



VINH HOAN CORP.

IR Newsletter 12/2015

www.vinhhoan.com.vn



IR Newsletter is approved and issued by Vinh Hoan Corporation (VHC), targeting to provide VHC's existing shareholders and interested investors with recent news on VHC's corporate developments and activities and VHC's share capital information.

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Fish export value up 10% on-year

US\$millions	2015	2014	yoy change	yoy change
Fish	224	203	21	10%
Total	240	234	6	3%
Total (ex. Rice sales)	239	221	18	8%

(Source: Vinh Hoan Corp's data)



Vinh Hoan Corp named among top 500 largest private enterprises in Vietnam 2015 (VNR500)

VNR500 is the ranking report following the model of Fortune500, with the mission to honor Vietnamese companies for their contribution to Vietnam economic development. The annual results are based on independent investigation and assessment of Vietnam Report Company; and publicized by VietnamNet magazine since 2007. The evaluation criteria consist of revenue, profit, total assets, and total labor. Vinh Hoan Corp has made itself into the craigslist 3 years in a row, with its ranking improved to 42nd in 2015.

See the full craigslist here: <http://vnr500.com.vn/>





An overview on Farm Bill

The 2008 Farm Bill amended the Federal Meat Inspection Act (FMIA), to make “catfish” a species amenable to the FMIA and, therefore, subject to Food Safety and Inspection Service (FSIS), a part of United States Department of Agriculture’s (USDA), inspection. The 2008 Farm Bill also gave FSIS the authority to define the term “catfish”. FSIS is amending its regulations to establish a mandatory inspection program for fish of the order Siluriformes (including pangasius) and products derived from these fish. These final regulations implement the provisions of the 2008 and 2014 Farm Bills.

By 1 March 2016 (the Effective Date):

Foreign countries seeking to continue exporting to the US during the 18-month transitional period starting from the Effective Date are permitted to do so, provided they submit:

- The list of establishments currently exporting to the US
- Adequate documentation demonstrating that the foreign country currently has laws or other legal measures in place that provide authority to regulate the growing and processing of fish for human food and to assure compliance with the Food and Drug Administration’s (FDA) regulatory requirements



An overview on Farm Bill (cont'd)

During the transitional period (between March 2016 and September 2017):

Foreign countries are required to submit to FSIS by the end of the transitional period adequate documentation showing the equivalence of their inspection systems with that of the US in the following respects (*):

- 1. Program administration*
- 2. Legal authority and requirements governing catfish and catfish products inspection*
- 3. Document evaluation and system review*
- 4. Maintenance of standards*

After 1 September 2017 (the Date of Full Enforcement)

Foreign countries submitting such documentation by the deadline are permitted to continue exporting to the US while FSIS undertakes an evaluation as to equivalency

(): for full details, please see Appendix 1.*



VHC's views

Farm Bill is undeniably a challenge that all pangasius exporters must confront, however VHC believes with appropriate strategies, it can unveil opportunities coming along with this omnibus bill.

Why?

- Farm Bill will further differentiate VHC as a leader among premium exporters to the US.
- VHC is actively working on preparing the relevant documents for FSIS submission.
- Our team is experienced with navigating the complex US trade and regulatory regime. It is one of the two mandatory respondents in the US anti-dumping duty review process and the only zero anti-dumping duty pangasius exporter in Vietnam
- VHC has always committed to the highest required quality standards and has a track record in successfully achieving internationally recognized quality standards. E.g. VHC was the first Aquaculture Stewardship Council (“ASC”) certified company in Vietnam and it currently holds the largest ASC-certified farm area. It was also the first pangasius company globally to obtain the four-star Best Aquaculture Practices (“BAP”) standard. These certifications have enabled VHC to enter markets with higher required standards in Europe.



VHC's views (cont'd)

- VHC has been focusing on promoting its brands and developing new value-added products to capture the growth in the prepared frozen foods segment, increase its penetration in current key markets and new markets and be further differentiated from its competitors. Sales from value-added products is expected to contribute 15% to total sales in the next 3 years
- VHC has been preparing a strategic market diversification for the last 3 years according to which a switch from the US to other growing markets has been planned and can be strongly implemented in the coming months.



Stock information

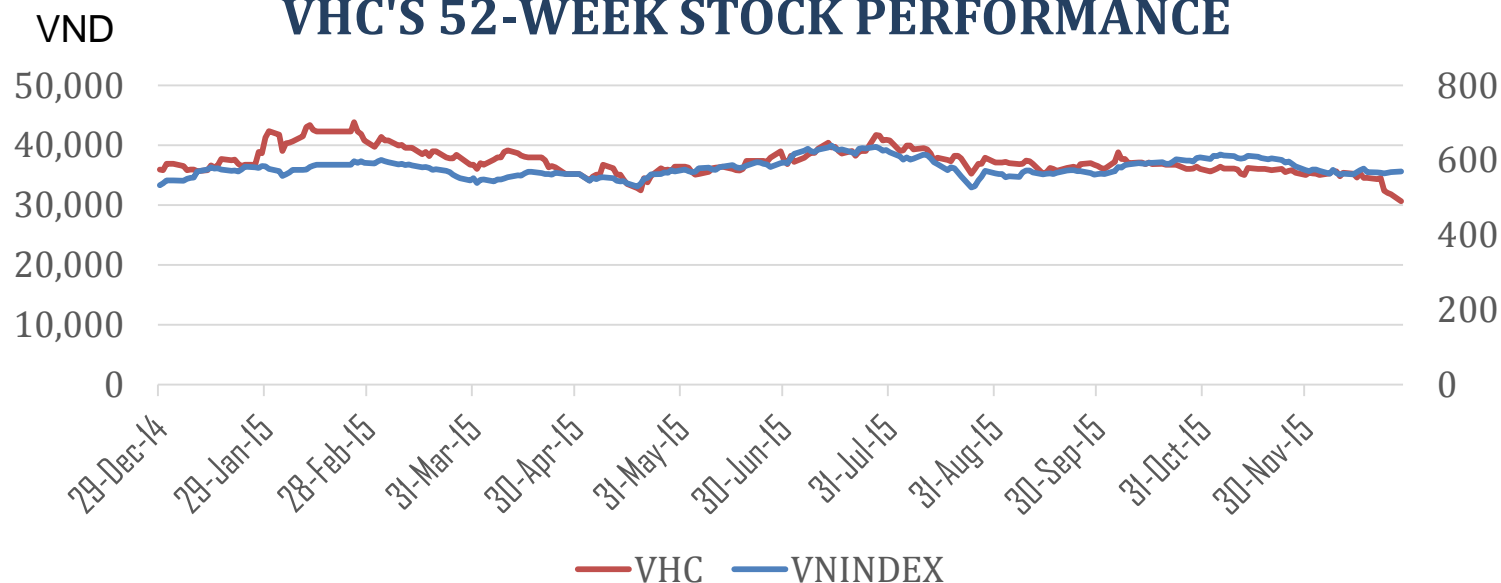
Bloomberg	VHC VN
Share price (Dec 29 2015)	VND 35,923
Historical price	
52-week high	VND 43,808
52-week low	VND 30,600
No. of outstanding shares	92.4m
Par value	VND 10,000
Market capitalization	VND 3,319bn

Major shareholders

As of Dec 29 2015

Ms. Truong Thi Le Khanh	49.32%
Red River Holding	15.13%
Foreign ownership	26%

VHC'S 52-WEEK STOCK PERFORMANCE



Source: Bloomberg



VINH HOAN CORP.

About us:

Vinh Hoan Corporation (VHC) was established in 1997 and has been listed on the HSX since 2007. Its main business comprises of the export of Pangasius Hypophthalmus (known as Pangasius, Panga, Basa, Swai, among other market names). VHC implements a vertically integrated business model which has enabled it to effectively control quality and optimize productivity throughout the entire supply chain. This has allowed the company to secure its position as a market leader since 2010 (as of October 2015, it accounts for 14% of Vietnam's total pangasius exports). VHC is uncompromisingly committed to its high standards of food safety, quality, and environmental stewardship.

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Appendix 1

(1) Program administration:

- the foreign program for catfish would have to be staffed in a way that will ensure uniform enforcement of the laws and regulations
- Ultimate control and supervision must rest with the national government
- Qualified, competent inspection personnel must be employed in the food safety system
- National inspection officials would have to have the authority to enforce requisite laws and regulations and certify or refuse to certify products intended for export
- There would have to be adequate administrative and technical support and inspection, sanitation, quality, species verification, residue standards, and other regulatory requirements that are equivalent to those of the US



Appendix 1 (cont'd)

(2) Legal authority and requirements governing catfish and catfish products inspection

- Foreign countries would have to enforce laws and regulations that address the conditions under which catfish are raised and transported to the processing establishment. In countries where catfish producers use floating cages on rivers and “raceway ponds” that are filled and emptied by the continuous flow of water from nearby rivers, under the proposed rule, the water quality, residue, and other standards would have to be equivalent to those applying to catfish raised in the US
- Foreign countries would have to establish standards for, and maintain official supervision of, preparation and processing of product to ensure that adulterated or misbranded product is not prepared for export to the US
- A single standard of inspection and sanitation would need to be maintained throughout all certified establishments. The country’s requirements would need to address sanitary handling of product and provide for official controls over condemned material; a HACCP system equivalent to that set forth in the relevant Codes of Federal Regulations; and other applicable controls



Appendix 1 (cont'd)

(3) Document evaluation and system review

- Foreign countries seeking eligibility to export catfish and catfish products into the US would also have to present to FSIS copies of laws, regulations, and other information pertaining to their system of catfish product inspection

(4) Maintenance of standards

- Countries that FSIS eventually determines to be eligible to export catfish and catfish products into the US would have to provide for periodic visits to certified establishments to ensure that US requirements are being met and for written reports on the supervisory visits
- The foreign program would have to conduct random sampling of catfish tissues and the testing of the tissues for residues identified by FSIS or by the foreign inspection authority as potential contaminants, in accordance with sampling and analytical techniques approved by FSIS. The residue testing would have to be conducted on samples from catfish intended for export to the US
- When a foreign country initiates a request for equivalency and provides documentation during the 18-month transitional period, if additional information is required, FSIS will request that the foreign country respond or resubmit complete equivalence documentation within 90 day of receiving FSIS's request.



Appendix 1 (cont'd)

- FSIS estimates that it would take approximately 3 months per submission to evaluate this documentation. FSIS would determine eligibility on the basis of these documents and an on-site visit
- FSIS will tentatively decide whether the foreign country's inspection system and requirements are equivalent to FSIS', and if so, will plan an on-site audit of the country's inspection system
- Once FSIS has determined that countries maintain equivalent inspection systems, only establishments that foreign program officials have certified as complying with the requirements equivalent to US requirements, would be eligible to export their catfish products to the US