2,577,889,096	2,964,852,019
Miraka Holdings Limited	-	15,801,851,520

The trade related amounts due to the related parties were unsecured, interest free and payable within 60 days from invoice date.

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15

Borrowings

(a) Short-term borrowings

	1/1/2021 VND	Incurred VND	Paid VND	Currency transla- tion differences VND	31/12/2021 VND
Short-term borrowings	7,295,788,078,307	9,596,960,360,003	(7,530,703,006,361)	(319,313,831)	9,361,726,118,118
Current portion of long-term borrowings	20,709,000,000	20,712,600,000	(20,712,600,000)	(81,000,000)	20,628,000,000
	7,316,497,078,307	9,617,672,960,003	(7,551,415,606,361)	(400,313,831)	9,382,354,118,118

Terms and conditions of outstanding short-term borrowings were as follows:

Lenders	Note	Currency	31/12/2021 VND	1/1/2021 VND
Sumitomo Mitsui Banking Corporation, Ho Chi Minh City Branch	(i)	USD	2,991,350,000,000	2,130,220,000,000
Joint Stock Commercial Bank for Foreign Trade of Vietnam, Ho Chi Minh City Branch	(i)	VND	-	2,071,058,149,400
The Bank of Tokyo – Mitsubishi UFJ Ltd., Ho Chi Minh City Branch	(i)	USD	3,558,850,000,000	1,670,816,000,000
DBS Bank, Singapore	(i)	USD	-	1,159,500,000,000
BNP Paribas, Ho Chi Minh City Branch	(i)	USD	1,138,000,000,000	-
Mizuho Bank, Ltd., Ho Chi Minh City Branch	(i)	USD	1,150,500,000,000	-
HSBC Bank (Vietnam) Limited, Ho Chi Minh City Branch	(i)	VND	444,192,575,505	241,183,928,907
HSBC Bank USA	(ii)	USD	78,833,542,613	23,010,000,000
			9,361,726,118,118	7,295,788,078,307

- (i) These borrowings were unsecured.
- (ii) This borrowing was secured by assets with carrying amount of VND801,145 million as at 31 December 2021 (1/1/2021: VND819,579 million).

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(b) Long-term borrowings

	1/1/2021 VND	Incurred VND	Reclassified VND	Paid VND	Other decreases (*) VND	Currency translation differences VND	31/12/2021 VND
Long-term borrowings	188,130,748,884	-	(20,712,600,000)	(44,592,834)	(70,747,452,470)	(362,103,580)	96,264,000,000
Current portion of long-term borrowings	(20,709,000,000)	(20,712,600,000)	-	20,712,600,000	-	81,000,000	(20,628,000,000)
	167,421,748,884	(20,712,600,000)	(20,712,600,000)	20,668,007,166	(70,747,452,470)	(281,103,580)	75,636,000,000

Terms and conditions of outstanding long-term borrowings were as follows:

Lenders	Note	Currency	Year of maturity	31/12/2021 VND	1/1/2021 VND
HSBC Bank USA	(i)	USD	2024	96,264,000,000	117,351,000,000
HSBC Bank USA (*)	(ii)	USD	2022	-	70,735,156,050
Individuals	(ii)	VND	2039	-	44,592,834
				96,264,000,000	188,130,748,884

- (*) This borrowing was waived under government grant program in the United States of America.
- (i) This borrowing was secured by assets with carrying amount of VND801,145 million as at 31 December 2021 (1/1/2021: VND819,579 million).
- (ii) These borrowings were unsecured.

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Taxes payable to State Treasury

16		1/1/2021 VND	Incurred VND	Paid VND	Currency translation differences VND	31/12/2021 VND
	Value added tax	143,981,709,811	2,525,838,505,581	(2,487,801,847,056)	(764,041)	182,017,604,295
	Corporate income tax	472,615,387,982	2,320,981,674,175	(2,356,597,912,369)	1,815,780	437,000,965,568
	Personal income tax	36,154,993,512	249,024,310,232	(266,068,656,964)	(1,968,927)	19,108,677,853
	Import tax	5,276,169,416	180,587,971,561	(177,329,510,679)	(12,743,427)	8,521,886,871
	Other taxes	1,521,961,875	34,605,415,022	(34,629,349,922)	(419,927)	1,497,607,048
		659,550,222,596	5,311,037,876,571	(5,322,427,276,990)	(14,080,542)	648,146,741,635

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17 Accrued expenses

	31/12/2021 VND	1/1/2021 VND
Sale incentives, promotion	1,004,191,792,903	1,109,541,836,461
Advertising expenses	334,356,713,062	371,838,819,801
Transportation expenses	109,774,054,216	80,137,873,178
Expenses for outsourced employees	107,782,976,757	116,189,367,411
Interest expenses	33,242,334,779	42,782,929,048
Repair and maintenance expenses	31,916,483,333	33,408,621,034
Rental fees	41,097,998,583	27,254,550,442
Fuel expenses	9,356,705,167	6,393,229,218
Others	145,543,959,120	122,666,521,483
	1,817,263,017,920	1,910,213,748,076

18 Other payables

	31/12/2021 VND	1/1/2021 VND
Short-term deposits received	37,079,820,897	20,961,514,946
Insurance and trade union fees	7,455,897,780	8,372,563,407
Dividend payables	61,054,000	19,526,250
Mutual fund collected and managed on behalf of farmers	17,382,287,343	55,771,446,244
Others	74,338,939,449	120,441,303,084
	136,317,999,469	205,566,353,931
Of which:		
Short-term	114,417,067,658	145,835,054,429
Long-term	21,900,931,811	59,731,299,502

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19 Provision

	31/12/2021 VND	1/1/2021 VND
Provision for severance allowance (*)	6,438,083,860	4,769,394,680
Others	3,852,898,463	10,508,625,228
	10,290,982,323	15,278,019,908

(*) Movements of provision for severance allowance during the year as follows:

	2021 VND	2020 VND
Opening balance	4,769,394,680	5,223,048,135
Increase in provision during the year	5,223,050,845	5,181,648,257
Provision utilised during the year	(3,477,077,675)	(5,313,217,982)
Provision written back during the year	(77,283,990)	(322,083,730)
Closing balance	6,438,083,860	4,769,394,680

20 Bonus and welfare fund

This fund is established by appropriating amounts from retained profits as approved by shareholders at shareholders' meeting. This fund is used to pay bonus and welfare to the Company's and subsidiaries' employees in accordance with the Company's bonus and welfare policies.

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

	2021 VND	2020 VND
Opening balance	559,325,621,730	633,936,556,611
Appropriation (Note V.21)	1,116,210,797,835	1,154,191,473,898
Other increases	173,789,837	329,712,625
Utilisation	(1,168,344,584,489)	(1,229,132,121,404)
Closing balance	507,365,624,913	559,325,621,730

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21 Changes in owners' equity

	Share capital VND	Share premium VND	Other capital VND	Treasury shares VND	Foreign exchange differences VND	Investment and development fund VND	Retained profits VND	Non-controlling interest VND	Total VND
As at 1 January 2020	17,416,877,930,000	-	-	(11,644,956,120)	23,174,494,894	2,200,188,373,195	7,875,462,401,924	2,227,196,960,471	29,731,255,204,364
Shares issued to existing shareholders	3,482,676,520,000	-	-	-	-	-	(3,482,676,520,000)	-	-
Increase capital from retained earnings of a subsidiary	-	-	202,658,418,215	-	-	-	(202,658,418,215)	-	-
Contributed capital to a subsidiary	-	-	-	-	-	-	(67,033,233,495)	67,033,233,495	-
A subsidiary purchases treasury shares from non-controlling interest	-	-	-	-	-	-	-	(14,364,328,733)	(14,364,328,733)
Net profit for the year	-	-	-	-	-	-	11,098,936,856,369	136,795,377,756	11,235,732,234,125
Appropriation to equity funds	-	-	-	-	-	1,086,053,319,442	(1,086,053,319,442)	-	-
Appropriation to bonus and welfare fund (Note V.20)	-	-	-	-	-	-	(1,131,165,414,048)	(23,026,059,850)	(1,154,191,473,898)
Other increases/ (decreases)	-	-	-	-	-	218,453	(264,755,640)	(1,304,258,887)	(1,568,796,074)
Dividends (Note V.23)	-	-	-	-	-	-	(6,094,821,929,000)	-	(6,094,821,929,000)
Dividends of a subsidiary to non-controlling interest	-	-	-	-	-	-	-	(42,391,425,680)	(42,391,425,680)
Currency translation differences	-	-	-	-	(12,527,255,282)	-	-	-	(12,527,255,282)
As at 1 January 2021	20,899,554,450,000	-	202,658,418,215	(11,644,956,120)	10,647,239,612	3,286,241,911,090	6,909,725,668,453	2,349,939,498,572	33,647,122,229,822

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	Share capital VND	Share premium VND	Other capital VND	Treasury shares VND	Foreign exchange differences VND	Investment and development fund VND	Retained profits VND	Non-controlling interest VND	Total VND
As at 1 January 2021									
Shares issued by a subsidiary	-	-	-	-	-	-	(166,137,328,617)	205,337,998,617	39,200,670,000
Contributed capital to subsidiaries	-	-	-	-	-	-	-	218,540,000,000	218,540,000,000
Sales of treasury shares	-	34,110,709,700	-	11,644,956,120	-	-	-	14,364,328,733	60,119,994,553
Net profit for the year	-	-	-	-	-	-	10,532,477,099,899	100,058,872,579	10,632,535,972,478
Appropriation to equity funds	-	-	-	-	-	1,066,198,750,215	(1,066,198,750,215)	-	-
Appropriation to bonus and welfare fund (Note V.20)	-	-	-	-	-	-	(1,092,036,658,532)	(24,174,139,303)	(1,116,210,797,835)
Other increases/ (decreases)	-	-	-	-	-	673,755	(9,149,613)	8,317,135	(158,723)
Dividends (Note V.23)	-	-	-	-	-	-	(7,523,560,503,000)	-	(7,523,560,503,000)
Dividends of a subsidiary to non-controlling interest	-	-	-	-	-	-	-	(97,239,487,900)	(97,239,487,900)
Currency translation differences	-	-	-	-	(10,393,670,011)	-	-	-	(10,393,670,011)
As at 31 December 2021	20,899,554,450,000	34,110,709,700	202,658,418,215	-	253,569,601	4,352,441,335,060	7,594,260,378,375	2,766,835,388,433	35,850,114,249,384

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22 Share capital

The Company’s authorised and issued share capital are:

	31/12/2021		1/1/2021	
	Number of shares	VND	Number of shares	VND
Authorised share capital	2,089,955,445	20,899,554,450,000	2,089,955,445	20,899,554,450,000
Issued shares				
Ordinary shares	2,089,955,445	20,899,554,450,000	2,089,955,445	20,899,554,450,000
Treasury shares				
Ordinary shares	-	-	(310,099)	(11,644,956,120)
Shares currently in circulation				
Ordinary shares	2,089,955,445	20,899,554,450,000	2,089,645,346	20,887,909,493,880

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company’s residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Details of share capital:

	31/12/2021 and 1/1/2021	
	VND	%
The State Capital Investment Corporation	7,524,766,020,000	36,00%
Other shareholders’ capital	13,374,788,430,000	64,00%
	20,899,554,450,000	100,00%

23 Dividends

On 7 December 2020, 26 April 2021 and 9 August 2021, the Board of Management of the Company resolved to distribute dividends in relation to 2020 and 2021 profits, in total amounting to VND7,523,561 million (VND1,000 per share and VND1,100 per share, respectively, for the remaining distribution for the fiscal year 2020 and VND1,500 per share for the first advance distribution for the fiscal year 2021). For the year ended 31 December 2020: the total dividend distributions were VND6,094,822 million in relation to 2019 and 2020 profits (VND1,500 per share for the remaining distribution for the fiscal year 2019 and VND2,000 per share for the first advance distribution for the fiscal year 2020).

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On 1 December 2021, the Board of Management of the Company resolved to advance the second dividends for 2021 amounting to VND1,400 per share. The final registration date for this dividend was 11 January 2022, therefore, estimated dividend payable of VND2,925,938 million has not been recorded in these consolidated financial statements.

24 Off balance sheet items

(a) Leases

The future minimum lease payments under non-cancellable operating leases were:

	31/12/2021 VND	1/1/2021 VND
Within one year	33,407,705,100	36,565,727,595
Within two to five years	97,744,848,655	93,592,232,777
More than five years	529,551,568,253	510,017,011,707
	660,704,122,008	640,174,972,079

(b) Foreign currencies

	31/12/2021		1/1/2021	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	22,377,924	506,636,207,058	7,111,150	163,627,566,102
EUR	4,871	123,691,735	16,390	458,275,294
		506,759,898,793		164,085,841,396

(c) Capital commitments

At the reporting date, the Group had following outstanding capital commitments approved but not provided for in the balance sheet:

	31/12/2021 VND	1/1/2021 VND
Approved and contracted	1,533,701,726,846	893,004,471,215

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VI SUPPLEMENTARY INFORMATION TO ITEMS DISCLOSED IN THE CONSOLIDATED STATEMENT OF INCOME

1 Revenue from sales of goods and provision of services

Total revenue represented the gross value of goods sold and services rendered exclusive of value added tax.

Net revenue comprised:

	2021 VND	2020 VND
Total revenue		
Sales of finished goods	57,932,322,582,280	57,113,912,829,752
Sales of merchandise goods	2,855,102,775,305	2,390,241,370,776
Other services	39,701,901,834	48,194,896,963
Rental income from investment property	4,956,165,148	8,820,628,654
Others	179,990,723,197	161,738,667,091
	61,012,074,147,764	59,722,908,393,236
Less revenue deductions		
Sale discounts	57,048,684,900	47,989,924,856
Sales allowances	493,094,566	-
Sale returns	35,367,522,152	38,632,242,833
	92,909,301,618	86,622,167,689
Net revenue	60,919,164,846,146	59,636,286,225,547

In which revenue from sales to related parties were as follows:

	2021 VND	2020 VND
Associates		
APIS Corporation	-	632,878,546
Asia Coconut Processing Joint Stock Company	210,648,156	-

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

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2 Cost of sales

	2021 VND	2020 VND
Total cost of sales		
Finished goods sold	30,848,721,191,467	29,083,357,351,405
Merchandise goods sold	2,737,726,621,353	2,194,365,115,120
Cost of promotional goods	893,257,186,779	523,113,088,263
Operating costs of investment property	1,643,358,165	2,021,142,695
Other services	5,720,963,973	12,581,009,761
Allowance for inventories	25,580,037,887	39,271,266,881
Other cost of sales	128,213,994,215	112,953,863,714
	34,640,863,353,839	31,967,662,837,839

3 Financial income

	2021 VND	2020 VND
Interest income from deposits	1,103,472,820,884	1,148,535,809,815
Foreign exchange gains	53,270,754,380	53,635,725,251
Dividend income	7,930,883	18,021,315,215
Gain on disposal of financial investment	291,222,673	11,945,412,881
Gain on revaluation to fair value of investment in an associate when it becomes a subsidiary	-	300,636,476,590
Others	57,641,090,574	48,317,915,565
	1,214,683,819,394	1,581,092,655,317

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

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4 Financial expenses

	2021 VND	2020 VND
Interest expense on borrowings	88,799,090,663	143,818,465,177
Interest expense on deposits received	220,680,833	211,599,639
Foreign exchange losses	35,671,801,202	42,096,477,192
Allowance for diminution in value of financial investments	3,845,924,065	4,853,543,502
Payment discounts for customers	18,967,274,701	18,515,111,685
Others	54,833,460,768	99,074,131,640
	202,338,232,232	308,569,328,835

5 Selling expenses

	2021 VND	2020 VND
Promotion, product display expenses, support and commission expenses for distributors	9,229,057,850,953	9,768,719,168,040
Advertising and market research expenses	1,233,350,351,965	1,439,912,629,179
Staff costs	660,223,065,419	627,519,692,964
Transportation expenses	876,997,613,963	654,398,362,889
Outside service expenses	669,312,658,542	680,756,723,230
Tools and supplies expenses	124,038,885,042	94,364,884,488
Materials expenses	61,298,483,171	76,467,628,324
Depreciation expenses	53,003,930,795	63,401,882,859
Warranty expenses	43,387,562,554	41,951,650,192
	12,950,670,402,404	13,447,492,622,165

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

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6 General and administration expenses

	2021 VND	2020 VND
Staff costs	573,819,360,808	577,934,438,889
Outside service expenses	347,777,620,697	352,697,363,079
Depreciation expenses	91,338,899,765	100,595,000,203
Per-diem allowances	26,902,387,638	39,968,855,820
Materials expenses	45,127,448,787	36,992,500,615
Transportation expenses	45,605,841,439	37,394,278,075
Loading expenses	24,713,287,238	30,596,558,141
Office supplies	24,456,574,998	20,689,042,010
Taxes, fees and duties	42,639,484,562	21,238,023,841
Bank charges	10,410,130,912	11,449,788,958
Allowance for doubtful debts and provision for severance allowance	4,039,667,234	5,379,050,631
Goodwill amortisation	245,540,115,225	608,148,574,973
Others	84,941,607,682	115,071,981,050
	1,567,312,426,985	1,958,155,456,285

7 Other income

	2021 VND	2020 VND
Rebate income from suppliers	180,625,374,966	38,926,748,666
Proceeds from disposals of fixed assets and con- struction in progress	133,916,631,891	150,657,740,381
Income from waiver of borrowing due to government grants	70,747,452,470	-
Compensations received from other parties	8,827,111,365	5,915,739,507
Others	28,706,621,598	16,885,966,581
	422,823,192,290	212,386,195,135

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Notes to the consolidated financial statements for the year ended 31 December 2021(continued)

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8 Other expenses

	2021 VND	2020 VND
Net book value of fixed assets and construction in progress disposed/written off	207,497,318,225	193,780,231,206
Others	20,710,207,337	39,450,701,321
	228,207,525,562	233,230,932,527

9 Production and business costs by element

	2021 VND	2020 VND
Raw material costs included in production costs	26,791,762,196,999	24,697,908,977,731
Labour costs and staff costs	2,610,866,195,351	2,554,790,095,717
Depreciation and amortisation	2,114,227,260,665	2,195,909,047,456
Outside services	3,328,399,860,750	2,923,270,919,069
Other expenses	12,238,525,067,822	12,978,185,551,898

10 Income tax

(a) Recognised in the consolidated statement of income

	2021 VND	2020 VND
Current tax expense	2,320,981,674,175	2,310,674,009,890
<i>In which: current tax expense/(income) relating to taxable income of prior years</i>	65,592,640,708	(2,442,466,867)
Deferred tax benefit		
Origination and reversal of temporary differences	(31,282,159,734)	(27,870,156,991)
Income tax expense	2,289,699,514,441	2,282,803,852,899

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

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(b) Reconciliation of effective tax rate

	2021 VND	2020 VND
Accounting profit before tax	12,922,235,486,919	13,518,536,087,024
Tax at the Company's tax rate	2,584,447,097,384	2,703,707,217,405
Tax rate differential applied to Company's subsidiaries, branches and factories	(79,696,711,272)	(65,019,245,734)
Tax exempt income	(1,586,177)	(3,604,263,043)
Non-deductible expenses	10,776,368,530	11,445,580,837
Tax incentives	(290,245,639,640)	(428,544,736,036)
Changes in deferred tax assets not recognised	(1,172,655,092)	67,261,766,337
Current tax expense/(income) relating to taxable income of prior years	65,592,640,708	(2,442,466,867)
Income Tax expenses	2,289,699,514,441	2,282,803,852,899

(c) Applicable tax rates

The companies in the Group are required to pay income tax at rates ranging from 10% to 21%, depending on principal activities of their factories and branches, on taxable profits. The Company and its subsidiaries incurred the income tax charges.

11 Basic earnings per share

The calculation of earnings per share for the year ended 31 December 2021 was based on the profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare fund and a weighted average number of ordinary shares outstanding, calculated as follows:

(a) Net profit attributable to ordinary shareholders

	2021 VND	2020 VND
Net profit for the year – attributable to ordinary shareholders before appropriation to bonus and welfare fund	10,532,477,099,899	11,098,936,856,369
Appropriation to bonus and welfare fund – attributable to ordinary shareholders	(1,092,036,658,532)	(1,131,165,414,048)
Net profit for the year attributable to ordinary shareholders after appropriation to bonus and welfare fund	9,440,440,441,367	9,967,771,442,321

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

Form B 09 – DN/HN

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(b) Weighted average number of ordinary shares

	2021 Number of shares	2020 Number of shares
Issued ordinary shares at the beginning of the year	2,089,645,346	1,741,377,694
Effect of treasury shares sold during the year	285,461	-
Effect of bonus shares issued during the year	-	348,273,880
Weighted average number of ordinary shares	2,089,930,807	2,089,651,574

As at 31 December 2021, the Group did not have potentially dilutive ordinary shares.

VII OTHER INFORMATION

1 Significant transactions with related parties

In addition to related party balances and transactions disclosed in other notes to the consolidated financial statements, the Group had the following significant transactions with related parties during the year:

Related party	Relationship	Nature of transaction	2021 VND	2020 VND
Miraka Holdings Limited	Associate	Purchases of goods	155,017,742,176	325,836,306,170
APIS Corporation	Associate	Purchases of goods and services	233,374,210,894	77,113,561,028
		Dividends received	2,600,000,000	-
Asia Coconut Processing Joint Stock Company	Associate	Purchases of services	22,901,079,806	24,243,112,320
Del Monte – Vinamilk Dairy Inc., Philippines	Joint venture	Capital contribution	22,810,312,500	-
Asia Saigon Food Ingredients Joint Stock Company	Other investment	Dividends received	-	18,000,000,000
The State Capital Investment Corporation	Shareholder	Dividends	2,708,915,767,200	2,194,723,422,500

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

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Key management personnel compensation

	2021 VND million
Board of Directors members	
Compensation	
Mdm. Le Thi Bang Tam – Chairwoman	3,646
Mdm. Mai Kieu Lien – Member ⁽¹⁾	2,118
Mr. Lee Meng Tat – Member	2,458
Ms. Dang Thi Thu Ha – Member	2,495
Mr. Le Thanh Liem – Member ⁽²⁾	1,064
Mr. Michael Chye Hin Fah – Member	2,712
Mr. Do Le Hung – Member	2,458
Mr. Alain Xavier Cany – Member	2,675
Ms. Nguyen Thi Tham – Member	1,046
Ms. Tieu Yen Trinh – Member	920
Mr. Hoang Ngoc Thach – Member	1,280
(1) BOD member cum CEO (2) BOD member cum CFO	
	2021 VND million
Chief Executive Officer	
Average monthly salary	
Mdm. Mai Kieu Lien	366
Other key management personnel	
Average monthly salary each	
Executive Directors	218

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

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2

Segment information

Segment information is presented in respect of the Group's primary segment, which is the geographical segment.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise assets and liabilities, financial income and expenses, selling expenses, general and administration expenses, other gains or losses, and corporate income tax.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, which is located in Vietnam ("Domestic") or countries other than Vietnam ("Overseas"). Segment assets and capital expenditure are not presented since most of assets and production facilities are in Vietnam.

	Domestic (Customers located in Vietnam)		Overseas (Customers located in countries other than Vietnam)		Total	
	2021 VND	2020 VND	2021 VND	2020 VND	2021 VND	2020 VND
Net revenue	51,202,029,350,725	50,841,840,213,844	9,717,135,495,421	8,794,446,011,703	60,919,164,846,146	59,636,286,225,547
Cost of sales	(29,154,535,362,690)	(27,342,508,032,054)	(5,486,327,991,149)	(4,625,154,805,785)	(34,640,863,353,839)	(31,967,662,837,839)
Segment gross profit	22,047,493,988,035	23,499,332,181,790	4,230,807,504,272	4,169,291,205,918	26,278,301,492,307	27,668,623,387,708

Prepared by:



Le Thanh Liem
Executive Director – Finance
cum Chief Accountant

28 February 2022

Approved by:



Mai Kieu Lien
Chief Executive Officer

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021 in according to IFRS

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2021 in according to IFRS

	31/12/2021 VND million	31/12/2020 VND million
Current assets	36,072,451	29,632,809
Cash and cash equivalents	2,348,552	2,111,243
Other investments	21,025,736	17,313,680
Trade and other receivables	5,962,551	5,335,735
Inventories	6,735,612	4,872,151
Non-current assets	18,164,572	19,356,366
Trade and other receivables	390,442	423,820
Right of use assets	758,853	615,053
Other investments	82,838	286,955
Property, plant and equipment	11,784,683	12,866,139
Biological assets	1,214,416	1,158,775
Intangible assets	3,187,114	3,236,282
Investment property	60,050	59,997
Investment in equity accounted investees	661,024	686,486
Deferred tax assets	25,152	22,859
TOTAL ASSETS	54,237,023	48,989,175

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2021 in according to IFRS

	31/12/2021 Triệu VND	31/12/2020 Triệu VND
LIABILITIES AND EQUITY		
LIABILITIES	18,064,937	15,248,015
Current liabilities	17,063,335	14,209,236
Borrowings	9,382,354	7,316,497
Trade and other payables	6,966,798	6,122,029
Income tax payable	437,001	472,615
Other taxes payable	211,146	186,935
Advances from customers	66,036	111,160
Non-current liabilities	1,001,602	1,038,779
Borrowings	75,636	167,422
Trade and other payables	21,901	59,731
Lease liabilities	430,262	315,844
Severance allowance obligations	157,468	150,223
Deferred tax liabilities	316,335	345,559
EQUITY	36,172,086	33,741,160
Equity attributable to equity holders of the Company	33,361,179	31,379,697
Share capital	20,899,554	20,899,554
Share premium	34,111	1,883,570
Other capital	202,658	202,658
Treasury shares	-	(11,645)
Fair value reserve	(10,293)	(6,450)
Translation reserve	258	10,654
Other reserve	4,352,442	3,286,242
Retained earnings	7,882,449	5,115,114
Non-controlling interest	2,810,907	2,361,463
TOTAL LIABILITIES AND EQUITY	54,237,023	48,989,175

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2021 in according to IFRS

	2021 VND million	2020 VND million Restated
I Profit or loss		
Revenue	51,834,145	49,929,033
Cost of sales	(36,058,863)	(33,186,168)
Gross profit	15,775,282	16,742,865
Other income	288,907	61,728
Selling expenses	(3,336,811)	(3,416,225)
General and administration expenses	(1,605,084)	(2,080,370)
Other (losses)/gains – net	(73,555)	190,792
Results from operating activities	11,048,739	11,498,790
Finance income	1,103,481	1,166,557
Finance cost	(109,118)	(158,783)
Net finance income	994,363	1,007,774
Share of (loss)/profit of equity accounted investees	(45,044)	3,882
Profit before tax	11,998,058	12,510,446
Income tax	(2,289,700)	(2,282,804)
Net profit	9,708,358	10,227,642

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2021 in according to IFRS

	2021 VND million	2020 VND million Restated
II Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity investments at FVOCI – net change in fair value	(3,843)	(4,849)
Items that are or may be reclassified subsequently to profit or loss		
Foreign operations – foreign currency translation differences	(10,396)	(12,532)
Total comprehensive income	9,694,119	10,210,261
Net profit attributable to:		
Equity holders of the Company	9,639,671	10,102,350
Non-controlling interest	68,687	125,292
Net profit	9,708,358	10,227,642
Total comprehensive income attributable to:		
Equity holders of the Company	9,625,432	10,084,969
Non-controlling interest	68,687	125,292
Total comprehensive income	9,694,119	10,210,261
Earnings per share		
Basic earnings per share (in VND)	4,612	4,834
Basic earnings per share from continuing operations (in VND)	4,612	4,834

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2021 in according to IFRS

	2021 VND million	2020 VND million
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	11,998,058	12,510,446
Adjustments for		
Depreciation and amortisation	2,148,844	2,230,732
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	(1,658)	637
Losses on disposals of property, plant and equipment and biological assets	73,844	43,139
Interest expense	89,020	144,030
Dividends, interest income and other investment activities	(1,106,042)	(1,177,792)
Share of loss/(profit) of equity accounted investees	45,044	(3,882)
Impairment of goodwill	-	478,807
Gain on revaluation of investment in associate	-	(300,636)
Income from waiver of borrowing	(70,747)	-
Impacts of shares issued under Employees Stock Option Plan ("ESOP")	39,746	-
Operating profit before changes in working capital	13,216,109	13,925,481
Change in receivables	(476,868)	(471,926)
Change in inventories	(1,860,439)	85,500
Change in payables and other liabilities	1,438,403	(576,365)
	12,317,205	12,962,690
Interest paid	(98,561)	(212,980)
Income tax paid	(2,356,598)	(2,286,331)
Net cash generated from operating activities	9,862,046	10,463,379

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2021 in according to IFRS

	2021 VND million	2020 VND million
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment, intangible assets and biological assets	(1,936,256)	(1,525,720)
Collections on disposals of property, plant and equipment and biological assets	133,905	150,343
Receipts from collecting loans	150	31,565
Payments for investments in other entities	(23,227)	(8)
Collections from investments in other entities	1,337	21,632
Payments for term deposits – net	(3,514,466)	(4,881,271)
Receipts of interest and dividends	1,000,079	1,140,546
Net cash used in investing activities	(4,338,478)	(5,062,913)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from sales of treasury shares	60,120	-
Proceeds from additional shares issued by a subsidiary to non-controlling interest	39,201	-
Proceeds from capital contributed by non-controlling interest	218,540	-
Payments for repurchase of treasury shares from non-controlling interest by a subsidiary	-	(14,364)
Proceeds from borrowings	9,596,960	7,769,145
Payments to settle loan principals	(7,551,460)	(5,753,602)
Payments of lease liabilities	(24,843)	(22,306)
Payments of dividends	(7,523,561)	(7,836,200)
Payments of dividends of subsidiaries to non-controlling interest	(97,198)	(91,512)
Net cash used in financing activities	(5,282,241)	(5,948,839)
Net cash flows during the year	241,327	(548,373)
Cash and cash equivalents at the beginning of the year	2,111,243	2,665,195
Effect of exchange rate fluctuations on cash and cash equivalents	(2,270)	(1,531)
Currency translation differences	(1,748)	(4,048)
Cash and cash equivalents at the end of the year	2,348,552	2,111,243

CONTACT INFORMATION

	HEAD OFFICE	10 Tan Trao, Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam	Tel: (+84. 28) 54 155 555 Fax: (+84. 28) 54 161 226
I	SALES BRANCHES		
1	HANOI BRANCH	Floor 11, Tower B, Handi Resco Building, 521 Kim Ma, Ngoc Khanh Ward, Ba Dinh District, Hanoi City	Tel: (+84. 24) 37 246 019 Fax: (+84. 24) 37 246 005
2	DA NANG BRANCH	7th floor, Post Office Building, 271 Nguyen Van Linh, Vinh Trung Ward, Thanh Khe District, Da Nang City	Tel: (+84. 236) 3 584 848 Fax: (+84. 236) 3 897 223
3	CAN THO BRANCH	Floor 4-5-6 at 77-77B Vo Van Tan Street, Tan An Ward, Ninh Kieu District, Can Tho City	Tel: (+84. 292) 6 256 555 Fax: (+84. 292) 6 255 969
II	SALES BRANCHES		
1	CAN THO DAIRY FACTORY	Tra Noc Industrial Park, Tra Noc Ward, Binh Thuy District, Can Tho City, Vietnam	Tel: (+84. 292) 6 258 555 Fax: (+84. 292) 6 255 998
2	TRUONG THO DAIRY FACTORY	32 Dang Van Bi, Truong Tho Ward, Thu Duc City, Ho Chi Minh City	Tel: (+84. 28) 62 529 555 Fax: (+84. 28) 62 885 727
3	THONG NHAT DAIRY FACTORY	12 Dang Van Bi, Truong Tho Ward, Thu Duc City, Ho Chi Minh City	Tel: (+84. 28) 62 529 555 Fax: (+84. 28) 62 885 727
4	SAIGON DAIRY FACTORY	Lot 1-18, Area G1, Tan Thoi Hiep Industrial Park, Communal Road 80, Hiep Thanh Ward, District 12, Ho Chi Minh City	Tel: (+84. 28) 62 528 555 Fax: (+84. 28) 37 176 353
5	DIELAC DAIRY FACTORY	KCN Biên Hòa 1, Xa lộ Hà Nội- Phường An Bình, TP. Biên Hòa, Tỉnh Đồng Nai	Tel: (+84. 251) 6 256 555 Fax: (+84. 251) 3 836 015
6	VIETNAM POWDERED MILK FACTORY	No. 9, Tu Do Boulevard,Vietnam - Singapore Industrial Park 1, Binh Hoa Ward, Thuan An Town, Binh Duong Province	Tel: (+84. 274) 3 799 628 Fax: (+84. 274) 3 799 625
7	VIETNAM DAIRY FACTORY	Lot A-4,5,6,7-CN, Road NA7, My Phuoc 2 Industrial Park, My Phuoc Ward, Ben Cat District, Binh Duong Province	Tel: (+84. 274) 3 556 839 Fax: (+84. 274) 3 556 890
8	VIETNAM BEVERAGE FACTORY	Lot A, Road NA7, My Phuoc 2 Industrial Park, My Phuoc Ward, Ben Cat District, Binh Duong Province	Tel: (+84. 274) 3 556 839 Fax: (+84. 274) 3 556 890
9	DA NANG DAIRY FACTORY	Lot Q, Street 7, Hoa Khanh Industrial Park, Hoa Khanh Bac Ward, Lien Chieu District, Da Nang City	Tel: (+84. 236) 6 259 777 Fax: (+84. 236) 6 259 555
10	BINH DINH DAIRY FACTORY	87 Hoang Van Thu, Quang Trung Ward, Quy Nhon City, Binh Dinh Province	Tel: (+84. 256) 6 253 555 Fax: (+84. 256) 3 746 065
11	NGHE AN DAIRY FACTORY	Sao Nam Street, Nghi Thu Ward, Cua Lo Town, Nghe An Province	Tel: (+84. 238) 6 259 555 Fax: (+84. 238) 3 824 717
12	TIEN SON DAIRY FACTORY	Tien Son Industrial Park, Hoan Son Commune, Tien Du District, Bac Ninh Province	Tel: (+84. 222) 3 739 568 Fax: (+84. 222) 3 714 814
13	LAM SON DAIRY FACTORY	Le Mon Industrial Park, Thanh Hoa City, Thanh Hoa Province	Tel: (+84. 237) 3 912 540 Fax: (+84. 237) 3 912 541
14	HO CHI MINH WAREHOUSING AND TRANSPORTATION SERVICES ENTERPRISE	32 Dang Van Bi, Truong Tho Ward, Thu Duc City, Ho Chi Minh City	Tel: (+84. 28) 62 526 555 Fax: (+84. 28) 38 960 804
15	HANOI WAREHOUSING AND TRANSPORTATION SERVICES ENTERPRISE	Km 10, Highway 5, Duong Xa Commune, Gia Lam District, Hanoi City	Tel: (+84. 24) 36 789 489 Fax: (+84. 24) 38 276 966
16	AN KHANG CLINIC	184-186-188 Nguyen Dinh Chieu, Ward 6, District 3, Ho Chi Minh City	Tel: (+84. 28) 39 302 785 Fax: (+84. 28) 39 302 708
17	CU CHI RAW MILK CENTER	Lot B14-1 and B14-2, Road D4, Dong Nam Industrial Park,Hoa Phu Commune, Cu Chi District, Ho Chi Minh City	Tel: (+84. 292) 3735 0030

	HEAD OFFICE	10 Tan Trao, Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam	Tel: (+84. 28) 54 155 555 Fax: (+84. 28) 54 161 226
III	DOMESTIC SUBSIDIARIES AND ASSOCIATES		
1	VIETNAM DAIRY COW ONE MEMBER CO., LTD.	10 Tan Trao, Tan Phu Ward,District 7, Ho Chi Minh City	Tel: (+84. 28) 54 155 555 Fax: (+84. 28) 54 161 226
2	THONG NHAT THANH HOA DAIRY COW ONE MEMBER CO., LTD.	Sao Do Quarter, Thong Nhat Town, Yen Dinh District, Thanh Hoa Province	Tel: (+84. 237) 3 514 020 Fax: (+84. 237) 3 599 008
3	VIETNAM SUGAR JSC	Thuy Xuong Village, Suoi Hiep Commune, Dien Khanh District, Khanh Hoa Province	Tel: (+84. 258) 3 745 453 (+84. 258) 3 745 424 Fax: (+84. 258) 3 744 440 www.vietsugar.com.vn
4	ASIA COCONUT PROCESSING JSC	Lot EI-2, EI-3 and EI-4, Giao Long Industrial Park, Phase II, An Phuoc Commune, Chau Thanh District, Ben Tre Province	Tel: (+84. 275) 3 656 999 Fax: (+84. 275) 3 626 999 www.acp.com.vn
5	APIS JSC	77 Hoang Van Thai, Tan Phu Ward, District 7, Ho Chi Minh City	Tel: (+84. 274) 54 165 166 Fax: (+84. 274) 54 111 066 www.apis-corp.com
6	GTNFOODS JSC	Floor 9, Vinatea Building, 92 Vo Thi Sau, Thanh Nhan Ward, Hai Ba Trung District, Hanoi City	Tel: (+84. 24) 6276 6366 Fax: (+84. 24) 6276 6466 www.gtnfoods.com.vn
7	VIBEV FOOD AND BEVERAGE JOINT VENTURE COMPANY LIMITED	10 Tan Trao, Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam	Tel: (028) 5416 1279
IV	OVERSEAS SUBSIDIARIES AND ASSOCIATES		
1	DRIFTWOOD DAIRY HOLDING CORPORATION	10724 E. Lower Azusa Road, El Monte, California 91734, United States	Tel: (+1) 1 800 864 6455 www.driftwooddairy.com
2	ANGKOR DAIRY PRODUCTS CO., LTD.	Lot P2-096 and P2-097, Phnom Penh Special Economic Zone (PPSEZ), Highway 4, Sangkat, Phleung Chhes Totes, Khan PoSenChey, Phnom Penh, Cambodia	Tel: (+855) 24683 9999 www.angkormilk.com.kh
3	MIRAKA HOLDINGS LIMITED	108 Tuwharetoa St, Po Box 740, Taupo 3351, New Zealand	Tel: (+64) 7 376 0075 Fax: (+64) 7 377 0694 www.miraka.co.nz
4	LAO-JAGRO DEVELOPMENT XIENGKHOANG CO., LTD	Tiếng việt: Unit 04, bản Ven-bản Phanh, huyện Paek, tỉnh Xiêng Khoảng, Lào. Tiếng anh: Unit.04, Ven and Phanh Village, Paek District, Xiengkhouang Province, Lao P.D.R.	Tel: (+856) 21563053 Fax: (+856) 21563054 laojagro@yahoo.com
5	DEL MONTE VINAMILK DAIRY PHILIPPINES INC.	Tiếng việt: Tầng 5, JY Campos Centre, 9th Avenue corner 30th Street, Bonifacio Global City, Taguig, Metro Manila Tiếng anh: 5th Floor, JY Campos Centre, 9th Avenue corner 30th Street, Bonifacio Global City, Taguig, Metro Manila	feedback@delmonte-phil.com https://lifegetsbetter.ph/our-products/dairy





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