

Hai Phong, 10 June, 2020

**REPORT ON OPERATIONS OF THE BOARD OF MANAGEMENT
IN 2019 AND PLAN FOR 2020
HA LONG CANNED FOOD JOINT STOCK CORPORATION**

**To: Annual General Meeting of Shareholders of
Ha Long Canned Food Joint Stock Corporation**

The Board of Management of Ha Long Canned Food Joint Stock Corporation (the BOM) would like to report to the Annual General Meeting of Shareholders (AGM) 2020 about business production activities in 2019; operations of the Board of Management in 2019; Orientation and Business Production Plan in 2020 of Ha Long Canned Food Joint Stock Corporation as follows:

1. Evaluation by BOM on Company's activities

1.1 General evaluation on Company's business production activities in latest 5 years (Since 2015 to end of 2019).

For 2 basic criteria in the latest 5 years (in 2015; 2016; 2017; 2018; 2019) of the company for basic comments on Company's general picture – our Company's current position in the Vietnam food processing industry and our Annual General Meeting of Shareholders will together issue Company's orientation in 2020 and next coming years.

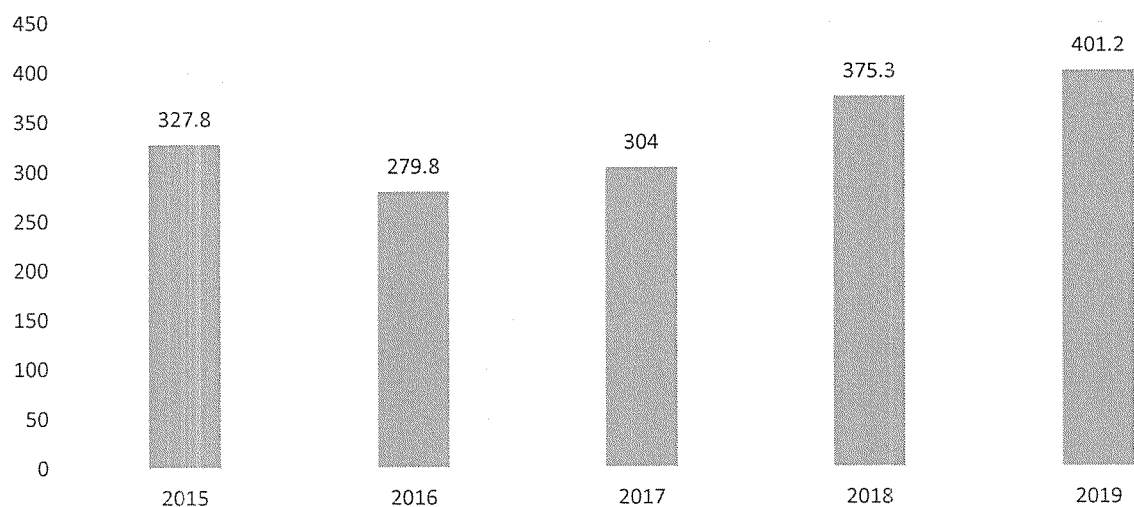
(The following figures are taken from audited annual Financial Statement of Parents Company and consolidated Financial Statement by independent auditing companies. Price increase/decrease criteria of each group of products in 5 years has offset change which has not much impact to revenue criteria).

In detail:

+ Net Revenue and Profits before tax of Parents Company in stage 2015 – 2019 (Billion dong)

Year	2015	2016	2017	2018	2019
Net Revenue	327,8	279,8	304,0	375,3	401,2
Profits before tax	14.1	4.1	0.4	-7,3	8,6

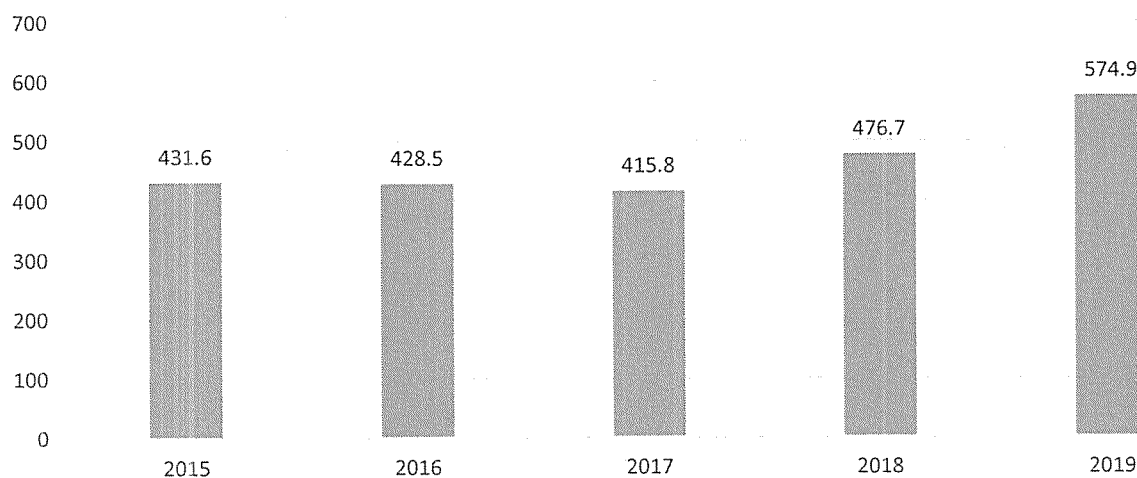
Net Revenue of Parents Company in 2015-2019 (Unit price: billion dong)



+ Consolidated Net Revenue and Profits after tax stage 2015 – 2019 (billion dong)

Year	2015	2016	2017	2018	2019
Net Revenue	431,6	428,5	415,8	476,7	574,9
Profits before tax	18.4	0.7	6.9	-0.8	16.6

Consolidated Net Revenue in 2015-2019 (Unit Price: Billion dong)



It is shown from the figures on the chart that in recent 5 years:

- Net Revenue Criteria:

Net Revenue Criteria of Parents Company (domestic products) is not stable; Revenue criteria of domestic products increase/decrease show that Company's market share is in fierce competition with Companies of same scope of business. In 2017 and 2018 Net Revenue

criteria gradually increased and in 2019 Net Revenue criteria increased 43,38% compared with 2016, this figure showed the Company's market share increased again yearly and developed in 2019.

Consolidated Net Revenue criteria including Net revenue of domestic products and exported products (Subsidiary company – Da Nang), the consolidated Net Revenue criteria in recent 5 years has been comparatively stable, not much significantly increase/decrease, in 2019 the Net Revenue increased 33,2% compared to 2015. .

- Profits after tax Criteria:

Profits after tax criteria of Parents Company is contrary with Net Revenue criteria. Profits after tax criteria of Parents Company gradually decreased through years. In order to restructure and regain the domestic market, the company had to increase selling costs, business management costs. Therefore, profit before tax of the Company has decreased and lost. However, in 2019, when the Company's market share and sales increases, the ratio (%) of costs/net sales decreases, the parent company's profit before tax has reached 8.6 billion dong. The target consolidated profit before tax in 2019 is VND 16.6 billion (parent company and subsidiary are both profitable).

1.2. General Evaluation on Company's business production activities in 2019:

1.2.1 General Evaluation:

In 2019, besides advantages from positive result in 2018 and drastic guidelines and actions by Government; the 7,02% increase of Vietnam GDP, the second consecutive year that Vietnam's economic growth has reached over 7%. In 2019, average GDP per person estimated to achieve 2.786 USD, equivalent to 2.587 USD, increased 199 USD compared with year 2018 and accompany with “Open” of increasingly big economy – Economy scales is more and more expanded...this is an opportunity but also a challenge for business production enterprises of Vietnam's Consumer Goods Industry.

In 5 recent years, the domestic food processing enterprises has been coping with fierce competition from foreign enterprises who come into domestic market, through modern distribution system and mergers & acquisitions (M&A) of strong food processing brands and with large domestic consumption market share. Besides, strong domestic brands such as Masan, Vissan, C.P Vietnam, Vin Group...making acquisitions of food processing Enterprises with market share, brand and making very big investment to build internationally modern production factory; “realization” of clean production chain with 3F formulation and in progress of opening dozen thousands of retailers, shops in nationwide to bring their products to hand of consumers. This fact has increased more competition pressure on domestic small and medium food processing Enterprises – Halong Canfoco is also in such fierce competition pressure.

1.2.2. Evaluation of Business production activities in 2019:

a- Business production activities

The year 2019 is the second year with new orientation – change and restructure of fields in Company such as Marketing – Production – Human Resources – Financial Management. The company has gained achievement initially with two major economic indicators of the Company, in details:

NO.	CRITERIA	UNIT	Plan 2019	Implemented 2019	Implemented 2018	Comparison (%)	
						Plan 2019	Same period 2018
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (5)/(4)	(8) = (5)/(6)
1	Net Revenue	Billion dong	538,292	574,851	476,651	107%	121%
2	Profits before tax	Billion dong	14,037	16,602	(843)	118%	1969%
3	Profits after tax	Billion dong	11,343	14,612	(2,421)	129%	604%

In 2019, the company under leading by BOM and BOD has exceeded the targets of revenue and profit assigned by the Annual General Meeting of Shareholders – 2019:

- Net revenue: VND 574,851 billion, 7% increase compared to the plan.
- Profit before tax: VND 16,602 billion, 18% increase compared to the plan
- Profit after tax: VND 14,612 billion, 29% increase compared to the plan.

To get the above result in 2019, the BOM and its subcommittees had regularly worked with and supported the BOD to issue many effective management regulations to save costs and avoid business risks.

b - Financial management, capital using:

In 2019, revenue of sales increased about 100 billion dong compared with 2018; The company and subsidiary need the capital for reservation of main materials (pork and tuna) and to stabilize selling price and the market, to maintain and develop market share. The parents company and its subsidiaries had to borrow for capital at VCB and AGB. As of December 31, 2019, the company borrowed two banks with total VND 91.952 billion.

c - Human resource management:

In 2019:

- + No change of BOM and Supervisory Board member.

+ BOD member: On September 15, 2019, a Deputy General Director (in charge of Marketing & Sales) resigned due to personal reason. The Board of Director currently has a General Director and a Deputy General Director.

+ On June 19, 2019, the BOM appointed a Deputy General Director (Mr. Truong Sy Toan). On October 25, 2019 the Board of Directors dismissed the position of Deputy General Director from Mr. Truong Sy Toan.

+ Chief Accountant: Change of Chief Accountant on July 1, 2019.

+ Other staff members are in stable management

2. Evaluation by the Board of Management on activities of Company's Executive Board

Pursuant to Company Charter, the BOM has implemented inspection and supervision on activities of the Executive Board and have the following decisions:

As reported in the previous section, in 2019, the Board of Management proactively seized opportunities to well implement the tasks of production and business, to develop the market share and successfully developed a number of new sales channels (Cafe channel, Horeca, school ...), new products (canned lotus seeds/ lychee in many different brands/spring rolls/dried lotus seed... contributing to increase revenue and profits in 2019.

Cost management: In 2019, the BOD had given many cost management's measures such as production costs, selling expenses, financial expenses, business management costs ... to help the company grow and operate effectively. On 25 July 2019, the Board of Management has issued and well implemented the Regulation on internal management and other regulations. However, the BOD should continue to promulgate detailed management regulations on a number of areas for effective and professional operation of the Company.

3. Main activities of the Board of Management and the Sub-Committees of the BOM in 2019:

3.1 Personnel of BOM:

According to Resolution by Annual General Shareholder's Meeting No.01/2016/NQ – ĐHĐCĐ, term 2016-2021 dated 25/9/2016 elected the Board of Management, Supervisory Board, the Resolution No.11/2017/NQ – HĐQT dated 19/5/2017 and Resolution by extraordinary General Shareholder's Meeting in 2018 No.03/2018/NQ_ĐHĐCĐ dated 04/12/2018 changed number and positions in the Board of Management. In details:

- The Board of Management members:

- (1) Mr. Bui Quoc Hung - Chairman
- (2) Mr. Kek Chin Ann – Vice Chairman
- (3) Mr. Mai Xuan Phong – Vice Chairman
- (4) Mr. Pham Huu Quy Lam – Member
- (5) Mr. Nguyen Van Binh – Member

(6) Mr. Wilson Cheal Hui Pin – Member

(7) Mr. Tran Hoang Lam – Member

- Sub-committees of the BOM:

(1) Financial and Strategic subcommittee.

(2) Human Resource and Information Disclosure Subcommittee

(3) Market and Business Development Subcommittee

In 2019, the Sub-committees of the BOM had assisted the BOM in manage execute matters related to development policies, personnel, salary and bonus and internal audit within the authority of the BOM.

- ***Supervisors Board includes:***

Mr. Dang Quoc Viet – Head of Board

Mr. Tran Phuoc Thai - Member

Mr. Ngô Van Duy Nhat – Member

3.2 Operations of the Board of Management in 2019:

In 2019, the Board of Management organized 07 meetings, promulgated 37 Resolutions and Decisions, approved many important contents regarding Company's business production activities. Meetings have full members of the Board of Management, members who absent all have authorization for attending.

In 2019, the Board of Management strengthened supervision on operations of the Executive Board and other managerial employees in order to ensure Company's operations to be comply with the Law, implement Resolutions by Annual General Meeting of Shareholders and the Board of Management. The Board of Management requested the Executive Board to make monthly report on business production result, implementation progress for resolutions by the Board of Management, provide information and explanation for related issues; raise difficulties and advantages in execution work. On basis of reports by the Supervisory Board in inspection, verification, request, the Board of Management organizes meeting to review, evaluate results of execution, promulgate Resolution to settle and implement related work.

Besides, the Board of Management also focus on risk management work, standardization for procedures, administration policies; strengthen inspection, supervision on implementation of procedures, policies in Company's operations; timely detect and correct weak points, ensure harmonious balance for benefits of Shareholders, Company as well as benefits of employees and implement obligations with the State's Budget.

Ha Long Canned Food Joint Stock Corporation step by step towards to study the Company's administration policy according to the modern model of organization and administration in order to single step standardize the management, execution work; limit risks in business production activities, at the same time ensure transparency and facilitate for

Shareholders as well as management authorities can effectively implement their functions of supervision, inspection, and control.

3.3 Salary, incentives, reward and other benefits of BOM in the fiscal year 2019

<i>No.</i>	<i>Full name</i>	<i>Position</i>	<i>Allowance</i>	<i>Expenses for sub-committees</i>
I	Allowance for BOM members		700,000,000	168,000,000
1	BÙI QUỐC HƯNG	Chairman	129,629,630	21,000,000
2	KEK CHIN ANN	Vice Chairman	112,345,679	63,000,000
3	MAI XUÂN PHONG	Vice Chairman	112,345,679	21,000,000
4	PHẠM HỮU QUÝ LÂM	Member	86,419,753	42,000,000
5	NGUYỄN VĂN BÌNH	Member	86,419,753	21,000,000
6	WILSON CHEAH HUI PIN	Member	86,419,753	-
7	TRẦN HOÀNG LÂM	Member	86,419,753	-
	Total		700,000,000	168,000,000

3.4 Share transaction of internal persons:

In 2019, there was no share transaction by internal shareholders of Ha Long Canned Food Joint Stock Corporation

3.5 Contract or transaction with internal persons

In 2019, there was no transactions with internal persons.

3.6 Implementation on regulation of Company's management

Ha Long Canned Food Joint Stock Corporation always comply with and implement in accordance with regulations of the Enterprise Law, Company Charter and internal regulation on Corporate Governance.

4- Business Production Plan in 2020:

- Total consolidated Revenue is of 586,690 billion dong

Of which: Revenue of domestic goods is of 437,524 billion dong;

Revenue of exported goods is of 149,166 billion dong.

- Consolidated Profits (before tax) is of 14,130 billion dong;
- Consolidated Profits (after tax) is of 11,559 billion dong.
- Percentage of dividend expected to share for shareholders is: 15%/year

(Detailed measures to implement targets in the Plan 2020 would be presented in the Report by the Board of General Directors).

In 2020, the worldwide Covid 19 pandemic had impacted the global economy. The African swine fever continued to break out in many provinces and cities in Vietnam, the domestic price of pork had been increased. It is forecasted that the economy will grow negative (-) but with the orientation of the Government and the Company's development strategy of the BOM and the efforts of the Board of Directors, executives, the Party Committee, Trade Union organizations, the enthusiastic feedback of shareholders and under the support of Hai Phong city authorities .. We believe that in 2020 the Company will seize opportunities, overcome difficulties due to epidemics. The company will have positive changes and gradually steadily dominate the domestic market share, promote and expand export markets.

We would like to thank all Shareholders for your trust and regularly monitoring and supporting us in past years.

We would like to sincerely thanks to members of BOM in past years for making a lot of efforts, whole-hearted and timely instruction for all fields of Company's business production activities.

We would like to thanks to the Board of General Directors, the Supervisory Board, executive personnel and all employees for devotion, hard-working, creativeness in implementing assigned tasks, making effort contribution together with Company to overcome difficult stage – step forward to new development stage with many good results and new achievements.

**For and on behalf of BOM
CHAIRMAN**



BUI QUOC HUNG