

Hai Phong, June 4, 2021

REPORT OF THE BOARD OF DIRECTORS
ON BUSINESS PRODUCTION PERFORMANCE OF THE COMPANY IN 2020 AND PLAN
IN 2021

Respectfully to: General Meeting of Shareholders of Ha Long Canned Food JSC

- Pursuant to the Enterprise Law - No. 59/2020 / QH14.
- Pursuant to the Charter of Ha Long Canned Food JSC
- Based on the data of the production and business plan 2020 approved by the Annual General Meeting of Shareholders 2020.
- Based on the data on the 2020 Audited Consolidated Financial Statement of PwC - Vietnam Company Limited and the actual production - business situation of Ha Long Canned Food JSC in 2020;

The Board of Directors of the Company would like to report to the 2021 Annual General Meeting of Shareholders with the following main contents:

1 - Report on business results; analysis of basic targets in 2020 (Consolidation):

1.1 - Report on business results in 2020 (extracted data from the consolidated financial statements audited in 2020 of PwC - Vietnam Co., Ltd.) / compared with the production and business plan in 2020 and 2019:

(Shareholders are invited to see the data in the table below)

Currency: million dong

TARGETS	PLAN IN 2020	RESULT IN 2020	RESULT IN 2019	COMPARISION	
				Result in 2020 / Result in 2019	Result 2020 / Plan 2020
1 - Net revenue of goods and services sold	620,000	734,343	574,850	127.7%	118.4%
Domestic	463,000	494,659	408,922	121.0%	106.8%
Export	157,000	239,684	165,928	144.5%	152.7%
12- Pretax profit	21,000	22,903	14,765	155.1%	109.1%
13 - CIT	4,200	4,787	2,178	219.8%	114.0%
14 - After-tax profit	16,800	18,116	12,587	143.9%	107.8%

1.2- Analysis of target accomplishment in 2020 / compared with 2019:

Currency: million dong

Description	2019		2020	
	Annual cumulative gain	Average / month	Annual cumulative gain	Average / month
Net revenue	574,851	47,904	734,343	61,195
Pretax profit	14,765	1,230	22,903	1,909
After-tax profit	12,587	1,049	18,116	1,510

Based on the two data tables above (1.1 and 1.2), we see two basic targets and growth rates as follows:

a- Net revenue target:

The actual net revenue for the whole year 2020 is: 734.34 billion VND, increasing 114.34 billion VND compared to the plan in 2020 (equivalent to 18.4% of increase) and increasing 159.49 billion VND (equivalent to 27.7%) compared with net revenue in 2019 (574.85 billion VND).

In which: + Revenue from domestic goods in 2020 reaches: 494.66 billion VND, increasing 85.74 billion VND compared to 2019.

+ The revenue of export goods in 2020 will reach: 293.68 billion VND, increasing 73.76 billion VND compared to 2019.

Average net revenue per month in 2020 reached: 61.2 billion VND / month, increasing 13.3 billion VND / month compared to the average net revenue per month in 2019 which was: 47.9 billion VND / month.

b- Profit targets:

+ Pretax profit in 2020:

Pretax profit in 2020 reached: 22.9 billion VND, increasing 1.9 billion VND compared to 2020 plan (equivalent to 9.1% increase) and increasing 8.14 billion VND (equivalent to 55.1% increase) compared to pre-tax profit in 2019 (14.76 billion VND)

The performance rate (%) for pretax profit/ Net revenue in 2020 reaches: 3.12%, increasing 0.55% compared to 2019

Average pre-tax profit / month in 2020 reached: 1.91 billion VND / month, increasing 678, million VND / month compared to the average pre-tax profit / month in 2019 which was: 1.23 billion VND / month.

+ Profit after tax in 2020:

Profit after tax in 2020 reached: 18.12 billion VND, increasing 1.32 billion VND compared to the plan in 2020 (equivalent to 7.8% increase) and increasing 5.53 billion VND (equivalent to 44% increase) compared to the profit after tax in 2019 (12.59 billion dong)

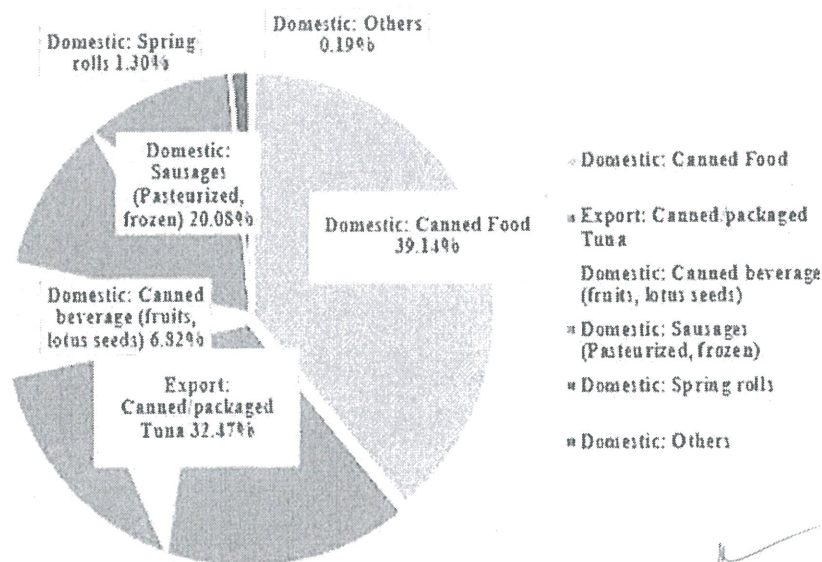
The performance rate (%) of profit after tax / Net revenue in 2020: 2.47%, increasing 0.28% compared to 2019

Average profit after tax / month in 2020 reached: 1.51 million VND / month, increasing 461 million VND / month compared to the average profit after tax / month in 2019: 1.05 billion VND / month.

To achieve such remarkable business results shown by above figures, along with the guidance of the Board of Management, the Board of Directors of the Company has been playing active role in developing/expanding domestic and foreign market share / developing new categories, new products (in 2020 the company developed 19 new products) / increasing sales of canned food products / spring rolls / strengthening and maintaining the sales of sausages, fruit, canned lotus products/offering effective management measures, reducing costs / actively stocking raw materials for pork and tuna to stabilize costs, ensuring sales of goods due to the need to store canned foods of the people (domestic and foreign) to prevent / combat the covid epidemic ... in order to increase revenue / increase profits from canned food, at the same time overcome difficulties caused by social distancing due to Covid 19 outbreak and the impact even after Covid outbreaks, the sales system of Coffee channel, restaurants, hotels, schools has been heavily affected. 2020 is a very difficult economic year both at home and abroad, but our company has completed and exceeded the revenue plan and profit plan for 2020 (approved by the General Meeting of Shareholders/fulfilling all obligations to the State Budget, in 2020 the whole Company has paid 38,126 billion VND into the budget - The Company has been awarded the certificate of merit by the Chairman of Hai Phong City People's Committee "Excellent, positively contribute to the socio-economic development of the city in 2020 / strengthen the relationship with the city / district/ ward and the Departments of Hai Phong City / increase jobs opportunities - improve the material and spiritual life, ensuring the legitimate rights of workers; the average income / person / month at Hai Phong parent company is: 9,715 million VND / person / month .

To describe the development of new product types – Canned fruits and lotus seed to make beverage. The following chart will show the revenue rate by product type according to each product type/ domestic and export product in 2020. Please refer to the following chart:

REVENUE DISTRIBUTION RATIO BY PRODUCT TYPE



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1.3 - Investment:

To achieve the target of increasing revenue/profits/the Company had to invest in machinery and equipment to increase labor productivity/reduce costs of goods / increase product quality / diversify products / ensure food hygiene and safety standards. In 2020, the Company continued to implement the items in the investment plan in 2019 (approved by the General Meeting of Shareholders):

Unit: dong

No.	Item name	INVESTMENT PLAN IN 2019			IMPLEMENTATION OF INVESTMENT PLAN IN 2020		Remark
		Unit	Quantity	Total	Total	Time of implementation	
A. SAUSAGE WORKSHOP							
1	Improve air conditioning system for sausage workshop (domestic procurement)	Set	1	600,000,000	358,400,000	February 2020	investment plan in 2019
2	Buy sterilized sausage drying line	Production line	1	4,500,000,000	4,588,285,000	March 2020	investment plan in 2019
3	Buy a vacuum mixer to replace the massage machine	Machine	1		257,231,000	March 2020	investment plan in 2019
TOTAL					5,203,916,200		
B. CANNING WORKSHOP							
1	Buy a seamer for canned food Workshop	Machine	1	3,000,000,000	1,969,100,000	March 2020	investment plan in 2019
2	Buy labelling machine	Machine	1	1,500,000,000	839,050,000	March 2020	investment plan in 2019
3	Mixing machine (mincer) for	Machine	1	3,700,000,000	970,000,000	March 2020	investment plan in 2019

No.	Item name	INVESTMENT PLAN IN 2019			IMPLEMENTATION OF INVESTMENT PLAN IN 2020		Remark
		Unit	Quantity	Total	Total	Time of implementation	
	canned food workshop						
4	Meat cutting machine	Machine	1	Investment in 2020	380,000,000		Additional investment in 2020
TOTAL					4,158,150,000		
C. SPRING ROLL WORKSHOP							
1	Fruit peeling machine	Machine	1		90,000,000	May 2020	Additional investment in 2020
TOTAL					90,000,000		
D. GENERAL INVESTMENT FOR FACTORY							
1	Coal 4-ton boiler includes boiler, auxiliary equipment, steam supply pipeline system, boiler house	Oven	1		1,836,629,500	May 2020	Additional investment in 2020
TOTAL					1,836,629,500		
E	TOTAL (A + B + C + D)				11,288,695,700		

(Eleven billion, two hundred eighty-eight million, six hundred ninety-five thousand, seven hundred dong)

1.4 Financial statements for 2020 (audited by PwC Vietnam Company Limited) include: Financial statements of the Parent Company; Consolidated financial statements with detailed contents that the Company has published and posted on the Company's website: www.canfoco.com.vn. Below is a summary of some of the economic indicators of the Company:

(Shareholders are invited to see the chart below)

1.4.1- Balance sheet (summary) - as at 31 December 2020

Currency: million dong

CRITERIA	Ending balance	Opening balance	Increase/decrease	Ratio
A-CURRENT ASSETS	331,314	237,803	93,512	39.3%
I. Cash and cash equivalents	13,574	13,681	108	-0.8%
II. Short-term financial investments	-	-	-	
III. Short-term receivables	61,953	36,834	25,119	68.2%
IV. Inventories	248,937	182,294	66,643	36.6%
2. Other short-term assets	6,850	4,994	1,857	37.2%
B-LONG - TERM ASSETS	66,094	55,593	10,501	18.9%
I. Long-term accounts receivable	650	597	53	8.9%
II. Fixed assets	55,331	51,169	4,161	8.1%
III. Real Estate Investments	-	-	-	
IV. Long-term unfinished assets	6,617	46	6,572	14443.2%
V. Long-term financial investments	-	-	-	
VI. Other long-term assets	3,496	3,782	285	-7.5%
TOTAL ASSETS	397,409	293,395	104,013	35.5%
A. LIABILITIES	267,790	175,393	92,397	52.7%
I. Short-term liabilities	262,510	171,438	91,071	53.1%
II. Long-term liabilities	5,280	3,955	1,325	33.5%
B. OWNER'S EQUITY	129,619	118,002	11,616	9.8%
I. Owner's equity	129,619	118,002	11,616	9.8%
II. Other funds	-	-	-	
TOTAL CAPITAL	397,409	293,395	104,013	35.5%

1.4.2- Basic financial indicators:

No.	KPI	UNIT	2020	2019
1	*The asset structure: Long-term Assets / Total Assets Short-term assets / Total assets	%	16.6% 83.4%	18.95% 81.05%
2	Equity structure: Liabilities / Total capital Owner's equity/Total capital resources	%	67.4% 32.6%	59.8% 40.2%
3	Liquidity Quick liquidity Liquidity of short-term liabilities	time(s)	0.31 1.26	0.32 1.39
4	Benefit cost ratio Ratio of Profit before Tax on Total Assets Profit after tax / net revenue - Rate of profit after tax / Charter capital	%	5.76% 2.47% 36.23%	5.03% 2.19% 25.17%

1.4.3: Salary of the General Director in 2020:

Gross salary: 120 million VND

Salary payment method:

- 80% of the agreed salary will be paid monthly
- The remaining 20% of the agreed salary will be reviewed and decided by the Board of Management at the end of the year, depending on the business results of the Company.

2.1 - Production and business plan for 2021 and implementation.

Objectives:

- Developing product / industry / market / brand
- Effectively produce and run the business based on reasonable cost reduction - ensuring the stable operation of the company

2.1 – Production and business plan in 2021 (consolidated):

- *Basis for developing production - business plan in 2020:*

- Based on socio-economic situation at home and abroad
- Based on the epidemic situation in Vietnam and the world (Covid 19 epidemic complicated situation and another epidemic in cattle, poultry ...)
- Based on the development trend of the food / beverage industry
- Based on market development / product line / brand development ...
- Based on the capacity of capital / reserves / production and supply of royalties of the Company

The Board of Management would like to submit to the Annual General Meeting of Shareholders the Company's 2021 Business Plan as follows:

(Shareholders are invited to see the data in the table below)

- **Production - Business Plan in 2021 (Consolidated):**

Currency: Million VND

CRITERIA	RESULT IN 2020	PLAN IN 2021	Plan 2021 / Implementation 2020
1 - Net revenue of goods and services	734,343	817,439	111%
<i>Domestic</i>	<i>494,659</i>	<i>555,641</i>	<i>112%</i>
<i>Export</i>	<i>239,684</i>	<i>261,798</i>	<i>109%</i>
12 - Pretax Profit	22,903	27,008	118%
13 - Current income tax	4,787	4,899	102%
14 - Profits after tax	18,116	22,109	122%

In which: Including the 2020 production - business plan of the parent company - in Hai Phong and the subsidiary - in Da Nang. Shareholders are invited to refer to the two tables below:

- **Production - Business Plan in 2021 - Ha Long Canned Food JSC - Parent company:**

Unit: Million VND

CRITERIA	RESULT IN 2020	PLAN IN 2021	Plan 2021 / Implementation 2020
Net revenue of goods and services sold	484,037	543,439	112%
Pretax Profit	14,846	16,958	114%
CIT	3,393	3,391	100%
Profit after CIT	11,453	13,567	118%

- Plan of Production - Sales in 2021 - Ha Long Canned Food Da Nang Company Limited (Subsidiary company):

Unit: Million VND

CRITERIA	RESULT IN 2020	PLAN IN 2021	Plan 2021 / Implementation 2020
Net revenue from selling goods and services	302,478	320,000	106%
<i>Domestic</i>	62,794	58,202	93%
<i>Export</i>	239,684	261,798	109%
Pretax profit	9,127	10,050	110%
CIT	1,393	1,508	108%
Profit after CIT	7,734	8,542	110%

2.2 - Solutions to implement production and business plan in 2021 (Consolidation):

a) Solution to increase revenue:

- In 2021, the Board of Directors plans to continue to improve and further enhance product quality / increase categories / increase groups of existing products with specific solutions such as further research / application and transfer of new technologies to improve quality and diversify products / diversify net weight, packaging, new categories ...
- In 2020, the Company has launched to the market 19 new products such as:
 - + Premium spring roll: shrimp spring rolls; Seafood spring rolls with shrimp, Lotus spring rolls ...
 - + Canned fish: Fish with CANFRESH sauce ...
 - + Sausage: Pasteurized Everyday cheese sausage; MONGO Sausage ...
 - + Canned Pate: Chicken liver paté; Salmon fillet with cream cheese sauce ...
 - + Canned fruit: Lotus seeds in water with PREMIUM QUALITY, Fresh peach with CANFRESH sugar syrup, Lychee with sugar syrup...

In 2021, the Company will continue to develop the product lines developed in 2020 and will research to develop more high-end, nutritious products and seasonal products such as chili sauce, ketchup, soy sauce, oyster sauce,

In 2021, the Company plans to research and develop plant-derived products to meet the new consumer trend "shifting from using products of animal origin to using products of plant origin" products are expected to be in canned, dried, semi-dried and IQF form - This is the new trend of domestic and international consumers. Search for appropriate areas for investment, expand production to develop domestic and export market share to increase revenue/profits.

- In addition to key sales channels such as GT channel (traditional sales channel - sales through distributors nationwide) and MT channel (modern sales channel - sales through major supermarkets across the country). The company has expanded direct sales channels for restaurants, hotels, schools, airlines, industrial zones and large beverage chains (Coffee

channel) ... with separate product weight for this channel. Specifically, continue to develop and diversify the packaging of key product groups of the Company such as: traditional Pate, oil tuna, steamed pork, ground pork, sterilized sausages ... Continue to develop and diversify fruit canned products and other products serving the big chains such as Highlands Coffee, The Coffee house; Phuc Long Coffee & Tea ... with products such as canned lotus seeds / lychee/peach/dried lotus...

- In 2021 and the following years, the Company plans to directly approach consumers in general and young consumers in particular (this is the potential customer generation) in order to develop market for consumption of Our company's products with specific plans as follows: The company plans to open HALONG CANFOCO convenience store to introduce/ instruct consumers to cook "fast-nutritious-convenient" meals from our company's products and to know the actual demand of the consumers; open online channels to deliver the products directly to the consumers which is appropriate with the purchase trend nowadays of the young consumers; Approach / introduce the Company's products at events / apartments and large residential areas / school systems (University /schools at all levels / kindergarten ...) to promote and renew brand HALONG CANFOCO, reaching the right customer class with the product and the young generation, attracting them, this is the key task we must implement and implement urgently ... These are solutions to increase sales in the domestic market.
- Export market: To increase production of products suitable to the needs of consumers during the Covid pandemic 19. Continue to research New Consumer Trends, approach the market with the plant-originated products for production and export purpose. Continuing to expand export markets in traditional markets such as Europe, America, Asia, Australia ... The company plans to export products with HALONG CANFOCO brand name to ASEAN and China markets to increase sales and brand development ...

b) Solutions on costs and profits:

By 2021, Vietnam and world economies gradually recovered and in a "new" normal state. In order to implement the revenue and profit plan in 2021, the Board of Directors has given scenarios and solutions for each scenario to promptly respond to the situation of "market instability" / actively reserve raw materials/ run production - business to achieve goals in 2021 in a "new situation" taking advantage of all opportunities to increase revenue / reduce costs / increase profits / seek opportunities - develop market / business.

With determination to implement the above objectives, the Board of Directors and all executive officers / employees of the Company, the Company has drastically implemented the following measures:

- It is forecasted that in 2021, pork, the main material of the company, will remain high in price in the domestic market due to the high price of animal feed. Imported pork prices are high due to interruption in breeding, difficult circulation due to the Covid-19 epidemic in the world. Therefore, in order to stabilize production /costs / ensure adequate output of goods supplied to the market when market demand "suddenly increases" when the Covid -19 pandemic has not been completely controlled in the World. Therefore, the Board of Directors still makes a plan to reserve the main materials with an amount consistent with the "new production and business situation" on the basis of cost-effective calculation for stocking materials and other fluctuations.
- Similar to the parent company - Hai Phong, Tuna is the main material of the Da Nang subsidiary company, which also needs to be stockpiled to ensure the performance of export contracts / supply of goods for the domestic market / proactively in managing costs / meet market demand to make profit to the company.
- Strictly manage production costs / invest in new machinery, production lines / purchase and transfer new technology ... to increase labor productivity (reduce labor costs) / reduce costs of goods / improve product quality /diversify product/ make good selling price - create competitive advantage.

- Strictly control and specifically calculate the sales expenses for each sales channel / line of goods / each time of sale ... to use expenses effectively for the sales of goods and save costs.
- Corporate governance cost In 2021, the Board of Directors continues to direct the implementation of the Internal Expenditure Regulation / review and arrange human resources in the back office departments/make employees quotas for each department with job description),..... to promote employees to work more effectively, reduce the number of personnel in each department,... On the other hand The company will also have a specific plan in human resources to train / improve professional qualifications / expertise for staff / employees / to study and research professional documents, legal documents of Law ... reduce consulting costs and other outsourcing costs / administrative expenses / reduce the percentage of administrative expenses / revenue to increase profits, but still ensure the normal operations of the Company

In addition to the measures to increase revenue, control and save costs offered by the Company in order to effectively carry out the business and production plan in 2021 / step by step implement the goals / orientations of the Company during the term (from 2021 - 2025) / develop the Company / ensure the best interests and interests of Shareholders / fulfill all obligations to the State budget / gradually improve working conditions / revenues employees / build good relationships between the Company and local authorities in Hai Phong city / actively participate in environmental protection / charity work and community support ...

Above is the report of the Board of Directors on the situation of production - business in 2020 and the plan in 2021. We would like to report to all Shareholders and look forward to receiving your comments to achieve the goals set out by the General Meeting of Shareholders of the Company.

[Signature] GENERAL DIRECTOR



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TỔNG GIÁM ĐỐC
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