

**HA LONG CANNED FOOD JOINT STOCK CORPORATION**

**INTERIM CONSOLIDATED 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 consolidated financial statements*

**Chairperson** Mr. Bui Quoc Hung

<b>Board of Management</b>	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. Pham Huu Quy Lam	Member

<b>Board of Supervision</b>	Ms. Pham Thi Hai Yen	Chief Supervisor (appointed on 6 July 2020)
	Mr. Dang Quoc Viet	Chief Supervisor (resigned on 5 March 2020)
	Ms. 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

<b>Board of Directors</b>	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, 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 CONSOLIDATED FINANCIAL STATEMENTS

The Legal Representative of the Company authorised the General Director to sign and be responsible for the interim consolidated financial statements of Ha Long Canned Food Joint Stock Corporation ("the Company") and its subsidiaries (together, "the Group") 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 consolidated financial statements which give a true and fair view of the interim consolidated financial position of the Group as at 30 June 2020 and the results of its operations and its cash flows for six-month period ended. In preparing these interim consolidated 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 consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group 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 Group and enable interim consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the interim consolidated financial statements. The General Director is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud or errors.

### APPROVAL OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

I hereby, approve the accompanying interim consolidated financial statements as set out on pages 5 to 40 which give a true and fair view of the financial position of the Group as at 30 June 2020 and of the results of its operations and its 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 consolidated financial statements.



  
Kek Chin Ann  
General Director  
Authorised signatory

Hai Phong, S.R. Vietnam  
14 August 2020





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

We have reviewed the accompanying interim consolidated financial statements of Ha Long Canned Foods Joint Stock Corporation (“the Company”) and its subsidiaries (together, “the Group”) which were prepared on 30 June 2020 and approved by the General Director of the Company on 14 August 2020. The interim consolidated financial statements comprise the interim consolidated balance sheet as at 30 June 2020, the interim consolidated income statement, and the interim consolidated cash flows for the six-month period then ended, and explanatory notes to the interim consolidated financial statements including significant accounting policies, as set out on pages 5 to 40.

### 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 consolidated financial statements of the Group in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of the interim consolidated financial statements and for such internal control which the General Director determines necessary to enable the preparation and fair presentation of the interim consolidated 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 consolidated financial statements based on our review. We conducted our review in accordance with Vietnamese Standards on Review Engagements 2410 – *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

A review of the interim consolidated 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 consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2020, its consolidated financial performance and consolidated 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 consolidated financial statements.

### Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 2.16 in the interim consolidated financial statements which indicates that as at 30 June 2020, the Group did not recognise provision for severance allowance for employees of approximately VND 7,406,129 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 Group 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 2573  
Hanoi, 14 August 2020



## INTERIM CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at	
			30.6.2020 VND	31.12.2019 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>226,584,706,324</b>	<b>237,802,602,225</b>
<b>110</b>	<b>Cash and cash equivalents</b>	<b>3</b>	<b>13,707,537,387</b>	<b>13,681,388,435</b>
111	Cash		12,792,258,182	12,481,388,435
112	Cash equivalents		915,279,205	1,200,000,000
<b>130</b>	<b>Short-term receivables</b>		<b>45,090,931,959</b>	<b>36,833,886,089</b>
131	Short-term trade accounts receivable	4	37,003,070,087	36,100,800,649
132	Short-term prepayments to suppliers	5	8,633,731,869	2,456,163,259
136	Other short-term receivables	6	8,110,077,802	7,017,791,597
137	Provision for doubtful debts - short-term	7	(8,655,947,799)	(8,744,579,680)
139	Shortage of assets awaiting resolution		-	3,710,264
<b>140</b>	<b>Inventories</b>	<b>8</b>	<b>163,515,372,556</b>	<b>182,293,658,099</b>
141	Inventories		166,535,942,887	184,507,906,731
149	Provision for decline in value of inventories		(3,020,570,331)	(2,214,248,632)
<b>150</b>	<b>Other current assets</b>		<b>4,270,864,422</b>	<b>4,993,669,602</b>
151	Short-term prepaid expenses	9(a)	730,353,229	733,061,739
152	Value Added Tax ("VAT") to be reclaimed	14(a)	1,897,394,693	2,217,599,863
153	Tax and other receivables from the State	14(a)	1,643,116,500	2,043,008,000
<b>200</b>	<b>LONG-TERM ASSETS</b>		<b>62,897,803,117</b>	<b>55,592,871,529</b>
<b>210</b>	<b>Long-term receivables</b>		<b>605,571,565</b>	<b>596,571,565</b>
216	Other long-term receivables		605,571,565	596,571,565
<b>220</b>	<b>Fixed assets</b>		<b>53,902,646,265</b>	<b>51,169,253,365</b>
221	Tangible fixed assets	10(a)	39,718,230,795	37,769,724,182
222	Historical cost		135,350,352,327	130,265,471,639
223	Accumulated depreciation		(95,632,121,532)	(92,495,747,457)
227	Intangible fixed assets	10(b)	14,184,415,470	13,399,529,183
228	Historical cost		14,678,762,202	13,753,762,202
229	Accumulated amortisation		(494,346,732)	(354,233,019)
<b>240</b>	<b>Long-term assets in progress</b>		<b>5,023,071,497</b>	<b>45,500,000</b>
242	Construction in progress	11	5,023,071,497	45,500,000
<b>260</b>	<b>Other long-term assets</b>		<b>3,366,513,790</b>	<b>3,781,546,599</b>
261	Long-term prepaid expenses	9(b)	3,366,513,790	3,781,546,599
<b>270</b>	<b>TOTAL ASSETS</b>		<b>289,482,509,441</b>	<b>293,395,473,754</b>

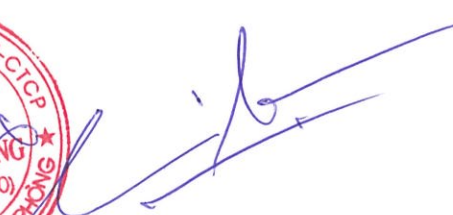
The notes on pages 9 to 40 are an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED BALANCE SHEET  
(continued)

Code	RESOURCES	Note	As at	
			30.6.2020 VND	31.12.2019 VND
<b>300</b>	<b>LIABILITIES</b>		<b>162,904,166,970</b>	<b>173,367,692,331</b>
<b>310</b>	<b>Short-term liabilities</b>		<b>158,856,428,384</b>	<b>169,412,869,235</b>
311	Short-term trade accounts payable	12	20,237,744,776	49,943,512,339
312	Short-term advances from customers	13	7,230,467,074	2,404,991,606
313	Tax and other payables to the State	14(b)	14,465,999,804	5,797,230,906
314	Payables to employees		5,285,425,078	4,934,745,074
315	Short-term accrued expenses	15	8,099,592,317	8,545,245,127
319	Other short-term payables	16	7,666,405,819	2,948,938,798
320	Short-term borrowings and finance lease liabilities	17	92,985,582,540	91,952,994,409
322	Bonus and welfare funds	18	2,885,210,976	2,885,210,976
<b>330</b>	<b>Long-term liabilities</b>		<b>4,047,738,586</b>	<b>3,954,823,096</b>
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
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>126,578,342,471</b>	<b>120,027,781,423</b>
<b>410</b>	<b>Capital and reserves</b>		<b>126,578,342,471</b>	<b>120,027,781,423</b>
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	31,804,694,973	25,254,133,925
421a	- Undistributed post-tax profits of previous periods		20,254,133,925	10,641,655,023
421b	- Post-tax profit of current period		11,550,561,048	14,612,478,902
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>289,482,509,441</b>	<b>293,395,473,754</b>



Do Thi Hoai Huong  
Preparer/Chief Accountant

Kek Chin Ann  
General Director  
Authorised signatory  
14 August 2020

The notes on pages 9 to 40 are an integral part of these interim consolidated financial statements.



## INTERIM CONSOLIDATED 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		350,028,043,170	260,355,477,754
02	Less deductions		(1,907,020,933)	(2,407,750,363)
10	Net revenue from sales of goods and rendering of services	25	348,121,022,237	257,947,727,391
11	Cost of goods sold and services rendered	26	(272,678,607,801)	(199,282,626,884)
20	Gross profit from sales of goods and rendering of services		75,442,414,436	58,665,100,507
21	Financial income		1,064,597,875	589,850,366
22	Financial expenses	27	(3,436,459,542)	(1,571,111,140)
23	- Including: Interest expenses		(2,554,864,102)	(1,198,657,271)
25	Selling expenses	28	(43,769,222,928)	(40,876,579,271)
26	General and administration expenses	29	(14,166,489,934)	(15,648,226,576)
30	Net operating profit		15,134,839,907	1,159,033,886
31	Other income		85,984,271	313,972,123
32	Other expenses		(218,416,620)	(263,818,727)
40	Net other (expenses)/income		(132,432,349)	50,153,396
50	Net accounting profit before tax		15,002,407,558	1,209,187,282
51	Business income tax ("BIT") – current	30	(3,451,846,510)	(546,474,080)
52	Business income tax – deferred	30	-	-
60	Net profit after tax		11,550,561,048	662,713,202
70	Basic earnings per share	23	2,310	133

  
Do Thi Hoai Huong  
Preparer/Chief Accountant



  
Kek Chin Ann  
General Director  
Authorised signatory  
14 August 2020

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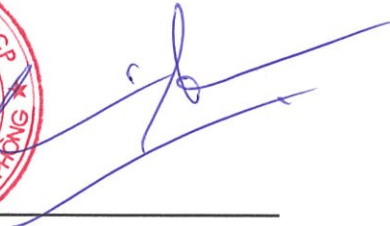


**INTERIM CONSOLIDATED CASH FLOW STATEMENT**  
**(Indirect method)**

Code	Note	For the six-month period ended	
		30.6.2020 VND	30.6.2019 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01		<b>15,002,407,558</b>	<b>1,209,187,282</b>
	Net accounting profit before tax		
	Adjustments for:		
02	Depreciation and amortisation	3,276,487,788	3,416,439,968
03	Provisions	810,605,308	2,764,426,756
04	Unrealised foreign exchange (gains)/losses	(56,463,086)	835,378
05	Profits from investing activities	(36,831,088)	(4,309,271)
06	Interest expenses	2,554,864,102	1,198,657,271
08	<b>Operating profit before changes in working capital</b>	<b>21,551,070,582</b>	<b>8,585,237,384</b>
09	Increase in receivables	(7,457,317,319)	(12,904,920,705)
10	Decrease in inventories	17,971,963,844	14,965,036,889
11	(Decrease)/increase in payables	(19,200,231,794)	2,516,213,910
12	Decrease in prepaid expenses	417,741,319	712,740,342
14	Interest paid	(2,554,864,102)	(1,198,657,271)
15	Business income tax paid	(840,643,698)	(602,354,340)
17	Other payments on operating activities	-	(28,400,000)
20	<b>Net cash inflows from operating activities</b>	<b>9,887,718,832</b>	<b>12,044,896,209</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets and other long-term assets	(10,987,452,185)	(2,968,650,000)
27	Dividends and interest received	36,831,088	4,309,271
30	<b>Net cash outflows from investing activities</b>	<b>(10,950,621,097)</b>	<b>(2,964,340,729)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Proceeds from borrowings	221,611,597,706	96,894,050,277
34	Repayments of borrowings	(220,522,546,489)	(102,519,704,025)
36	Dividends paid, profits distributed to owners	-	(80,552,000)
40	<b>Net cash inflows/(outflows) from financing activities</b>	<b>1,089,051,217</b>	<b>(5,706,205,748)</b>
50	<b>Net increase in cash and cash equivalents</b>	<b>26,148,952</b>	<b>3,374,349,732</b>
60	<b>Cash and cash equivalents at beginning of period</b>	<b>13,681,388,435</b>	<b>8,109,171,957</b>
61	Effect of foreign exchange differences	-	(835,378)
70	<b>Cash and cash equivalents at end of period</b>	<b>13,707,537,387</b>	<b>11,482,686,311</b>



Do Thi Hoai Huong  
Preparer/Chief Accountant

Kek Chin Ann  
General Director  
Authorised signatory  
14 August 2020

The notes on pages 9 to 40 are an integral part of these interim consolidated financial statements.

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

1 GENERAL INFORMATION

Ha Long Canned Food Joint Stock Corporation (“the Company”) is 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 (11<sup>th</sup>) 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 Group’s business sector is manufacturing.

The principal business activities of the Group are: producing, processing, packaging and exporting aquatic products, sea products, frozen animal husbandry products and other food products.

The normal business cycle of the Group 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 IZ, 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 Group had 890 employees (as at 31 December 2019: 794 employees).



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

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

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

**2.2 Fiscal year**

The Group'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 consolidated 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.

**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 interim consolidated income statement.

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.5 Basis of consolidation****Subsidiary**

Subsidiary is the entity 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. Subsidiary is fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiary by the Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

**2.6 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.

**2.7 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 interim consolidated balance sheet based on the remaining period from the interim consolidated balance sheet date to the maturity date.



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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.8 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 Group 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.

**2.9 Fixed assets**

*Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes any expenditure that is directly attributable to the acquisition of the fixed assets bringing them to a suitable condition 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 consolidated 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	4% - 33%
Machinery	7% - 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.



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.9 Fixed assets (continued)***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 the assets are ready for their intended use.

**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 consolidated 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 consolidated 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 short-term and long-term payables on the consolidated balance sheet based on remaining period from the consolidated 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 consolidated balance sheet based on the remaining period from the consolidated balance sheet date to the maturity date.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.13 Borrowings and finance lease liabilities (continued)**

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 Group 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 Group'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 consolidated 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.

**2.15 Provisions**

Provisions are recognised when the Group 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 expenditures 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 Group 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 Group 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 Group.



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.16 Provision for severance allowances (continued)**

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 consolidated 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 Group 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 Group has resulted in a difference with Vietnamese Accounting Standard No.18 "*Provisions, contingent assets and liabilities*". Had the Group adopted Vietnamese Accounting Standard, the provision for severance allowance as at 30 June 2020 would have been approximately VND 7,406,129 thousand (as at 31 December 2019: VND 7,141,571 thousand).

**2.17 Provision for dismantling and restoration costs**

According to Circular 200, since 1 January 2015, the Group 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.

**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 Group's dividends are recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the 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 Group's charter and Vietnamese regulations.

The Group's funds are as below:

**(a) Investment and development fund**

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.19 Appropriation of profit (continued)****(b) Bonus and welfare fund**

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

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

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

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group 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 Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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 Group gives promotional goods to customers associated with their purchases, the Group allocates the total considerations received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of sales in the consolidated income statement.

**(b) Revenue from rendering of services**

Revenue from rendering of services is recognised in the consolidated 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 Group;
- The percentage of completion of the transaction at the consolidated 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.



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.20 Revenue recognition (continued)****(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 consolidated balance sheet date but before the issuance of the interim consolidated financial statements are recorded as a deduction of revenue of the period.

**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, commission 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.



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

**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 Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group, key management personnel, including directors of the Group 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 Group considers the substance of the relationship not merely the legal form.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Segment reporting

A segment is a component which can be separated by the Group engaged in providing products or services (“business segment”), or providing products or services within a particular economic environment (“geographical segment”). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment of the Group is based on geographical segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Group’s interim consolidated financial statements in order to help users of interim consolidated financial statements to understand and evaluate the situation the operations of the Group in a comprehensive way.

2.29 Accounting estimates

The preparation of interim consolidated financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim consolidated 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 interim consolidated financial statements and the reported amounts of revenues and expenses during the financial period.

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 7);
- Estimation of provision for decline in value of inventories (Note 8);
- 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 Group and that are believed to be reasonable under the circumstances.

3 CASH AND CASH EQUIVALENTS

	30.6.2020 VND	31.12.2019 VND
Cash on hand	224,714,021	372,979,097
Cash in bank	12,567,544,161	12,108,409,338
Cash equivalents (*)	915,279,205	1,200,000,000
	<u>13,707,537,387</u>	<u>13,681,388,435</u>

(\*) As at 30 Jun 2020, cash equivalents include term deposits at bank with an original maturity of three months or less with interest rates of 5.5% per annum (as at 31 December 2019: 4.3% per annum).



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

4 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	30.6.2020 VND	31.12.2019 VND
Third parties	37,003,070,087	36,100,800,649
Provision for doubtful debts (Note 7)	(1,392,471,979)	(1,913,375,461)
	<u>35,610,598,108</u>	<u>34,187,425,188</u>

Details for third parties with balances over 10% of total trade accounts receivable:

	30.6.2020 VND	31.12.2019 VND
Atlantic Beverage Co., Ltd.	8,411,457,500	2,534,737,920
Tradition Group International, Inc	5,180,621,986	-
EB Services Co., Ltd.	2,411,909,282	3,987,833,800
Henry Lamotte GMBH Company	-	4,014,142,840
	<u>                    </u>	<u>                    </u>

5 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	30.6.2020 VND	31.12.2019 VND
Third parties	8,633,731,869	2,456,163,259
Provision for doubtful debts (Note 7)	(775,733,589)	(241,830,389)
	<u>7,857,998,280</u>	<u>2,214,332,870</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>                    </u>	<u>                    </u>

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

## 6 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	1,463,848,388	520,484,394
Others	1,187,975,164	1,039,052,953
	<u>8,110,077,802</u>	<u>7,017,791,597</u>
Provision for doubtful debts (Note 7)	(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>1,622,335,571</u>	<u>428,417,767</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).

## 7 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 4)	37,003,070,087	35,610,598,108	1,392,471,979
ii) Prepayment to supplier (Note 5)	8,633,731,869	7,857,998,280	775,733,589
iii) Other short-term receivables (Note 6)	8,110,077,802	1,622,335,571	6,487,742,231
	<u>53,746,879,758</u>	<u>45,090,931,959</u>	<u>8,655,947,799</u>
	As at 31.12.2019		
	Cost VND	Recoverable amount VND	Provision VND
Total provision for doubtful debts			
i) Trade accounts receivable (Note 4)	36,100,800,649	34,187,425,188	1,913,375,461
ii) Prepayment to supplier (Note 5)	2,456,163,259	2,214,332,870	241,830,389
iii) Other short-term receivables (Note 6)	7,017,791,597	428,417,767	6,589,373,830
	<u>45,574,755,505</u>	<u>36,830,175,825</u>	<u>8,744,579,680</u>

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

7 DOUBTFUL DEBTS (CONTINUED)

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	8,744,579,680	8,156,026,323
Increase	533,903,200	588,553,357
Written-off trade accounts receivables	(622,535,081)	-
End of period/year	<u>8,655,947,799</u>	<u>8,744,579,680</u>

8 INVENTORIES

	30.6.2020		31.12.2019	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	6,003,017,392	-	4,167,947,250	-
Raw materials	76,777,527,269	(1,076,661,970)	109,393,431,240	(1,076,661,970)
Tools and supplies	5,224,695,293	(342,577,814)	2,336,651,799	(342,577,814)
Work in progress	16,806,706,264	(224,273,395)	11,651,803,471	(12,666,560)
Finished goods	43,872,043,747	(1,377,057,152)	43,257,217,171	(782,342,288)
Merchandise	17,851,952,922	-	13,700,855,800	-
	<u>166,535,942,887</u>	<u>(3,020,570,331)</u>	<u>184,507,906,731</u>	<u>(2,214,248,632)</u>
Provision for decline in value of inventories	(3,020,570,331)		(2,214,248,632)	
	<u>163,515,372,556</u>		<u>182,293,658,099</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	2,214,248,632	6,446,522,300
Increase	1,068,216,811	482,256,262
Reversal	(261,895,112)	(3,662,148,683)
Written off	-	(1,052,381,247)
End of period/year	<u>3,020,570,331</u>	<u>2,214,248,632</u>



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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9 PREPAID EXPENSES

(a) Short-term

	30.6.2020 VND	31.12.2019 VND
Insurance fees	221,832,263	162,038,172
Tools and office supplies	149,946,345	137,029,908
Others	358,574,621	433,993,659
	<u>730,353,229</u>	<u>733,061,739</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	107,738,891
Others	25,105,345	41,001,866
	<u>3,366,513,790</u>	<u>3,781,546,599</u>

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10 FIXED ASSETS

(a) Tangible fixed assets

	Plant and buildings VND	Machinery VND	Motor vehicles VND	Office equipment VND	Total VND
<b>Historical cost</b>					
As at 1 January 2020	50,104,516,395	73,983,067,828	3,841,036,396	2,336,851,020	130,265,471,639
New purchases	-	4,429,980,688	-	-	4,429,980,688
Transfers from construction in progress (Note 11)	-	654,900,000	-	-	654,900,000
As at 30 June 2020	50,104,516,395	79,067,948,516	3,841,036,396	2,336,851,020	135,350,352,327
<b>Accumulated depreciation</b>					
As at 1 January 2020	(37,295,856,727)	(49,539,432,479)	(3,323,607,231)	(2,336,851,020)	(92,495,747,457)
Charge for the period	(735,903,671)	(2,307,125,404)	(93,345,000)	-	(3,136,374,075)
As at 30 June 2020	(38,031,760,398)	(51,846,557,883)	(3,416,952,231)	(2,336,851,020)	(95,632,121,532)
<b>Net book value</b>					
As at 1 January 2020	12,808,659,668	24,443,635,349	517,429,165	-	37,769,724,182
As at 30 June 2020	12,072,755,997	27,221,390,633	424,084,165	-	39,718,230,795

The historical cost of fully depreciated tangible fixed assets as at 30 June 2020 were VND 62,036,778,065 (as at 31 December 2019: 58,461,173,975).

As at 30 June 2020, tangible fixed assets with a carrying value of VND 12,224,237,736 (as at 31 December 2019: VND 13,441,325,604) were pledged with the banks as collateral for short – term borrowings granted to the Group (Note 17).



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

## 10 FIXED ASSETS (CONTINUED)

## (b) Intangible fixed assets

	Land use rights (*) VND	Softwares VND	Total VND
<b>Historical cost</b>			
As at 1 January 2020	12,532,172,202	1,221,590,000	13,753,762,202
New purchases	-	925,000,000	925,000,000
As at 30 June 2020	12,532,172,202	2,146,590,000	14,678,762,202
<b>Accumulated amortisation</b>			
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)
<b>Net book value</b>			
As at 1 January 2020	12,532,172,202	867,356,981	13,399,529,183
As at 30 June 2020	12,532,172,202	1,652,243,268	14,184,415,470

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

- i) Land use right of Ha Long Canned Food Joint Stock Corporation with an area of 10,306m<sup>2</sup> 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 290.7m<sup>2</sup> 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;
- iii) Land use right of Ha Long Canfoco - Da Nang Company Limited with an area of 215.4m<sup>2</sup> at plot No. 43/1 Phuoc Long Street, Phuoc Long Ward, Nha Trang City, Khanh Hoa Province with book value of approximately VND 544,500,000.

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 (Note 17).

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 CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

**11 CONSTRUCTION IN PROGRESS**

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

	<b>Six-month period ended 30.6.2020 VND</b>	<b>Year ended 31.12.2019 VND</b>
Beginning of period/year	45,500,000	-
Increase	5,632,471,497	2,704,150,000
Transfer to tangible fixed assets (Note 10(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.

**12 SHORT-TERM TRADE ACCOUNTS PAYABLE**

	<b>30.6.2020 VND</b>	<b>31.12.2019 VND</b>
Third parties	<u>20,237,744,776</u>	<u>49,943,512,339</u>

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

	<b>30.6.2020 VND</b>	<b>31.12.2019 VND</b>
My Chau Printing and Packaging JSC.	5,500,524,975	3,807,372,426
Xuan Viet Co., Ltd.	2,916,977,327	7,250,173,700
Mr. Nguyen Van Tho	598,015,500	5,693,538,250
Ha Long Foods Import Export One-member Co., Ltd.	-	9,063,526,050
	<u>5,500,524,975</u>	<u>3,807,372,426</u>



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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## 13 SHORT-TERM ADVANCES FROM CUSTOMERS

	30.6.2020 VND	31.12.2019 VND
Third parties	<u>7,230,467,074</u>	<u>2,404,991,606</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
GRAAL S.A	<u>3,740,502,240</u>	<u>179,470,080</u>

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

14 TAXES AND RECEIVABLES FROM/(PAYABLES TO) THE STATE

Movements in tax and 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 30.6.2020 VND
<b>(a) Receivables</b>					
Input VAT	2,217,599,863	15,322,316,693	-	(15,642,521,863)	1,897,394,693
Land rental fees (*)	2,043,008,000	(450,823,500)	-	-	1,592,184,500
Land and housing tax	-	-	-	50,932,000	50,932,000
	<u>4,260,607,863</u>	<u>14,871,493,193</u>	<u>-</u>	<u>(15,591,589,863)</u>	<u>3,540,511,193</u>
<b>(b) Payables</b>					
Output VAT (**)	(1,943,910,268)	(29,421,637,770)	6,754,463,754	15,642,521,863	(8,968,562,421)
VAT on imported goods	-	(2,034,169,418)	2,034,169,418	-	-
Business income tax (**)	(476,001,694)	(3,451,846,510)	840,643,698	-	(3,087,204,506)
Personal income tax	(539,437,206)	(1,807,431,665)	2,174,517,732	-	(172,351,139)
Land and housing tax	-	(50,932,000)	101,864,000	(50,932,000)	-
Business license tax	-	(6,000,000)	6,000,000	-	-
VAT (***)	(1,868,254,250)	-	600,000,000	-	(1,268,254,250)
Penalty on late VAT payment	(969,627,488)	-	-	-	(969,627,488)
	<u>(5,797,230,906)</u>	<u>(36,772,017,363)</u>	<u>12,511,658,602</u>	<u>15,591,589,863</u>	<u>(14,465,999,804)</u>



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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14 TAXES AND RECEIVABLES FROM/PAYABLES TO THE STATE (CONTINUED)

- (\*) This represents land rental fees payable to the State in accordance with the land lease contract No. 11/HĐ/TĐ 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/TCT-CS dated 27 March 2020, payment 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 laws.
- (\*\*\*) This represents the VAT 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 6). During the period, the Company paid VND 600,000,000 to the tax authority.

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	1,580,000,000	5,259,367,331
Others	3,002,182,050	1,227,978,161
	<u>8,099,592,317</u>	<u>8,545,245,127</u>

16 OTHER SHORT-TERM PAYABLES

	30.6.2020 VND	31.12.2019 VND
Dividend payable (Note 33(b))	5,073,663,250	73,663,250
Payables of Ha Long Canfoco Kindergarten (*)	1,150,006,760	1,531,339,500
Trade union	751,302,882	770,461,385
Others	691,432,927	573,474,663
	<u>7,666,405,819</u>	<u>2,948,938,798</u>

- (\*) This represents the remaining amount that Ha Long Canfoco Kindergarten received from children's parents but not yet paid for children's meals and kindergarten facilities.



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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## 17 BORROWINGS

	Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Hai Phong Branch (*) VND	Vietnam Bank for Agriculture and Rural Development -Hai Phong Branch (**) VND	Joint Stock Commercial Bank for Foreign Trade of Vietnam- Da Nang Branch (***) VND	Total VND
As at 1.1.2020	19,860,087,213	29,860,767,196	42,232,140,000	91,952,994,409
Increase	82,702,768,345	95,278,399,361	43,630,430,000	221,611,597,706
Decrease	(72,839,596,166)	(95,272,101,073)	(52,410,849,250)	(220,522,546,489)
Foreign exchange differences	-	-	(56,463,086)	(56,463,086)
As at 30.6.2020	<u>29,723,259,392</u>	<u>29,867,065,484</u>	<u>33,395,257,664</u>	<u>92,985,582,540</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/HĐTD-HM-CAN dated 2 October 2019. Principals are repayable within 4 months from the drawdown date. Interests are payable on monthly basis at an interest rate of 6.2% per annum (2019: 6.5% per annum).

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 10(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 10(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.

(\*\*\*) On 26 November 2019, Ha Long Canfoco – Da Nang Company Limited signed the Credit Limit Agreement No. 96/2019/VCB-KHDN with the Joint Stock Commercial Bank for Foreign Trade of Vietnam for funding of working capital. The credit limit of this facility is VND 50,000,000,000 for a loan disbursement period until 29 November 2020. Principals are payable within 6 months from the drawdown date. Interests are payable on monthly basis at an interest rate of 3.7% per annum (2019: 3.7% per annum). As at 30 June 2020, the borrowing balance under Agreement No. 96/2019/VCB-KHDN dated 26 November 2019 was USD 1,434,000 (equivalent to VND 33,395,257,664).



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**17 BORROWINGS (CONTINUED)**

This loan is secured by collaterals including:

- Tangible fixed assets under the mortgage agreement No. 41/2016/VCB-ĐN dated 28 April 2016 with total carrying value of VND 1,840,374,065 as at 30 June 2020 (Note 10(a));
- Land Use Right No. AN 104068 for the land of 10,306 square meters at plot C3-4 and plot C3-5, Tho Quang Seafood Service Industrial Zone, Tho Quang Ward, Son Tra District, Da Nang City issued by the Da Nang People's Committee on 11 May 2009 under the mortgage agreement No. 77/2016/VCB – ĐN dated 20 July 2016 with total book value of VND 11,258,672,202 as at 30 June 2020 (Note 10(b));
- Trade receivable and inventory equivalent to the balance of borrowings at 30 June 2020 was VND 33,395,257,664 under the mortgage agreement No. 122/2019/VCB- ĐN dated 26 November 2019.

**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 CONSOLIDATED FINANCIAL STATEMENTS  
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## 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 share capital	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.



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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	13,141,655,023	107,915,302,521
Net profit for the year	-	-	-	14,612,478,902	14,612,478,902
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	25,254,133,925	120,027,781,423
Net profit for the period	-	-	-	11,550,561,048	11,550,561,048
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	31,804,694,973	126,578,342,471

**NOTES TO THE INTERIM CONSOLIDATED 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 BASIC EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare fund by the weighted average number of ordinary shares outstanding during the period, excluding ordinary shares repurchased by the Company and held as treasury shares. The details were as follows:

	<b>From 1.1.2020 to 30.6.2020</b>	<b>From 1.1.2019 to 30.6.2019</b>
Net profit attributable to shareholders (VND)	11,550,561,048	662,713,202
Weighted average number of ordinary shares in issue (shares)	5,000,000	5,000,000
Basic earnings per share (VND)	2,310	133

**24 OFF CONSOLIDATED BALANCE SHEET ITEMS**

	<b>30.6.2020 VND</b>	<b>31.12.2019 VND</b>
Foreign currencies	317,732,388	540,842,318

As at 30 June 2020, included in cash and cash equivalents were balances held in foreign currencies of USD 13,675.92 (as at 31 December 2019: USD 23,433.35).



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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25 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
<b>Revenue</b>		
Revenue from sales of finished goods	329,070,729,454	259,021,952,249
Revenue from sales of merchandises	20,319,541,799	-
Revenue from childcare and nursery education services	544,801,797	1,122,135,505
Revenue from rental	92,970,120	211,390,000
	<u>350,028,043,170</u>	<u>260,355,477,754</u>
<b>Sales deductions</b>		
Trade discounts	(1,690,871,353)	(1,282,916,398)
Sales returns	(216,149,580)	(1,124,833,965)
	<u>(1,907,020,933)</u>	<u>(2,407,750,363)</u>
<b>Net revenue from sales of goods and rendering of services</b>		
Net revenue from sales of finished goods	327,163,708,521	256,614,201,886
Net revenue from sales of merchandises	20,319,541,799	-
Net revenue from childcare and nursery education services	544,801,797	1,122,135,505
Net revenue from rental	92,970,120	211,390,000
	<u>348,121,022,237</u>	<u>257,947,727,391</u>

26 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	262,897,343,713	195,438,722,528
Cost of merchandises sold	8,333,364,289	-
Cost of childcare and nursery education services	641,578,100	1,079,477,600
Provision for decline in value of inventories	806,321,699	2,764,426,756
	<u>272,678,607,801</u>	<u>199,282,626,884</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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## 27 FINANCIAL EXPENSES

	From 1.1.2020 to 30.6.2020 VND	From 1.1.2019 to 30.6.2019 VND
Interest expenses	2,554,864,102	1,198,657,271
Realised foreign exchange losses	615,740,268	354,866,019
Net loss from foreign currency translation at period-end	-	835,378
Others	265,855,172	16,752,472
	<u>3,436,459,542</u>	<u>1,571,111,140</u>

## 28 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	7,104,816,019	5,361,711,828
Distributor support expenses	7,626,454,182	5,989,972,159
Marketing and commission expenses	1,682,201,042	1,409,174,386
Outside service expenses	1,016,812,608	118,242,678
Business trip expenses	1,535,359,309	2,097,235,256
Others	1,466,367,338	797,538,384
	<u>43,769,222,928</u>	<u>40,876,579,271</u>

## 29 GENERAL AND ADMINISTRATION EXPENSES

	From 1.1.2020 to 30.6.2020 VND	From 1.1.2019 to 30.6.2019 VND
Staff costs	6,490,199,715	6,969,882,914
Depreciation and amortisation expenses	258,808,785	315,776,393
Taxes and fees	1,046,932,574	715,317,746
Outside service expenses	3,541,807,666	3,397,486,936
Provision for doubtful debts	533,903,200	-
Business trip expenses	866,648,493	1,597,908,842
Others	1,428,189,501	2,651,853,745
	<u>14,166,489,934</u>	<u>15,648,226,576</u>



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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30 BUSINESS INCOME TAX

The business income tax on the Group's accounting profit before tax differs from the theoretical amount that would arise using the applicable 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 before tax	15,002,407,558	1,209,187,282
Tax calculated at a rate of 20%	3,000,481,512	241,837,456
Effect of:		
- Expenses not deductible for tax purposes	187,913,540	89,996,233
- Temporary differences for which no deferred income tax asset was recognised	544,747,782	214,640,391
- Impact of change in tax rate (*)	(281,296,324)	-
Business income tax charge (**)	<u>3,451,846,510</u>	<u>546,474,080</u>
Charged to income statement:		
Business income tax – current	3,451,846,510	546,474,080
Business income tax – deferred	-	-
Business income tax charge	<u>3,451,846,510</u>	<u>546,474,080</u>

(\*) Halong Canfoco – Da Nang Company Limited, the Company's Subsidiary, applied the business income tax rate of 15% for processing and storage of seafoods and aquatic products in accordance with the guidance of Official letter No.35/CCT-TTHT dated 8 January 2020 of Son Tra - Ngu Hanh Son Tax Authority.

(\*\*) 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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31 COSTS OF OPERATION BY FACTOR

Costs of operation by factor represent 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	224,731,707,623	157,617,928,118
Staff cost	66,312,968,699	60,968,131,785
Depreciation and amortisation expenses	3,276,487,788	3,416,439,968
Processing expenses	2,571,437,834	1,791,076,467
Transportation expenses	7,104,816,019	5,361,711,828
Distributor support expenses	7,626,454,182	5,989,972,159
Outside service expenses	9,107,794,619	8,713,605,993
Business trip expenses	2,128,668,315	3,212,124,805
Other cash expenses	9,293,753,802	8,411,021,012
	<u>332,154,088,881</u>	<u>255,482,012,135</u>

32 SEGMENT REPORTING

Sales of the Group are mainly from producing, processing, packaging and exporting aquatic products, sea products, and frozen animal husbandry products (Note 25). Segment reporting includes information of segment revenue and cost of sale based on the geographical location. The items are not allocated including assets, liabilities as the Group did not monitor assets and liabilities for each revenue and cost of sale segment.

	From 1.1.2020 to 30.6.2020		
	Domestic VND	Export VND	Total VND
Net sales	260,740,417,407	87,380,604,830	348,121,022,237
Cost of sales	(192,854,698,529)	(79,823,909,272)	(272,678,607,801)
Gross profit	<u>67,885,718,878</u>	<u>7,556,695,558</u>	<u>75,442,414,436</u>

	From 1.1.2019 to 30.6.2019		
	Domestic VND	Export VND	Total VND
Net sales	186,517,588,638	71,430,138,753	257,947,727,391
Cost of sales	(136,506,468,510)	(62,776,158,374)	(199,282,626,884)
Gross profit	<u>50,011,120,128</u>	<u>8,653,980,379</u>	<u>58,665,100,507</u>



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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33 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) Compensation of key management</i>		
Gross salaries and other benefits	2,531,510,979	3,302,707,839
<i>ii) Financing activities</i>		
Dividend declared:		
- State shareholder	1,387,360,000	693,680,000
- Other shareholders	3,612,640,000	1,806,320,000
	<u>5,000,000,000</u>	<u>2,500,000,000</u>
<b>(b) Period/year end balances with related parties</b>		
	<b>30.6.2020</b> VND	<b>31.12.2019</b> VND
<i>Other short-term payables (Note 16)</i>		
Shareholders	5,073,663,250	73,663,250
	<u>5,073,663,250</u>	<u>73,663,250</u>

34 COMMITMENTS UNDER OPERATING LEASES

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

	30.6.2020 VND	31.12.2019 VND
Within one year	1,179,650,472	266,647,405
Between one and five years	-	120,000,000
Total minimum payments	<u>1,179,650,472</u>	<u>386,647,405</u>

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35 CAPITAL EXPENDITURE COMMITMENTS

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

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

The interim consolidated financial statements for the six-month period 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

