

HA LONG CANNED FOOD JOINT STOCK CORPORATION

INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

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HA LONG CANNED FOOD JOINT STOCK CORPORATION

CORPORATE INFORMATION

Business Registration Certificate

No. 0200344752 was initially issued by Hai Phong Department of Planning and Investment on 5 March 1999. The latest 11st amendment to the Business Registration Certificate was issued on 11 July 2018.

As at the date of the interim separate financial statements

Chairperson Mr. Bui Quoc Hung

Board of Management	Mr. Bui Quoc Hung	Chairperson
	Mr. Kek Chin Ann	Vice Chairperson
	Mr. Mai Xuan Phong	Vice Chairperson
	Mr. Nguyen Van Binh	Member
	Mr. Wilson Cheah Hui Pin	Member
	Mr. Tran Hoang Lam	Member
	Mr. Phan Huu Quy Lam	Member

Board of Supervision	Ms. Pham Thi Hai Yen	Chief Supervisor (appointed on 6 July 2020)
	Mr. Dang Quoc Viet	Chief Supervisor (resigned on 5 March 2020)
	Mr. Mai Thi Mai Hoa	Member (appointed on 6 July 2020)
	Mr. Ngo Van Duy Nhat	Member (resigned on 7 May 2020)
	Mr. Tran Phuoc Thai	Member

Board of Directors	Mr. Kek Chin Ann	General Director
	Ms. Pham Thi Thu Nga	Deputy General Director

Legal Representative Mr. Bui Quoc Hung Chairperson

Registered Office 71 Le Lai Street, May Chai Ward, Ngo Quyen District, Hai Phong City, Vietnam

Auditor PwC (Vietnam) Limited

HA LONG CANNED FOOD JOINT STOCK CORPORATION

STATEMENT OF THE RESPONSIBILITY OF THE GENERAL DIRECTOR OF THE COMPANY IN RESPECT OF THE INTERIM SEPARATE FINANCIAL STATEMENTS

The Legal Representative of the Company authorised the General Director to sign and be responsible for the interim separate financial statements of Ha Long Canned Food Joint Stock Corporation (“the Company”) pursuant to the Decision No.01/2020/QĐ-HĐQT dated 15 July 2020.

The General Director of Ha Long Canned Food Joint Stock Corporation is responsible for preparing interim separate financial statements which give a true and fair view of the financial position of the Company as at 30 June 2020 and the results of its operations and cash flows for the six-month period then ended. In preparing these interim separate financial statements, the General Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the interim separate financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The General Director is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable interim separate financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the interim separate financial statements. The General Director is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud or errors.

APPROVAL OF THE INTERIM SEPARATE FINANCIAL STATEMENTS

I hereby approve the accompanying interim separate financial statements as set out on pages 5 to 38 which give a true and fair view of the financial position of the Company as at 30 June 2020 and of the results of its operations and cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim separate financial statements.

Users of these interim separate financial statements of the Company should read them together with the interim consolidated financial statements of the Company and its subsidiaries (“the Group”) for the six-month period ended 30 June 2020 in order to obtain full information of the financial position and results of operations and cash flows of the Group.



Kek Chin Ann
General Director
Authorised signatory

Hai Phong, S.R. Vietnam
14 August 2020



REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF HA LONG CANNED FOOD JOINT STOCK CORPORATION

We have reviewed the accompanying interim separate financial statements of the Company which were prepared on 30 June 2020 and approved by the General Director of the Company on 14 August 2020. The interim separate financial statements comprise the interim separate balance sheet as at 30 June 2020, the interim separate income statement, and the interim separate cash flows for the six-month period then ended, and explanatory notes to the interim separate financial statements including significant accounting policies, as set out on pages 5 to 38.

Responsibility of the General Director

The General Director of the Company, authorised by the Legal Representative, is responsible for the preparation and the true and fair presentation of these interim separate financial statements of the Company in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of the interim separate financial statements and for such internal control which the General Director determines necessary to enable the preparation and fair presentation of the interim separate financial statements that are free from material misstatement, whether due to fraud or errors.

Auditor's Responsibility

Our responsibility is to express a conclusion on these interim separate financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements 2410 - *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

A review of the interim separate financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 June 2020, its financial performance and cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of the interim separate financial statements.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 2.16 in the interim separate financial statements which indicates that as at 30 June 2020, the Company did not recognise provision for severance allowance for employees of approximately VND 7,305,764 thousand because of the adoption of Circular No.180/2012/TT-BTC issued by the Ministry of Finance on 24 October 2012. The adoption of this Circular by the Company has resulted in a difference with Vietnamese Accounting Standard No.18 "*Provisions, contingent assets and liabilities*".

Other matters

The independent auditor's review report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Tran Hong Kien
Audit Practising Licence No.0298-2018-006-1
Authorised signatory

Report reference number: HAN 2572
Hanoi, 14 August 2020

INTERIM SEPARATE BALANCE SHEET

Code	ASSETS	Note	As at	
			30.6.2020 VND	31.12.2019 VND
100	CURRENT ASSETS		159,912,060,291	161,993,942,383
110	Cash and cash equivalents	3	5,974,246,322	10,808,391,669
111	Cash		5,058,967,117	10,808,391,669
112	Cash equivalents		915,279,205	-
130	Short-term receivables		27,270,636,929	21,875,987,605
131	Short-term trade accounts receivable	5(a)	22,049,400,254	21,477,746,007
132	Short-term prepayments to suppliers	6	5,702,409,890	1,955,741,964
136	Other short-term receivables	7	7,954,882,802	6,963,477,268
137	Provision for doubtful debts - short term	8	(8,436,056,017)	(8,524,687,898)
139	Shortage of assets awaiting resolution		-	3,710,264
140	Inventories	9	124,561,517,417	126,715,260,361
141	Inventories		125,655,020,506	127,808,763,450
149	Provision for decline in value of inventories		(1,093,503,089)	(1,093,503,089)
150	Other current assets		2,105,659,623	2,594,302,748
151	Short-term prepaid expenses	10(a)	462,543,123	551,294,748
153	Tax and other receivables from the State	14(a)	1,643,116,500	2,043,008,000
200	LONG-TERM ASSETS		62,409,088,116	54,983,086,860
210	Long-term receivables		2,192,806,746	2,977,424,336
211	Long-term trade accounts receivable	5(b)	1,587,235,181	2,380,852,771
216	Other long-term receivables		605,571,565	596,571,565
220	Fixed assets		36,734,157,759	33,138,789,476
221	Tangible fixed assets	11(a)	23,094,242,289	20,283,760,293
222	Historical cost		103,826,799,655	98,913,464,422
223	Accumulated depreciation		(80,732,557,366)	(78,629,704,129)
227	Intangible fixed assets	11(b)	13,639,915,470	12,855,029,183
228	Historical cost		14,134,262,202	13,209,262,202
229	Accumulated amortisation		(494,346,732)	(354,233,019)
240	Long-term assets in progress		5,023,071,497	45,500,000
242	Construction in progress	12	5,023,071,497	45,500,000
250	Long-term investments		15,110,926,449	15,110,926,449
251	Investments in subsidiaries	4	15,110,926,449	15,110,926,449
260	Other long-term assets		3,348,125,665	3,710,446,599
261	Long-term prepaid expenses	10(b)	3,348,125,665	3,710,446,599
270	TOTAL ASSETS		222,321,148,407	216,977,029,243

The notes on pages 9 to 38 are an integral part of these interim separate financial statements.

HA LONG CANNED FOOD JOINT STOCK CORPORATION

Form B 01a – DN

INTERIM SEPARATE BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at	
			30.6.2020 VND	31.12.2019 VND
300	LIABILITIES		115,301,724,679	113,728,657,139
310	Short-term liabilities		111,253,986,093	109,773,834,043
311	Short-term trade accounts payable	13	18,220,559,316	39,653,441,264
312	Short-term advances from customers		927,719,804	936,338,601
313	Tax and other payables to the State	14(b)	13,604,318,836	5,734,340,573
314	Payables to employees		3,183,161,248	2,966,615,994
315	Short term accrued expenses	15	6,538,592,317	6,283,411,321
319	Other short-term payables	16	6,304,098,720	1,593,620,905
320	Short-term borrowings and finance lease liabilities	17	59,590,324,876	49,720,854,409
322	Bonus and welfare funds	18	2,885,210,976	2,885,210,976
330	Long-term liabilities		4,047,738,586	3,954,823,096
337	Other long-term payables		282,500,163	282,500,163
342	Provision for long-term liabilities	19	3,765,238,423	3,672,322,933
400	OWNERS' EQUITY		107,019,423,728	103,248,372,104
410	Capital and reserves		107,019,423,728	103,248,372,104
411	Owners' capital	20,21	50,000,000,000	50,000,000,000
411a	- Ordinary shares with voting rights		50,000,000,000	50,000,000,000
412	Share premium	21	15,753,387,350	15,753,387,350
418	Investment and development funds	21	29,020,260,148	29,020,260,148
421	Undistributed earnings	21	12,245,776,230	8,474,724,606
421a	- Undistributed post-tax profits of previous periods		3,474,724,606	823,217,569
421b	- Post-tax profit of current period		8,771,051,624	7,651,507,037
440	TOTAL RESOURCES		222,321,148,407	216,977,029,243


Do Thi Hoai Huong
Preparer/Chief Accountant




Kek Chin Ann
General Director
Authorised signatory
14 August 2020

The notes on pages 9 to 38 are an integral part of these interim separate financial statements.

HA LONG CANNED FOOD JOINT STOCK CORPORATION

Form B 02a – DN

INTERIM SEPARATE INCOME STATEMENT

Code	Note	For the six-month period ended	
		30.6.2020 VND	30.6.2019 VND
01	Revenue from sales of goods and rendering of services	257,924,308,971	185,649,151,037
02	Less deductions	(1,879,250,444)	(2,395,166,383)
10	Net revenue from sales of goods and rendering of services	24 256,045,058,527	183,253,984,654
11	Cost of goods sold and services rendered	25 (191,436,571,652)	(135,410,055,707)
20	Gross profit from sales of goods and rendering of services	64,608,486,875	47,843,928,947
21	Financial income	46,764,872	5,023,793
22	Financial expenses	26 (1,980,913,070)	(663,072,343)
23	- Including: Interest expenses	(1,715,057,898)	(645,484,493)
25	Selling expenses	27 (41,002,862,134)	(38,190,813,966)
26	General and administration expenses	28 (10,288,549,169)	(11,358,645,521)
30	Net operating profit/(loss)	11,382,927,374	(2,363,579,090)
31	Other income	41,984,271	241,278,323
32	Other expenses	(45,902,482)	(155,582,153)
40	Net other (expenses)/income	(3,918,211)	85,696,170
50	Net accounting profit/(loss) before tax	11,379,009,163	(2,277,882,920)
51	Business income tax – current	29 (2,607,957,539)	-
52	Business income tax – deferred	29 -	-
60	Net profit/(loss) after tax	8,771,051,624	(2,277,882,920)


Do Thi Hoai Huong
Preparer/Chief Accountant




Kek Chin Ann
General Director
Authorised signatory
14 August 2020

The notes on pages 9 to 38 are an integral part of these interim separate financial statements.

HA LONG CANNED FOOD JOINT STOCK CORPORATION

Form B 03a – DN

INTERIM SEPARATE CASH FLOW STATEMENT
(Indirect method)

Code	Note	For the six-month period ended	
		30.6.2020 VND	30.6.2019 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		11,379,009,163	(2,277,882,920)
	Adjustments for:		
02	Depreciation and amortisation	2,242,966,950	2,347,300,892
03	Provisions	4,283,609	2,087,685,248
04	Unrealised foreign exchange losses	-	835,378
05	Profits from investing activities	(28,218,387)	(3,581,839)
06	Interest expenses	1,715,057,898	645,484,493
08	Operating profit before changes in working capital	15,313,099,233	2,799,841,252
09	Increase in receivables	(4,121,508,353)	(6,194,659,881)
10	Decrease/(increase) in inventories	2,153,742,944	(4,148,887,236)
11	Decrease in payables	(15,197,275,956)	(3,943,888,368)
12	Decrease in prepaid expenses	451,072,559	648,409,922
14	Interest paid	(1,715,057,898)	(645,484,493)
15	Business income tax paid	(800,000,000)	-
17	Other payments on operating activities	-	(28,400,000)
20	Net cash outflows from operating activities	(3,915,927,471)	(11,513,068,804)
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(10,815,906,730)	(2,658,650,000)
27	Dividends and interest received	28,218,387	3,581,839
30	Net cash outflows from investing activities	(10,787,688,343)	(2,655,068,161)
CASH FLOWS FROM FINANCING ACTIVITIES			
33	Proceeds from borrowings	177,981,167,706	59,448,303,575
34	Repayments of borrowings	(168,111,697,239)	(43,883,481,025)
36	Dividends paid, profits distributed to owners	-	(80,552,000)
40	Net cash inflows from financing activities	9,869,470,467	15,484,270,550
50	Net (decrease)/increase in cash and cash equivalents	(4,834,145,347)	1,316,133,585
60	Cash and cash equivalents at beginning of period	10,808,391,669	6,024,108,280
61	Effect of foreign exchange differences	-	(835,378)
70	Cash and cash equivalents at end of period	5,974,246,322	7,339,406,487


Do Thi Hoai Huong
Preparer/Chief Accountant




Kek Chin Ann
General Director
Authorised signatory
14 August 2020

The notes on pages 9 to 38 are an integral part of these interim separate financial statements.

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

1 GENERAL INFORMATION

Ha Long Canned Food Joint Stock Corporation (“the Company”) is a joint stock company established in SR Vietnam pursuant to Business Registration Certificate No. 0200344752 initially issued by Hai Phong Department of Planning and Investment on 5 March 1999. The latest amendment (11th) to the Business Registration Certificate was issued on 11 July 2018.

Owners of the Company include shareholders holding the Company’s shares. Details of capital contributions are presented in Note 20.

The Company’s business sector is manufacturing. The principal business activities of the Company are: producing, processing, packaging and exporting aquatic products, sea products, frozen animal husbandry products and other food products.

The normal business cycle of the Company is 12 months.

In accordance to the Resolution of Board of Management No. 21/2017/NQ-HDQT, No. 22/2017/NQ-HDQT and No. 27/2017/NQ-HDQT on 6 October 2017, the management has decided to close three branches:

- Da Nang branch, located at 150 Dong Da Street, Thuan Phuoc Ward, Hai Chau District, Da Nang City, Vietnam;
- Ho Chi Minh branch, located at 30 Ly Long Tuong, My Quang – H30 Street, Tan Phong Ward, District 7, Ho Chi Minh City, Vietnam; and
- Hanoi branch, located at 80B Nguyen Van Cu Street, Bo De Ward, Long Bien District, Hanoi, Vietnam.

As at 30 June 2020, Ha Noi and Da Nang branches were officially closed. The closing procedures of the Ho Chi Minh Branch were under way.

As at 30 June 2020, the Company had two subsidiaries as below:

Subsidiaries	Principal business activities	Place of incorporation and operation	% Ownership	% of voting rights
Ha Long Canfoco – Da Nang Company Limited	Processing and storage of fish and fish products, meat and meat products, vegetables and fruits, livestock, poultry feed and aquatic products.	Plot C3-4, C3-5, Tho Quang Aquaculture Services Industrial Zone, Tho Quang Ward, Son Tra District, Da Nang City, Vietnam.	100%	100%
Ha Long Canfoco Kindergarten	Providing childcare and nursery education service.	69 Le Lai Street, May Chai Ward, Ngo Quyen District, Hai Phong City, Vietnam.	100%	100%

As at 30 June 2020, the Company had 566 employees (as at 31 December 2019: 527 employees).

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of preparation of interim separate financial statements**

The interim separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements. The interim separate financial statements have been prepared under the historical cost convention.

The accompanying interim separate financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

The interim separate financial statements in the Vietnamese language are the official statutory interim separate financial statements of the Company. The interim separate financial statements in the English language have been translated from the Vietnamese version.

Separately, the Company has also prepared the interim consolidated financial statements of the Company and its subsidiaries (together, "the Group"), in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. In the consolidated financial statements, subsidiary undertakings, which are those companies over which the Group has the power to govern the financial and operating policies, have been fully consolidated.

Users of these interim separate financial statements of the Company should read them together with the interim consolidated financial statements of the Group for the period ended 30 June 2020 in order to obtain full information of the consolidated financial position and consolidated results of operations and consolidated cash flows of the Group.

2.2 Fiscal year

The Company's fiscal year is from 1 January to 31 December. The six-month period is from 1 January to 30 June.

2.3 Currency

The interim separate financial statements are measured and presented in Vietnamese Dong ("VND"). The Company determines its accounting currency based on the currency which is mainly used in sales of goods and rendering of services, which has a significant impact on selling prices of goods and services, which is normally used for list selling prices and receive payments; which is mainly used in purchases of goods or services, which has a significant impact on cost of labor, materials and other production or operating costs and normally used as payments of those costs.

In addition, the Company also uses this currency to raise financial resources and regularly collects this currency from business operation and savings.

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 Exchange rates**

Transactions arising in foreign currencies are translated at the exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at the buying and selling exchange rates at the balance sheet date of the commercial bank where the Company regularly trades. Foreign currencies deposited in banks at the balance sheet date are translated at the buying exchange rate of the commercial bank where the Company opens its foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the income statement.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

2.6 Receivables

Receivables represent trade receivables from customers arising from sales of goods and rendering of services or non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on overdue days in payment according to the initial payment commitment (exclusive of the payment rescheduling between parties). Bad debts are written off when identified.

Receivables are classified into long-term and short-term receivables on the balance sheet based on the remaining period from the balance sheet date to the maturity date.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

The Company applies the perpetual system for inventories.

Provision is made, where necessary, for obsolete, slow-moving and defective inventory items. The difference between the provision of this period and the provision of the previous period are recognised as an increase or decrease of cost of goods sold in the period.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Investments in subsidiaries

Subsidiaries are the entities over which the Company has the power to govern the financial and operating policies in order to gain future benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are initially recorded at cost of acquisition including capital contribution value plus other expenditure directly attributable to the investment. Subsequently, the General Director reviews all outstanding investments to determine the amount of provision to recognise at the period end.

2.9 Fixed assets

Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets bringing them to their suitable conditions for their intended use. Expenditure incurred subsequently which has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, they are charged to the income statement when incurred.

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line method so as to write off the historical cost of the fixed assets over their estimated useful lives or over the term of the Enterprise Registration Certificate if shorter. The principal annual rates of each asset class are as follows:

Plant and buildings	7% - 33%
Machinery	8% - 50%
Motor vehicles	13% - 50%
Office equipment	14% - 50%
Softwares	20%

Land use rights with indefinite useful life are recorded at historical cost and are not amortised.

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount of the fixed assets and are recognised as income or expense in the income statement.

Construction in progress

Construction in progress represents the cost of assets in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.10 Leased assets**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.11 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the balance sheet. Prepaid expenses are recorded at historical cost and allocated on the straight-line basis over their estimated useful lives.

2.12 Payables

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services; and
- Other payables are non-trade payables, and payables not relating to purchases of goods and services.

Payables are classified into long-term and short-term payables on the balance sheet based on remaining period from the balance sheet date to the maturity date.

2.13 Borrowings and finance lease liabilities

Borrowings and finance lease liabilities include borrowings and finance leases from banks, financial institutions, financial companies and other entities.

Borrowings and finance lease liabilities are classified into long-term and short-term borrowings and finance lease liabilities on the balance sheet based on their remaining terms from the balance sheet date to the maturity date.

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. In respect of general-purpose borrowings, a portion of which used for the purpose of construction or production of any qualifying assets, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the weighted average expenditure on that assets. The capitalisation rate is the weighted average of the interest rates applicable to the Company's borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are recognised in the income statement when incurred.

2.14 Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid for due to pending invoices or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.15 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the expenditure expected to be required to settle the obligation. If the time value of money is material, provisions will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a financial expense. Changes in the provision balance during the accounting period are recorded as an increase or decrease in operating expenses.

2.16 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Company who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Company less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Company.

The severance allowance is accrued at the end of the reporting period on the basis that each employee is entitled half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee contract's average salary for the six-month period prior to the balance sheet date. This allowance will be paid as a lump sum when the employees terminate their labour contracts in accordance with current regulations.

The Company did not recognise provision for severance allowance for employees because of the adoption of Circular No.180/2012/TT-BTC issued by the Ministry of Finance on 24 October 2012. The adoption of this Circular by the Company has resulted in a difference with Vietnamese Accounting Standard No.18 "*Provisions, contingent assets and liabilities*". Had the Company adopted Vietnamese Accounting Standard, the provision for severance allowance as at 30 June 2020 would have been approximately VND 7,305,764 thousand (as at 31 December 2019: VND 6,958,891 thousand).

2.17 Provision for dismantling and restoration costs

According to Circular 200, since 1 January 2015, the Company is required to provide for dismantling and restoration costs of the Company's leased premises and land following guidance presented in Note 2.15 and relevant regulations. This provision is measured at the present value of expenditures estimated to settle the dismantling and restoration obligation at the end of the lease term. The increase in the provision due to passage of time is recognised as an interest expense.

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.18 Capital and reserves**

Owners' capital is recorded according to the actual amounts contributed and is recorded according to the par value of the shares.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

2.19 Appropriation of profit

The Company's dividends are recognised as a liability in the Company's interim separate financial statements in the period in which the dividends are approved by the Company's General Meeting of shareholders.

Profit after business income tax could be distributed to shareholders after approval at Shareholders' General Meeting, and after appropriation to other funds in accordance with the Company's charter and Vietnamese regulations.

The Company's funds are as below:

(a) Investment and development fund

Investment and development fund is appropriated from profit after business income tax of the Company and approved at the Shareholders' General Meeting.

(b) Bonus and welfare fund

The bonus and welfare fund is appropriated from profit after business income tax of the Company and subject to shareholders' approval at the Shareholders' General Meeting. This fund is presented as a liability on the balance sheet.

2.20 Revenue recognition**(a) Revenue from sales of goods**

Revenue from the sale of goods is recognised in the income statement when all five (5) following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.20 Revenue recognition (continued)****(a) Revenue from sales of goods (continued)**

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised in accordance with the “substance over form” principle and allocated to each sale obligation. In cases where the Company gives promotional goods to customers associated with their purchases, the Company allocates the total considerations received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of sales in the income statement.

(b) Revenue from rendering of services

Revenue from rendering of services is recognised in the income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Revenue from rendering of services is only recognised when all four (4) following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(c) Rental income

Rental income arising from operating leases is recognised to the income statement on a straight line basis over the lease term.

(d) Interest income

Interest income is recognised on an earned basis.

2.21 Sales deductions

Sales deductions include trade discounts, sales returns and allowances. Sales deductions incurred in the same period of the related revenue from sales of products, goods and rendering of services are recorded as a deduction of revenue of that period.

Sales deductions for sales of products, goods or rendering of services which are sold in the period but are incurred after the balance sheet date but before the issuance of the interim separate financial statements are recorded as a deduction of revenue of the period.

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.22 Cost of goods sold and services rendered**

Cost of goods sold and cost of services rendered are cost of finished goods, merchandise sold or services rendered during the period, and recorded on the basis of matching with revenue and on a prudent basis.

2.23 Financial expenses

Financial expenses are expenses incurred in the period for financial activities mainly including interest expenses; and losses from foreign exchange differences.

2.24 Selling expenses

Selling expenses represent expenses that are incurred in the process of selling products, goods, and providing services, which mainly include salary expenses of sales staff; social insurance, medical insurance, labour union fees, unemployment insurance of sales staff; depreciation of fixed assets used for selling; logistics and loading costs; distributor support expenses; marketing and promotion expenses; business trip expenses; outside service expenses; and other expenses.

2.25 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staff; social insurance, medical insurance, labour union fees, unemployment insurance of administrative staff; depreciation of fixed assets used for administration; tax and fee expenses; provision for doubtful debts; business trip expenses; outside service expenses; and other expenses.

2.26 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred tax should be recognized as an income or an expense and included in the profit or loss of the period, except to the extent that the income tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the interim separate financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Related parties

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

In considering the related party relationship, the Company considers the substance of the relationship not merely the legal form.

2.28 Accounting estimates

The preparation of interim separate financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements requires the General Director to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year.

The areas involving significant estimates and assumptions are as follows:

- Estimated useful lives of fixed assets (Note 2.9);
- Estimation of provision for doubtful debts (Note 8);
- Estimation of provision for decline in value of inventories (Note 9);
- Estimation of provision for severance allowance (Note 2.16); and
- Estimation of provision for dismantling and restoration costs (Notes 2.17 and 19).

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

3 CASH AND CASH EQUIVALENTS

	30.6.2020	31.12.2019
	VND	VND
Cash on hand	224,714,021	169,370,024
Cash at bank	4,834,253,096	10,639,021,645
Cash equivalents (*)	915,279,205	-
	<u>5,974,246,322</u>	<u>10,808,391,669</u>

(*) Included in cash equivalents is an amount of VND 800 million which is kept on behalf of Ha Long Canfoco Kindergarten – a subsidiary of the Company (Note 16) (as at 31 December 2019: VND 800 million which is kept on behalf was presented in cash at bank).

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

4 INVESTMENTS

Investment in subsidiaries

	30.6.2020			31.12.2019		
	Cost VND	Fair value (*) VND	Provision VND	Cost VND	Fair value (*) VND	Provision VND
Ha Long Canfoco - Da Nang Company Limited (Note 31(b))	15,000,000,000	15,000,000,000	-	15,000,000,000	15,000,000,000	-
Ha Long Canfoco Kindergarten (Note 31(b))	110,926,449	110,926,449	-	110,926,449	110,926,449	-
	<u>15,110,926,449</u>	<u>15,110,926,449</u>	<u>-</u>	<u>15,110,926,449</u>	<u>15,110,926,449</u>	<u>-</u>

(*) As at 30 June 2020 and 31 December 2019, the Company has not determined the fair value of these investments to disclose on the financial statements because they do not have listed prices and Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements do not provide detailed guidance on the methods to determine fair value. The fair values of such investments may be different from their book values.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**5 TRADE ACCOUNTS RECEIVABLE****(a) Short-term**

	30.6.2020 VND	31.12.2019 VND
Third parties	21,255,782,664	20,684,128,417
Related parties (Notes 5(b) and 31(b))	793,617,590	793,617,590
	<u>22,049,400,254</u>	<u>21,477,746,007</u>
Provision for doubtful debts (Note 8)	(1,172,580,197)	(1,693,483,679)
	<u>20,876,820,057</u>	<u>19,784,262,328</u>

Details for customers accounting from 10% or more of the total trade accounts receivable balance were as follows:

	30.6.2020 VND	31.12.2019 VND
Vincommerce General Trading Service Joint Stock Company	3,329,273,290	2,731,249,049
EB Services Co., Ltd.	2,411,909,282	3,987,833,800
Phuc Long Trading Production Co., Ltd.	2,410,817,640	2,607,619,080
Pho Viet Joint Stock Company	2,217,600,000	1,267,200,000

(b) Long-term

	Six-month period ended 30.6.2020 VND	Year ended 31.12.2019 VND
Beginning of period/year	2,380,852,771	3,174,470,361
Transfer the due portion to short-term trade accounts receivable (Note 5(a))	(793,617,590)	(793,617,590)
	<u>1,587,235,181</u>	<u>2,380,852,771</u>
End of period/year (Note 31(b)) (*)	<u>1,587,235,181</u>	<u>2,380,852,771</u>

(*) This balance represents the receivables from Ha Long Canfoco - Da Nang Company Limited, the Company's subsidiary, for sale of machinery and equipment under the Contract No. 877-HĐMB/ĐHHL/2012 dated 1 September 2012 with total value of VND 8,994,332,688 which will be paid by 12 equal repayment instalments commencing from 1 September 2012 to 31 March 2024.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**6 SHORT-TERM PREPAYMENTS TO SUPPLIERS**

	30.6.2020 VND	31.12.2019 VND
Third parties	5,702,409,890	1,955,741,964
Provision for doubtful debts (Note 8)	(775,733,589)	(241,830,389)
	<u>4,926,676,301</u>	<u>1,713,911,575</u>

Details for suppliers accounting from 10% or more of the total short-term prepayments to suppliers balance were as follows:

	30.6.2020 VND	31.12.2019 VND
Vifoco Import Export JSC	2,800,000,000	-
Zhangzhou Greencan Food Co., Ltd.	1,285,865,025	530,048,610
	<u>4,085,865,025</u>	<u>530,048,610</u>

7 OTHER SHORT-TERM RECEIVABLES

	30.6.2020 VND	31.12.2019 VND
Receivables from individuals relating to VAT (*)	5,458,254,250	5,458,254,250
Advance for business trips and hospitality expenses	1,308,653,388	475,485,038
Receivables from related parties (Note 31(b))	155,247,884	-
Others	1,032,727,280	1,029,737,980
	<u>7,954,882,802</u>	<u>6,963,477,268</u>
Provision for doubtful debts (Note 8)	(6,487,742,231)	(6,589,373,830)
In which:		
- <i>Provision for receivables from individuals relating to VAT (*)</i>	(5,458,254,250)	(5,458,254,250)
- <i>Provision for other receivables</i>	(1,029,487,981)	(1,131,119,580)
	<u>1,467,140,571</u>	<u>374,103,438</u>

(*) This balance represents the receivables and its provision from individuals relating to the VAT payable to the State amounting to VND 5,458,254,250 in accordance with Decision No. 03/HSPT dated 12 and 13 January 2005, issued by the Supreme People's Court of Vietnam – Appellate Court in Hanoi (Note 14).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

8 DOUBTFUL DEBTS

Provisions for doubtful debts during the period were as follows:

	As at 30.6.2020		
	Cost VND	Recoverable amount VND	Provision VND
Total provision for doubtful debts:			
i) Trade accounts receivable (Note 5(a))	22,049,400,254	20,876,820,057	1,172,580,197
ii) Prepayment to suppliers (Note 6)	5,702,409,890	4,926,676,301	775,733,589
iii) Other short-term receivables (Note 7)	7,954,882,802	1,467,140,571	6,487,742,231
	<u>35,706,692,946</u>	<u>27,270,636,929</u>	<u>8,436,056,017</u>
	As at 31.12.2019		
	Cost VND	Recoverable amount VND	Provision VND
Total provision for doubtful debts:			
i) Trade accounts receivable (Note 5(a))	21,477,746,007	19,784,262,328	1,693,483,679
ii) Prepayment to suppliers (Note 6)	1,955,741,964	1,713,911,575	241,830,389
iii) Other short-term receivables (Note 7)	6,963,477,268	374,103,438	6,589,373,830
	<u>30,396,965,239</u>	<u>21,872,277,341</u>	<u>8,524,687,898</u>

Movements of provision for doubtful debts during the period/year were as below:

	Six-month period ended 30.6.2020 VND	Year ended 31.12.2019 VND
Beginning of period/year	8,524,687,898	7,936,134,541
Increase	533,903,200	588,553,357
Written-off trade accounts receivables	(622,535,081)	-
End of period/year	<u>8,436,056,017</u>	<u>8,524,687,898</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

9 INVENTORIES

	30.6.2020		31.12.2019	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	-	-	702,612,000	-
Raw materials	58,081,822,598	(433,720,621)	64,693,839,649	(433,720,621)
Tools and supplies	5,123,763,095	(342,577,814)	2,256,854,701	(342,577,814)
Work in progress	5,177,658,117	-	5,377,651,087	-
Finished goods	36,296,136,414	(317,204,654)	32,022,981,937	(317,204,654)
Merchandises	20,975,640,282	-	22,754,824,076	-
	<u>125,655,020,506</u>	<u>(1,093,503,089)</u>	<u>127,808,763,450</u>	<u>(1,093,503,089)</u>
Provision for decline in value of inventories	(1,093,503,089)		(1,093,503,089)	
	<u>124,561,517,417</u>		<u>126,715,260,361</u>	

Movements in the provision for decline in value of inventories during the period/year were as follows:

	Six-month period ended 30.6.2020 VND	Year ended 31.12.2019 VND
Beginning of period/year	1,093,503,089	5,017,206,154
Increase	-	17,118,628
Reversal	-	(2,888,440,446)
Written off trade account receivables	-	(1,052,381,247)
End of period/year	<u>1,093,503,089</u>	<u>1,093,503,089</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

10 PREPAID EXPENSES

(a) Short-term

	30.6.2020 VND	31.12.2019 VND
Insurance fees	204,167,424	102,141,723
Tools and office supplies	149,946,345	137,029,908
Others	108,429,354	312,123,117
	<u>462,543,123</u>	<u>551,294,748</u>

(b) Long-term

	30.6.2020 VND	31.12.2019 VND
Assets retirement obligation	2,753,368,342	2,822,149,780
Warehouse, office improvement	571,386,060	810,656,062
Tools and office supplies	16,654,043	36,638,891
Others	6,717,220	41,001,866
	<u>3,348,125,665</u>	<u>3,710,446,599</u>

HA LONG CANNED FOOD JOINT STOCK CORPORATION

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

11 FIXED ASSETS

(a) Tangible fixed assets

	Plant and buildings VND	Machinery VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
As at 1 January 2020	34,139,986,184	58,985,590,822	3,451,036,396	2,336,851,020	98,913,464,422
New purchases	-	4,258,435,233	-	-	4,258,435,233
Transfer from construction in progress (Note 12)	-	654,900,000	-	-	654,900,000
As at 30 June 2020	34,139,986,184	63,898,926,055	3,451,036,396	2,336,851,020	103,826,799,655
Accumulated depreciation					
As at 1 January 2020	(32,078,262,626)	(41,118,483,266)	(3,096,107,217)	(2,336,851,020)	(78,629,704,129)
Charge for the period	(374,751,503)	(1,667,256,736)	(60,844,998)	-	(2,102,853,237)
As at 30 June 2020	(32,453,014,129)	(42,785,740,002)	(3,156,952,215)	(2,336,851,020)	(80,732,557,366)
Net book value					
As at 1 January 2020	2,061,723,558	17,867,107,556	354,929,179	-	20,283,760,293
As at 30 June 2020	1,686,972,055	21,113,186,053	294,084,181	-	23,094,242,289

The historical cost of fully depreciated tangible fixed assets as at 30 June 2020 were VND 60,902,727,840 (as at 31 December 2019: VND 58,028,348,750).

As at 30 June 2020, tangible fixed assets with a carrying value of VND 10,383,863,671 (as at 31 December 2019: VND 11,338,040,965) were pledged with banks as collateral/mortgaged assets for short-term borrowings granted to the Company (Note 17).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

11 FIXED ASSETS (CONTINUED)

(b) Intangible fixed assets

	Land use rights (*) VND	Softwares VND	Total VND
Historical cost			
As at 1 January 2020	11,987,672,202	1,221,590,000	13,209,262,202
New purchases	-	925,000,000	925,000,000
As at 30 June 2020	11,987,672,202	2,146,590,000	14,134,262,202
Accumulated amortisation			
As at 1 January 2020	-	(354,233,019)	(354,233,019)
Charge for the period	-	(140,113,713)	(140,113,713)
As at 30 June 2020	-	(494,346,732)	(494,346,732)
Net book value			
As at 1 January 2020	11,987,672,202	867,356,981	12,855,029,183
As at 30 June 2020	11,987,672,202	1,652,243,268	13,639,915,470

(*) Intangible fixed assets are land use rights with indefinite useful life and intended purpose of building factories as below:

- i) Land use right of Ha Long Canned Food Joint Stock Corporation with an area of 10,306m² at plot C3-4 and plot C3-5, Tho Quang Seafood Service Industrial Zone, Tho Quang Ward, Son Tra District, Da Nang City with book value of VND 11,258,672,202.
- ii) Land use right of Ha Long Canned Food Joint Stock Corporation with an area of 290.7m² at plot No.1 at No. 43/1 Phuoc Long Street, Phuoc Long Ward, Nha Trang City, Khanh Hoa Province with book value of VND 729,000,000.

On 20 July 2016, the Company signed a land use right mortgage contract No. 77/2016/VCB DN with Joint Stock Commercial Bank for Foreign Trade of Vietnam - Da Nang branch, to use the land use right in Da Nang (book value of VND 11,258,672,202) as the collateral for the bank loans obtained by Ha Long Canfoco - Da Nang Company Limited, a subsidiary.

On 24 December 2019, the Company signed a land use right mortgage contract No. 01.2019/HDTC - CAN with Joint Stock Commercial Bank for Foreign Trade of Vietnam – South Hai Phong branch, to use the land use right in Nha Trang (book value of VND 729,000,000) as the collateral for the bank loans obtained by the Company (Note 17).

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

12 CONSTRUCTION IN PROGRESS

Movements in the construction in progress during the period/year were as follows:

	Six-month period ended 30.6.2020 VND	Year ended 31.12.2019 VND
Beginning of period/year	45,500,000	-
Increase	5,632,471,497	2,704,150,000
Transfer to tangible fixed assets (Note 11(a))	(654,900,000)	(2,185,660,000)
Transfer to intangible fixed assets	-	(472,990,000)
	<u>5,023,071,497</u>	<u>45,500,000</u>

(*) The balance mainly included machinery for a sausage production line awaiting for installation.

13 SHORT-TERM TRADE ACCOUNTS PAYABLE

	30.6.2020 VND	31.12.2019 VND
Third parties	8,736,867,912	28,465,538,516
Related parties (Note 31(b))	9,483,691,404	11,187,902,748
	<u>18,220,559,316</u>	<u>39,653,441,264</u>

Details for suppliers accounting from 10% or more of the total short-term trade accounts payable balance were as follows:

	30.6.2020 VND	31.12.2019 VND
Xuan Viet Co., Ltd.	2,916,977,327	7,250,173,700
Ha Long Foods Import Export One – member Co., Ltd.	-	9,063,526,050
	<u>2,916,977,327</u>	<u>16,313,699,750</u>

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

14 TAX AND OTHER RECEIVABLES FROM/(PAYABLES TO) THE STATE

Movements in tax and other receivables from/(payables to) the State were as follows:

	As at 1.1.2020 VND	Incurred during the period VND	Payment during the period VND	Reclassification/ Offset VND	As at 30.06.2020 VND
(a) Receivables					
Input VAT	-	11,889,623,777	-	(11,889,623,777)	-
Land rental fee (*)	2,043,008,000	(450,823,500)	-	-	1,592,184,500
Land and housing tax	-	-	-	50,932,000	50,932,000
	<u>2,043,008,000</u>	<u>11,438,800,277</u>	<u>-</u>	<u>(11,838,691,777)</u>	<u>1,643,116,500</u>
(b) Payables					
Output VAT (**)	(1,943,910,268)	(25,668,739,684)	6,754,463,754	11,889,623,777	(8,968,562,421)
VAT on imported goods	-	(1,406,990,442)	1,406,990,442	-	-
Business income tax (**)	(441,802,597)	(2,607,957,539)	800,000,000	-	(2,249,760,136)
Personal income tax	(510,745,970)	(1,477,154,630)	1,839,786,059	-	(148,114,541)
Land and housing tax	-	(50,932,000)	101,864,000	(50,932,000)	-
Business license tax	-	(3,000,000)	3,000,000	-	-
VAT (***)	(1,868,254,250)	-	600,000,000	-	(1,268,254,250)
Penalty on late VAT payment	(969,627,488)	-	-	-	(969,627,488)
	<u>(5,734,340,573)</u>	<u>(31,214,774,295)</u>	<u>11,506,104,255</u>	<u>11,838,691,777</u>	<u>(13,604,318,836)</u>

(*) This represents land rental fee payable to the State in accordance with the land lease contract No. 11/HĐ/TTĐ dated 15 March 1999 between the Company and Land and Housing Department of Hai Phong City, in relation to three plots of land respectively at No. 39, 43A, and 43B Le Lai Street, May Chai Ward, Ngo Quyen District, Hai Phong City with total area of 62,740.2 square meters, for the period of 40 years from 1 March 1999. The land rental fee is notified annually by the Tax Department of Ngo Quyen District, Hai Phong City. On 24 July 2019, the Company received a re-assessment by the authorities on one of its taxes, according to which, the Company had overpaid land rental fees with amount of approximately VND 2,493,831,000. This overpayment is allowed to be offset against the Company's future respective tax obligation.

(**) According to Decree No. 1307/TTCT-CS dated 27 March 2020, payments of the Company's VAT from March to June 2020 (except for VAT on imported goods), and business income tax for Quarter 1 and 2 in 2020 was extended to additional 5 months since the tax payment due dates in accordance with applicable regulations.

(***) This represents the Value Added Tax payable to the State in accordance with Decision No. 03/HSPT dated 12 and 13 January 2005, issued by the Supreme People's Court of Vietnam – Appellate Court in Hanoi (Note 7). During the period, the Company paid VND 600 million to the tax authority.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

15 SHORT-TERM ACCRUED EXPENSES

	30.6.2020 VND	31.12.2019 VND
Distributor support expenses	3,517,410,267	2,057,899,635
Staff bonus	500,000,000	3,059,367,331
Others	2,521,182,050	1,166,144,355
	<u>6,538,592,317</u>	<u>6,283,411,321</u>

16 OTHER SHORT-TERM PAYABLES

	30.6.2020 VND	31.12.2019 VND
Dividend payable (Note 31(b))	5,073,663,250	73,663,250
Payables to Ha Long Canfoco Kindergarten (Note 31(b))	800,000,000	800,000,000
Trade union	286,764,589	374,374,176
Others	143,670,881	345,583,479
	<u>6,304,098,720</u>	<u>1,593,620,905</u>

17 BORROWINGS

	As at 1.1.2020 VND	Increase VND	Decrease VND	As at 30.6.2020 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam – South Hai Phong Branch (*)	19,860,087,213	82,702,768,345	(72,839,596,166)	29,723,259,392
Vietnam Bank for Agriculture and Rural Development – Hai Phong Branch (**)	29,860,767,196	95,278,399,361	(95,272,101,073)	29,867,065,484
	<u>49,720,854,409</u>	<u>177,981,167,706</u>	<u>(168,111,697,239)</u>	<u>59,590,324,876</u>

(*) On 30 December 2019, Ha Long Canned Food Joint Stock Corporation signed the Credit Limit Agreement No. 2019/HĐCVHM-CAN with Joint Stock Commercial Bank for Foreign Trade of Vietnam – South Hai Phong Branch for funding of working capital. The credit limit of this facility is VND 30,000,000,000 for a loan disbursement period within 12 months from Credit Limit Agreement date. The credit limit includes the Company's outstanding loans at bank under the Credit Agreement No.22/2018/HĐTD-HM-CAN dated 2 October 2018 and Credit Agreement Amendment No.01/2019-PL/HĐTĐ-HM-CAN dated 2 October 2019. Principals are repayable within 4 months from the drawdown date. Interests are payable on a monthly basis at an interest rate of 6.2% per annum (2019: 6.5% per annum).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

17 BORROWINGS (CONTINUED)

This loan is secured by collaterals including:

- Tangible fixed assets under the mortgage agreement No. 22/2018/HĐTC-CAN and 22-A/2018/HĐTC-CAN dated 2 October 2018 and 02.2019/HĐTC-CAN dated 14 December 2019 with total carrying value of VND 10,383,863,671 as at 30 June 2020 (Note 11(a));
 - Land Use Right No. BĐ 292949 for the land lot No.1 of 290.7 square meters at plot No.43/1 Phuoc Long Street, Phuoc Long Ward, Nha Trang City, Khanh Hoa Province issued by the Da Nang People's Committee on 05 December 2011 with total book value of VND 729,000,000 as at 30 June 2020 (Note 11(b)).
- (**) On 24 June 2019, Ha Long Canned Food Joint Stock Corporation signed the Credit Limit Agreement No. 2100- LAV- 201900371 with Vietnam Bank for Agriculture and Rural Development – Hai Phong Branch for funding of working capital. The credit limit of this facility is VND 30,000,000,000 for a loan disbursement period within 12 months from Credit Limit Agreement date. Principals are repayable within 4 months from the drawdown date. Interests are payable on monthly basis at an interest rate of 6.8% per annum (2019: 6.8% per annum). This loan is unsecured.

18 BONUS AND WELFARE FUND

This fund was established by appropriating from retained profits as approved by shareholders at the Annual Shareholders' General Meeting. This fund is used to pay bonus and welfare to the Company's employees in accordance with the Company's bonus and welfare policies.

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

	Six-month period ended 30.6.2020 VND	Year ended 31.12.2019 VND
Beginning of period/year	2,885,210,976	2,914,424,565
Utilised during the period/year	-	(29,213,589)
End of period/year	<u>2,885,210,976</u>	<u>2,885,210,976</u>

19 PROVISIONS FOR LONG-TERM LIABILITIES

	30.6.2020 VND	31.12.2019 VND
Provision for restoration cost (*)	<u>3,765,238,423</u>	<u>3,672,322,933</u>

- (*) This represents the provision for dismantling and restoration cost of the Company's leased land at 71 Le Lai Street, May Chai Ward, Ngo Quyen District, Hai Phong City, Vietnam in accordance with the Contract No. 11/HD/TD dated 15 March 1999 between the Company and Land and Housing Department of Hai Phong City, in which the Company has obligation to clear the land at the end of the lease term. The land clearance includes removals of the Company's properties located on the lands and restoration of the lands to their original condition.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

19 PROVISIONS FOR LONG-TERM LIABILITIES (CONTINUED)

Movements in the provision during the period/year were as follows:

	Six-month period ended 30.6.2020 VND	Year ended 31.12.2019 VND
Beginning of period/year	3,672,322,933	6,183,276,255
Interest	92,915,490	262,955,585
Re-estimation	-	(2,773,908,907)
End of period/year	<u>3,765,238,423</u>	<u>3,672,322,933</u>

20 OWNERS' CAPITAL

(a) Number of shares

	30.6.2020 Ordinary shares	31.12.2019 Ordinary shares
Number of shares registered	<u>5,000,000</u>	<u>5,000,000</u>
Number of shares issued	<u>5,000,000</u>	<u>5,000,000</u>
Number of existing shares in circulation	<u>5,000,000</u>	<u>5,000,000</u>

(b) Details of owners' shareholding

	30.6.2020		31.12.2019	
	Ordinary shares	%	Ordinary shares	%
Shareholding owned by the State	1,387,360	27.75	1,387,360	27.75
Shareholding owned by other owners	3,612,640	72.25	3,612,640	72.25
Number of shares issued	<u>5,000,000</u>	<u>100</u>	<u>5,000,000</u>	<u>100</u>

(c) Movement of share capital

	Number of shares	Ordinary shares VND	Total VND
As at 1 January 2019	<u>5,000,000</u>	<u>50,000,000,000</u>	<u>50,000,000,000</u>
As at 31 December 2019	<u>5,000,000</u>	<u>50,000,000,000</u>	<u>50,000,000,000</u>
As at 30 June 2020	<u>5,000,000</u>	<u>50,000,000,000</u>	<u>50,000,000,000</u>

Par value per share: VND 10,000.

HA LONG CANNED FOOD JOINT STOCK CORPORATION

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

21 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Investment and development fund VND	Undistributed earnings VND	Total VND
As at 1 January 2019	50,000,000,000	15,753,387,350	29,020,260,148	3,323,217,569	98,096,865,067
Net profit for the year	-	-	-	7,651,507,037	7,651,507,037
Dividends distribution	-	-	-	(2,500,000,000)	(2,500,000,000)
As at 31 December 2019	50,000,000,000	15,753,387,350	29,020,260,148	8,474,724,606	103,248,372,104
Net profit for the period	-	-	-	8,771,051,624	8,771,051,624
Dividends distribution (Note 22)	-	-	-	(5,000,000,000)	(5,000,000,000)
As at 30 June 2020	50,000,000,000	15,753,387,350	29,020,260,148	12,245,776,230	107,019,423,728

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
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22 DIVIDENDS

Dividends on ordinary shares was VND 5,000,000,000 according to the Resolution of the Annual General Meeting of Shareholders No. 01/2020/NQ-DHDCD dated 26 June 2020 as 10% per par value of the ordinary shares (equivalent to VND 1,000 per ordinary share). As at 30 June 2020, the Company has not paid the dividends to the shareholders yet.

23 OFF BALANCE SHEET ITEMS

	30.6.2020 VND	31.12.2019 VND
Foreign currencies	231,400	231,400

As at 30 June 2020, included in cash and cash equivalents were balances held in foreign currencies of USD 10 (as at 31 December 2019: USD 10).

24 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	From 1.1.2020 to 30.6.2020 VND	From 1.1.2019 to 30.6.2019 VND
Revenue		
Revenue from sales of finished goods	199,426,308,252	154,907,208,995
Revenue from sales of merchandises	58,498,000,719	30,612,842,042
Revenue from rental	-	129,100,000
	<u>257,924,308,971</u>	<u>185,649,151,037</u>
Sales deductions		
Trade discount	(1,690,871,353)	(1,282,916,398)
Sales returns	(188,379,091)	(1,112,249,985)
	<u>(1,879,250,444)</u>	<u>(2,395,166,383)</u>
Net revenue from sales of goods and rendering of services		
Net revenue from sales of finished goods	197,547,057,808	152,512,042,612
Net revenue from sales of merchandises	58,498,000,719	30,612,842,042
Net revenue from rental	-	129,100,000
	<u>256,045,058,527</u>	<u>183,253,984,654</u>

25 COST OF GOODS SOLD AND SERVICES RENDERED

	From 1.1.2020 to 30.6.2020 VND	From 1.1.2019 to 30.6.2019 VND
Cost of finished goods sold	148,951,483,884	111,624,731,483
Cost of merchandises sold	42,485,087,768	21,697,638,976
Provision for decline in value of inventories	-	2,087,685,248
	<u>191,436,571,652</u>	<u>135,410,055,707</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

26 FINANCIAL EXPENSES

	From 1.1.2020 to 30.6.2020 VND	From 1.1.2019 to 30.6.2019 VND
Interest expenses	1,715,057,898	645,484,493
Net loss from foreign currency translation at period end	-	835,378
Others	265,855,172	16,752,472
	<u>1,980,913,070</u>	<u>663,072,343</u>

27 SELLING EXPENSES

	From 1.1.2020 to 30.6.2020 VND	From 1.1.2019 to 30.6.2019 VND
Staff costs	23,315,719,746	25,081,211,896
Depreciation and amortisation expenses	21,492,684	21,492,684
Logistics and loading costs	5,816,162,938	4,178,393,108
Distributor support expenses	7,626,454,182	5,989,972,159
Marketing and promotion expenses	530,547,421	57,473,660
Outside service expenses	1,016,812,608	118,242,678
Business trip expenses	1,535,359,309	2,097,235,256
Others	1,140,313,246	646,792,525
	<u>41,002,862,134</u>	<u>38,190,813,966</u>

28 GENERAL AND ADMINISTRATION EXPENSES

	From 1.1.2020 to 30.6.2020 VND	From 1.1.2019 to 30.6.2019 VND
Staff costs	4,378,350,681	4,936,021,371
Depreciation and amortisation expenses	258,808,785	315,776,393
Tax and fee expenses	684,910,649	587,005,319
Outside service expenses	2,811,222,389	2,562,585,536
Provision for doubtful debts	533,903,200	-
Business trip expenses	593,309,006	1,114,889,549
Others	1,028,044,459	1,842,367,353
	<u>10,288,549,169</u>	<u>11,358,645,521</u>

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

29 BUSINESS INCOME TAX

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate of 20% as follows:

	From 1.1.2020 to 30.6.2020 VND	From 1.1.2019 to 30.6.2019 VND
Net accounting profit/(loss) before tax	11,379,009,163	(2,277,882,920)
Tax calculated at a rate of 20%	2,275,801,833	(455,576,584)
Effect of:		
- Expenses not deductible for tax purposes	152,023,321	55,364,472
- Temporary differences for which no deferred income tax asset was recognised	180,132,385	400,212,112
Business income tax charge (*)	<u>2,607,957,539</u>	<u>-</u>
Charged to income statement:		
Business income tax – current	2,607,957,539	-
Business income tax – deferred	-	-
Business income tax charge	<u>2,607,957,539</u>	<u>-</u>

(*) The business income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustment by the tax authorities.

30 COST OF OPERATION BY FACTOR

Costs of operation by factor represents all costs incurred during the period, excluding cost of merchandises for trading activities. The details are as follows:

	From 1.1.2020 to 30.6.2020 VND	From 1.1.2019 to 30.6.2019 VND
Raw materials	125,719,449,496	97,634,257,177
Staff costs	49,181,600,765	49,272,454,450
Depreciation and amortisation expenses	2,242,966,950	2,347,300,892
Transportation expenses	5,816,162,938	4,178,393,108
Distributor support expenses	7,626,454,182	5,989,972,159
Outside service expenses	7,197,384,732	6,707,111,842
Business trip expenses	2,128,668,315	3,212,124,805
Others	4,536,791,525	4,682,290,333
	<u>204,449,478,903</u>	<u>174,023,904,766</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

31 RELATED PARTY DISCLOSURES

(a) Related party transactions

During the period, the following significant transactions were carried out with related parties:

	From 1.1.2020 to 30.6.2020 VND	From 1.1.2019 to 30.6.2019 VND
<i>i) Sales of goods and services</i>		
Ha Long Canfoco - Da Nang Company Limited - Subsidiary	-	28,710,000
<i>ii) Purchases of goods and services</i>		
Ha Long Canfoco - Da Nang Company Limited - Subsidiary	36,005,323,360	12,026,767,200
<i>iii) Compensation of key management</i>		
Gross salaries and other benefits	1,586,415,717	2,469,523,259
<i>iv) Financing activities</i>		
Dividend declared to:		
- State shareholder	1,387,360,000	693,680,000
- Other shareholders	3,612,640,000	1,806,320,000
	5,000,000,000	2,500,000,000

(b) Period/year end balances with related parties

	30.6.2020 VND	31.12.2019 VND
<i>i) Investment in subsidiaries (Note 4)</i>		
Ha Long Canfoco - Da Nang Company Limited - Subsidiary	15,000,000,000	15,000,000,000
Ha Long Canfoco Kindergarten - Subsidiary	110,926,449	110,926,449
	15,110,926,449	15,110,926,449
<i>ii) Short-term trade accounts receivable (Note 5(a))</i>		
Ha Long Canfoco - Da Nang Company Limited - Subsidiary	793,617,590	793,617,590
<i>iii) Long-term trade accounts receivable (Note 5(b))</i>		
Ha Long Canfoco - Da Nang Company Limited - Subsidiary	1,587,235,181	2,380,852,771
<i>iv) Other short-term receivable (Note 7)</i>		
Ha Long Canfoco Kindergarten - Subsidiary	155,247,884	-

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
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31 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Period/year end balances with related parties (continued)

	30.6.2020 VND	31.12.2019 VND
<i>v) Short-term trade accounts payable (Note 13)</i>		
Ha Long Canfoco - Da Nang Company Limited - Subsidiary	9,483,691,404	11,187,902,748
<i>vi) Other short-term payables (Note 16)</i>		
Shareholders	5,073,663,250	73,663,250
Ha Long Canfoco Kindergarten – Subsidiary	800,000,000	800,000,000
	<u>5,873,663,250</u>	<u>873,663,250</u>

32 COMMITMENTS UNDER OPERATING LEASES

The future minimum lease payments under non-cancellable operating leases of the Company were as follows:

	30.6.2020 VND	31.12.2019 VND
Within one year	1,239,650,472	266,647,405
Between one and five years	90,000,000	120,000,000
Total minimum payments	<u>1,329,650,472</u>	<u>386,647,405</u>

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
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33 CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not recognised in the interim separate financial statements were as follows:

	30.6.2020 VND	31.12.2019 VND
Enterprise Resource Planning system	-	925,000,000

The interim separate financial statements for the year ended 30 June 2020 were approved by the General Director on 14 August 2020.



Do Thi Hoai Huong
Preparer/Chief Accountant




Kek Chin Ann
General Director
Authorised signatory