

HA LONG CANNED FOOD JOINT STOCK CORPORATION

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**



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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 12th amendment to the Business Registration Certificate was issued on 23 June 2021.

Board of Management	Mr. Kek Chin Ann	Chairperson (appointed on 10 June 2021)	
	Mr. Nguyen Thanh Trung	Vice Chairperson (appointed on 10 June 2021)	
	Mr. Mai Xuan Phong	Vice Chairperson (resigned on 10 June 2021)	
	Mr. Bui Quoc Hung	Member (resigned as Chairperson and appointed as member on 10 June 2021)	
	Mr. Wilson Cheah Hui Pin	Member	
	Mr. Tran Huu Hoang	Member (appointed on 4 June 2021)	
	Mr. Nguyen Van Binh	Member (resigned on 4 June 2021)	
	Mr. Phan Huu Quy Lam	Member (resigned on 4 June 2021)	
	Mr. Tran Hoang Lam	Member (resigned on 4 June 2021)	
	Board of Supervision	Ms. Pham Thi Hai Yen	Chief Supervisor
		Ms. La Thi Quy	Member (appointed on 4 June 2021)
		Mr. Nguyen Manh Tuan Vu	Member (appointed on 4 June 2021)
Mr. Mai Thi Mai Hoa		Member (resigned on 4 June 2021)	
Mr. Tran Phuoc Thai		Member (resigned on 4 June 2021)	
Board of Directors	Mr. Truong Sy Toan	General Director (appointed on 10 June 2021)	
	Mr. Kek Chin Ann	General Director (resigned on 10 June 2021)	
	Ms. Pham Thi Thu Nga	Deputy General Director (appointed on 1 January 2021)	
Legal Representative	Mr. Kek Chin Ann	Chairperson (appointed on 15 June 2021)	
	Mr. Bui Quoc Hung	Chairperson (resigned on 15 June 2021)	
Registered Office	71 Le Lai Street, May Chai Ward, Ngo Quyen District, Hai Phong City, Vietnam		
Auditor	Branch of PwC (Vietnam) Limited at Hanoi		

HA LONG CANNED FOOD JOINT STOCK CORPORATION

STATEMENT OF THE RESPONSIBILITY OF THE LEGAL REPRESENTATIVE OF THE COMPANY IN RESPECT OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Legal Representative of Ha Long Canned Food Joint Stock Corporation (“the Company”) is responsible for preparing interim consolidated financial statements of the Company and its subsidiaries (together, “the Group”) which give a true and fair view of the interim consolidated financial position of the Group as at 30 June 2021, and the results of its operations and its cash flows for six-month period ended. In preparing these interim consolidated financial statements, the Legal Representative 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 Legal Representative of the Company 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 Legal Representative 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 2021 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
Chairperson
Legal Representative

Hai Phong, S.R. Vietnam
13 August 2021



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 2021 and approved by the Legal Representative of the Company on 13 August 2021. The interim consolidated financial statements comprise the interim consolidated balance sheet as at 30 June 2021, 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 Legal Representative

The Legal Representative of the Company 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 Legal Representative determines as 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.



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 2021, 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 2021, the Group did not recognise provision for severance allowance for employees of approximately VND 6,293,903,200 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 report on the review of interim consolidated financial information 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 Branch of PwC (Vietnam) Limited in Hanoi



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

Report reference number: HAN 2863
Hanoi, 13 August 2021

INTERIM CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at	
			30.6.2021 VND	31.12.2020 VND
100	CURRENT ASSETS		297,287,850,334	331,314,399,182
110	Cash and cash equivalents	3	5,012,601,453	13,573,889,382
111	Cash		5,012,601,453	13,573,889,382
130	Short-term receivables		86,499,864,284	61,953,217,110
131	Short-term trade accounts receivable	4	83,035,967,625	57,616,659,951
132	Short-term prepayments to suppliers	5	4,727,265,042	5,911,628,094
136	Other short-term receivables	6	7,199,290,452	7,080,876,864
137	Provision for doubtful debts - short-term	7	(8,462,658,835)	(8,655,947,799)
140	Inventories	8	192,055,238,355	248,937,054,925
141	Inventories		197,369,831,827	251,955,830,869
149	Provision for decline in value of inventories		(5,314,593,472)	(3,018,775,944)
150	Other current assets		13,720,146,242	6,850,237,765
151	Short-term prepaid expenses	9(a)	3,253,791,092	727,063,695
152	Value Added Tax ("VAT") to be reclaimed	14(a)	9,575,075,369	4,981,813,072
153	Tax and other receivables from the State	14(a)	891,279,781	1,141,360,998
200	LONG-TERM ASSETS		66,841,048,866	66,094,146,036
210	Long-term receivables		949,844,292	649,844,292
216	Other long-term receivables		949,844,292	649,844,292
220	Fixed assets		60,267,127,225	55,330,643,714
221	Tangible fixed assets	10(a)	46,566,425,875	41,388,085,304
222	Historical cost		148,858,450,026	140,231,174,327
223	Accumulated depreciation		(102,292,024,151)	(98,843,089,023)
227	Intangible fixed assets	10(b)	13,700,701,350	13,942,558,410
228	Historical cost		14,678,762,202	14,678,762,202
229	Accumulated amortisation		(978,060,852)	(736,203,792)
240	Long-term assets in progress		-	6,617,163,883
242	Construction in progress	11	-	6,617,163,883
260	Other long-term assets		5,624,077,349	3,496,494,147
261	Long-term prepaid expenses	9(b)	5,624,077,349	3,496,494,147
270	TOTAL ASSETS		364,128,899,200	397,408,545,218

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	
			30.6.2021 VND	31.12.2020 VND
300	LIABILITIES		241,524,152,359	267,789,965,375
310	Short-term liabilities		234,307,023,793	262,509,742,299
311	Short-term trade accounts payable	12	75,871,601,125	111,855,968,099
312	Short-term advances from customers	13	3,691,753,520	2,319,997,849
313	Tax and other payables to the State	14(b)	9,899,720,188	8,822,938,433
314	Payables to employees		2,961,481,580	3,716,434,623
315	Short-term accrued expenses	15	10,375,638,708	9,796,318,416
319	Other short-term payables	16	10,571,132,742	2,553,235,476
320	Short-term borrowings	17(a)	116,637,324,954	119,852,838,427
322	Bonus and welfare funds	18	4,298,370,976	3,592,010,976
330	Long-term liabilities		7,217,128,566	5,280,223,076
337	Other long-term payables		372,500,163	282,500,163
338	Long-term borrowings	17(b)	2,893,559,000	1,139,569,000
342	Provision for long-term liabilities	19	3,951,069,403	3,858,153,913
400	OWNERS' EQUITY		122,604,746,841	129,618,579,843
410	Capital and reserves		122,604,746,841	129,618,579,843
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	27,831,099,343	34,844,932,345
421a	- Undistributed post-tax profits of previous periods		23,594,932,345	16,728,521,510
421b	- Post-tax profit of current period		4,236,166,998	18,116,410,835
440	TOTAL RESOURCES		364,128,899,200	397,408,545,218



Bui Thi Huong
Preparer/Chief Accountant



Kek Chin Ann
Chairperson
Authorised signatory
13 August 2021

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	
			30.6.2021 VND	30.6.2020 VND
01	Revenue from sales of goods and rendering of services		388,772,686,881	350,028,043,170
02	Less deductions		(5,624,912,116)	(1,907,020,933)
10	Net revenue from sales of goods and rendering of services	25	383,147,774,765	348,121,022,237
11	Cost of goods sold and services rendered	26	(316,269,304,899)	(272,678,607,801)
20	Gross profit from sales of goods and rendering of services		66,878,469,866	75,442,414,436
21	Financial income		1,420,366,647	1,064,597,875
22	Financial expenses	27	(3,736,876,452)	(3,436,459,542)
23	- Including: Interest expenses		(3,020,205,885)	(2,554,864,102)
25	Selling expenses	28	(45,821,414,400)	(43,769,222,928)
26	General and administration expenses	29	(14,774,821,483)	(14,166,489,934)
30	Net operating profit		3,965,724,178	15,134,839,907
31	Other income		1,181,869,747	85,984,271
32	Other expenses		(102,767,078)	(218,416,620)
40	Net other income/(expenses)		1,079,102,669	(132,432,349)
50	Net accounting profit before tax		5,044,826,847	15,002,407,558
51	Business income tax ("BIT") – current	30	(808,659,849)	(3,451,846,510)
52	Business income tax – deferred	30	-	-
60	Net profit after tax		4,236,166,998	11,550,561,048
70	Basic earnings per share	23(a)	847	2,310
71	Diluted earnings per share	23(b)	847	2,310



Bui Thi Huong
Preparer/Chief Accountant



Kek Chin Ann
Chairperson
Authorised signatory
13 August 2021

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

INTERIM CONSOLIDATED CASH FLOW STATEMENT
 (Indirect method)

Code	Note	For the six-month period ended	
		30.6.2021 VND	30.6.2020 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net accounting profit before tax	5,044,826,847	15,002,407,558
	Adjustments for:		
02	Depreciation and amortisation	3,690,792,188	3,276,487,788
03	Provisions	2,195,444,054	810,605,308
04	Unrealised foreign exchange (gains)	-	(56,463,086)
05	Profits from investing activities	(3,324,294)	(36,831,088)
06	Interest expenses	3,020,205,885	2,554,864,102
08	Operating profit before changes in working capital	13,947,944,680	21,551,070,582
09	Increase in receivables	(29,209,964,272)	(7,457,317,319)
10	Decrease in inventories	54,585,999,042	17,971,963,844
11	Decrease in payables	(32,241,592,491)	(19,200,231,794)
12	(Increase)/decrease in prepaid expenses	(4,654,310,599)	417,741,319
14	Interest paid	(3,085,759,631)	(2,554,864,102)
15	Business income tax paid	(4,217,473,063)	(840,643,698)
20	Net cash (outflows)/inflows from operating activities	(4,875,156,334)	9,887,718,832
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(2,227,932,416)	(10,987,452,185)
27	Dividends and interest received	3,324,294	36,831,088
30	Net cash outflows from investing activities	(2,224,608,122)	(10,950,621,097)
CASH FLOWS FROM FINANCING ACTIVITIES			
33	Proceeds from borrowings	241,385,714,045	221,611,597,706
34	Repayments of borrowings	(242,847,237,518)	(220,522,546,489)
36	Dividends paid, profits distributed to owners	-	-
40	Net cash (outflows)/inflows from financing activities	(1,461,523,473)	1,089,051,217
50	Net (decrease)/increase in cash and cash equivalents	(8,561,287,929)	26,148,952
60	Cash and cash equivalents at beginning of period	13,573,889,382	13,681,388,435
61	Effect of foreign exchange differences	-	-
70	Cash and cash equivalents at end of period	5,012,601,453	13,707,537,387



 Bui Thi Huong
 Preparer/Chief Accountant


 Kek Chin Ann
 Chairperson
 Authorised signatory
 13 August 2021

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 2021**

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 (12th) to the Business Registration Certificate was issued on 23 June 2021.

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

The principal business activities of the Group are: producing, processing, packaging, trading 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 2021, 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 2021, 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 2021, the Group had 1,024 employees (as at 31 December 2020: 942 employees).

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021****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 and its subsidiaries determine their 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 to 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 2021****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 2021**

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, when 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, such expenditure is 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	3.33% - 33%
Machinery	7% - 50%
Motor vehicles	10% - 50%
Office equipment	14% - 50%
Software	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.

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021****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, which are recorded 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 2021****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 the 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.

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.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.16 Provision for severance allowances (continued)**

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 2021 would have been approximately VND 6,293,903,200 (as at 31 December 2020: VND 6,710,552,290).

2.17 Provision for dismantling and restoration costs

According to Circular 200/2014/TT-BTC dated 22 December 2014 issued by the Ministry of Finance, since 1 January 2015, the Group is required to provide for dismantling and restoration costs of the Group'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 a financial expense.

2.18 Capital and reserves

Owners' capital is recorded according to the actual amounts contributed at 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.

Undistributed earnings record the Group's results (profit or loss) after BIT at the reporting date.

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.

(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.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.20 Revenue recognition****(a) Revenue from sales of goods**

Revenue from 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.

(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.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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.

2.25 General and administration expenses

General and administration expenses represent expenses for administrative purposes.

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 period taxable profits at the current period 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.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.26 Current and deferred income tax (continued)**

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 its relationships with each related party, the Group considers the substance of the relationship not merely the legal form.

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.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Legal Representative 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); 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

	30.6.2021	31.12.2020
	VND	VND
Cash on hand	191,719,481	819,093,648
Cash in bank	4,820,881,972	12,754,795,734
	<u>5,012,601,453</u>	<u>13,573,889,382</u>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

4 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	30.6.2021	31.12.2020
	VND	VND
Third parties	83,035,967,625	57,616,659,951
Provision for doubtful debts (Note 7)	(1,199,683,017)	(1,392,471,981)
	<u>81,836,284,608</u>	<u>56,224,187,970</u>

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

	30.6.2021	31.12.2020
	VND	VND
Nemco Food Trading Inc.	8,514,770,844	-
Port Royal Sales Ltd.	8,049,233,656	6,980,378,976
Branch of Pho Viet JSC. in Hanoi	3,654,312,000	8,756,448,800
	<u>20,218,316,500</u>	<u>15,737,727,776</u>

5 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	30.6.2021	31.12.2020
	VND	VND
Third parties	4,727,265,042	5,911,628,094
Provision for doubtful debts (Note 7)	(775,733,588)	(775,733,588)
	<u>3,951,531,454</u>	<u>5,135,894,506</u>

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

	30.6.2021	31.12.2020
	VND	VND
Varin Food Machinery Co., Ltd	1,016,538,720	-
Wilma Trading Pte. Ltd.	709,876,480	613,804,600
Cam Ranh Seafoods Co., Ltd.	603,000,000	-
Ha Tien Construction Investment JSC.	-	1,165,079,700
Vifoco Import Export JSC.	-	1,000,000,000
	<u>2,329,415,200</u>	<u>1,783,684,300</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

6 OTHER SHORT-TERM RECEIVABLES

	30.6.2021 VND	31.12.2020 VND
Receivables from individuals relating to VAT (*)	5,458,254,250	5,458,254,250
Advance for business trips and hospitality expenses	298,713,581	77,717,717
Others	1,442,322,621	1,544,904,897
	<u>7,199,290,452</u>	<u>7,080,876,864</u>
Provision for doubtful debts (Note 7)	(6,487,242,230)	(6,487,742,230)
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>	(1,028,987,980)	(1,029,487,980)
	<u>712,048,222</u>	<u>593,134,634</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 30.6.2021		
	Cost VND	Recoverable amount VND	Provision VND
Total provision for doubtful debts			
i) Trade accounts receivable	14,584,930,388	13,385,247,371	1,199,683,017
ii) Prepayment to supplier	842,434,338	66,700,750	775,733,588
iii) Other short-term receivables	6,607,484,430	120,242,200	6,487,242,230
	<u>22,034,849,156</u>	<u>13,572,190,321</u>	<u>8,462,658,835</u>
	As at 31.12.2020		
	Cost VND	Recoverable amount VND	Provision VND
Total provision for doubtful debts			
i) Trade accounts receivable	9,622,814,969	8,230,342,988	1,392,471,981
ii) Prepayment to supplier	800,284,338	24,550,750	775,733,588
iii) Other short-term receivables	6,487,742,230	-	6,487,742,230
	<u>16,910,841,537</u>	<u>8,254,893,738</u>	<u>8,655,947,799</u>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

7 DOUBTFUL DEBTS (CONTINUED)

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

	Six-month period ended 30.6.2021 VND	Year ended 31.12.2020 VND
Beginning of period/year	8,655,947,799	8,744,579,680
Increase	117,343,234	533,903,200
Reversal of provision	(310,632,198)	-
Written-off trade accounts receivables	-	(622,535,081)
End of period/year	<u>8,462,658,835</u>	<u>8,655,947,799</u>

8 INVENTORIES

	30.6.2021		31.12.2020	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	7,758,195,518	-	4,887,700,950	-
Raw materials	105,766,550,324	(1,072,787,264)	153,492,716,298	(814,909,180)
Tools and supplies	2,696,088,820	(133,560,778)	5,482,316,019	(342,577,814)
Work in progress	20,681,537,614	(2,255,576,008)	18,471,105,837	(343,861,374)
Finished goods	47,227,710,746	(1,841,791,665)	47,757,210,522	(1,517,427,576)
Merchandise	13,239,748,805	(10,877,757)	21,864,781,243	-
	<u>197,369,831,827</u>	<u>(5,314,593,472)</u>	<u>251,955,830,869</u>	<u>(3,018,775,944)</u>
Provision for decline in value of inventories	(5,314,593,472)		(3,018,775,944)	
	<u>192,055,238,355</u>		<u>248,937,054,925</u>	

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

	Six-month period ended 30.6.2021 VND	Year ended 31.12.2020 VND
Beginning of period/year	3,018,775,944	2,214,248,632
Increase	2,552,707,831	1,209,974,961
Reversal	(256,890,303)	(405,447,649)
End of period/year	<u>5,314,593,472</u>	<u>3,018,775,944</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

9 PREPAID EXPENSES

(a) Short-term

	30.6.2021 VND	31.12.2020 VND
Insurance fees	268,132,684	99,881,568
Repair and maintenance expenses	129,990,967	28,392,221
Others	2,855,667,441	598,789,906
	<u>3,253,791,092</u>	<u>727,063,695</u>

(b) Long-term

	30.6.2021 VND	31.12.2020 VND
Assets retirement obligation	2,604,572,590	2,678,970,466
Repair and maintenance expenses	2,314,990,868	377,274,137
Warehouse, office improvement	193,333,329	207,833,333
Others	511,180,562	232,416,211
	<u>5,624,077,349</u>	<u>3,496,494,147</u>

HA LONG CANNED FOOD JOINT STOCK CORPORATION

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

10 FIXED ASSETS

(a) Tangible fixed assets

	Plant and buildings VND	Machinery VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
As at 1 January 2021	50,968,427,195	82,249,709,716	4,676,186,396	2,336,851,020	140,231,174,327
New purchases	405,526,682	1,456,626,598	136,363,636	-	1,998,516,916
Transfers from construction in progress (Note 11)	1,705,671,818	4,923,086,965	-	-	6,628,758,783
As at 30 June 2021	53,079,625,695	88,629,423,279	4,812,550,032	2,336,851,020	148,858,450,026
Accumulated depreciation					
As at 1 January 2021	(38,572,705,968)	(54,411,635,498)	(3,521,896,537)	(2,336,851,020)	(98,843,089,023)
Charge for the period	(577,786,521)	(2,700,632,015)	(170,516,592)	-	(3,448,935,128)
As at 30 June 2021	(39,150,492,489)	(57,112,267,513)	(3,692,413,129)	(2,336,851,020)	(102,292,024,151)
Net book value					
As at 1 January 2021	12,395,721,227	27,838,074,218	1,154,289,859	-	41,388,085,304
As at 30 June 2021	13,929,133,206	31,517,155,766	1,120,136,903	-	46,566,425,875

The historical cost of fully depreciated tangible fixed assets as at 30 June 2021 were VND 60,466,929,562 (as at 31 December 2020: VND 60,506,347,202).

As at 30 June 2021, tangible fixed assets with a carrying value of VND 16,749,286,380 (as at 31 December 2020: VND 16,024,988,177) were pledged with the banks as collateral for borrowings granted to the Group (Note 17).

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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10 FIXED ASSETS (CONTINUED)**(b) Intangible fixed assets**

	Land use rights (*) VND	Software VND	Total VND
Historical cost			
As at 1 January 2021	12,532,172,202	2,146,590,000	14,678,762,202
New purchases	-	-	-
As at 30 June 2021	<u>12,532,172,202</u>	<u>2,146,590,000</u>	<u>14,678,762,202</u>
Accumulated amortisation			
As at 1 January 2021	-	(736,203,792)	(736,203,792)
Charge for the period	-	(241,857,060)	(241,857,060)
As at 30 June 2021	<u>-</u>	<u>(978,060,852)</u>	<u>(978,060,852)</u>
Net book value			
As at 1 January 2021	<u>12,532,172,202</u>	<u>1,410,386,208</u>	<u>13,942,558,410</u>
As at 30 June 2021	<u><u>12,532,172,202</u></u>	<u><u>1,168,529,148</u></u>	<u><u>13,700,701,350</u></u>

(*) 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 10,306m² at plot C3-4 and plot C3-5, Tho Quang Seafood Service Industrial Zone, Tho Quang Ward, Son Tra District, Da Nang City with book value of VND 11,258,672,202.
- ii) Land use right of Ha Long Canned Food Joint Stock Corporation with an area of 290.7m² at plot No.1 at No. 43/1 Phuoc Long Street, Phuoc Long Ward, Nha Trang City, Khanh Hoa Province with book value of VND 729,000,000;
- iii) Land use right of Ha Long Canfoco - Da Nang Company Limited with an area of 215.4m² 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 Group 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 Group 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 Group (Note 17).

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

11 CONSTRUCTION IN PROGRESS

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

	Six-month period ended 30.6.2021 VND	Year ended 31.12.2020 VND
Beginning of period/year	6,617,163,883	45,500,000
Increase	133,065,900	7,483,795,083
Reclassify to VAT to be reclaimed	(121,471,000)	-
Transfer to tangible fixed assets (Note 10(a))	(6,628,758,783)	(912,131,200)
End of period/year (*)	<u>-</u>	<u>6,617,163,883</u>

12 SHORT-TERM TRADE ACCOUNTS PAYABLE

	30.6.2021 VND	31.12.2020 VND
Third parties	<u>75,871,601,125</u>	<u>111,855,968,099</u>

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

	30.6.2021 VND	31.12.2020 VND
Ha Long Foods Import Export One-member Co., Ltd.	30,441,776,290	54,403,016,970
My Chau Printing and Packaging Corporation	<u>10,565,558,157</u>	<u>10,479,192,416</u>

13 SHORT-TERM ADVANCES FROM CUSTOMERS

	30.6.2021 VND	31.12.2020 VND
Third parties	<u>3,691,753,520</u>	<u>2,319,997,849</u>

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

	30.6.2021 VND	31.12.2020 VND
Ducla Trading Doo	851,396,405	851,396,405
Future Foods Co., Ltd.	371,304,000	-
Doggyman Vietnam Co., Ltd.	<u>365,691,216</u>	<u>487,855,040</u>

HA LONG CANNED FOOD JOINT STOCK CORPORATION

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

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

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

	As at 1.1.2021 VND	Incurred during the period VND	Payment during the period VND	Reclassification/ Offset VND	As at 30.6.2021 VND
(a) Receivables					
Input VAT	4,981,813,072	14,674,341,563	-	(10,081,079,266)	9,575,075,369
Land rental fees (*)	1,141,360,998	(518,447,002)	-	-	622,913,996
Land and housing tax	-	-	-	50,932,000	50,932,000
Business income tax	-	-	-	217,433,785	217,433,785
	<u>6,123,174,070</u>	<u>14,155,894,561</u>	<u>-</u>	<u>(9,812,713,481)</u>	<u>10,466,355,150</u>
(b) Payables					
Output VAT (**)	3,287,220,691	17,606,437,274	(2,741,184,932)	(10,081,079,266)	8,071,393,767
Business income tax	3,716,971,626	808,659,849	(4,217,473,063)	217,433,785	525,592,197
Personal income tax	180,864,378	1,131,932,219	(979,689,861)	-	333,106,736
Land and housing tax	-	50,932,000	(101,864,000)	50,932,000	-
Business license tax	-	6,000,000	(6,000,000)	-	-
VAT (***)	668,254,250	-	(668,254,250)	-	-
Penalty on late VAT payment	969,627,488	27,807,979	(27,807,979)	-	969,627,488
Other taxes	-	38,483,833	(38,483,833)	-	-
	<u>8,822,938,433</u>	<u>19,670,253,154</u>	<u>(8,780,757,918)</u>	<u>(9,812,713,481)</u>	<u>9,899,720,188</u>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

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

(*) 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. 52/2021/NĐ-CP dated 19 April 2021, payment of the Company's VAT for the Quarter 1 and 2 in 2021 (except for VAT on imported goods), and business income tax for Quarter 1 and 2 in 2021 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 668,254,250 to the tax authority.

15 SHORT-TERM ACCRUED EXPENSES

	30.6.2021	31.12.2020
	VND	VND
Distributor support expenses	4,404,457,578	2,584,549,933
Staff bonus	2,858,281,632	4,668,227,829
Transportation expenses	752,944,960	-
Others	2,359,954,538	2,543,540,654
	<u>10,375,638,708</u>	<u>9,796,318,416</u>

16 OTHER SHORT-TERM PAYABLES

	30.6.2021	31.12.2020
	VND	VND
Dividend payable (Note 33(b))	9,073,094,250	73,094,250
Payables of Ha Long Canfoco Kindergarten (*)	27,802,160	939,201,560
Trade union fees	1,002,838,438	897,044,242
Others	467,397,894	643,895,424
	<u>10,571,132,742</u>	<u>2,553,235,476</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.

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17 BORROWINGS

	As at 1.1.2021 VND	Drawdown VND	Current portion of long-term VND	Repayment VND	As at 30.6.2021 VND
(a) Short-term (*)					
Bank loans – short-term	119,093,238,427	237,252,660,045	-	(241,930,121,518)	114,415,776,954
Bank loans – current portion of long-term	759,600,000	-	2,379,064,000	(917,116,000)	2,221,548,000
(b) Long-term					
Bank loans (*)	1,139,569,000	4,133,054,000	(2,379,064,000)	-	2,893,559,000

(*) As at 30 June 2021, the Group's borrowing balances consisted of:

Lenders and loan contracts	Balances as at 30 June 2021 VND	Principal and interest repayment term	Interest rate per annum	Loan purpose	Collaterals
(i) Joint Stock Commercial Bank for Foreign Trade of Vietnam – South Hai Phong Branch	29,895,470,255	Principal repayments will be made within 4 months from the drawdown date. Interests are payable monthly.	5.5% per annum	Financing working capital	Tangible fixed assets and intangible fixed assets (Note 10(a) and 10(b))
Loan agreement dated April 2021					
(ii) Vietnam Bank for Agriculture and Rural Development	29,945,870,427	Principal repayments will be made within 4 months from the drawdown date. Interests are payable monthly.	5.5% per annum	Financing working capital	Tangible fixed assets (Note 10(a)) and land use right at 71 Le Lai Street, May Chai Ward, Ngo Quyen District, Hai Phong City, Vietnam
Loan agreement dated 10 August 2020 and the amendment dated 12 April 2021					



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17 BORROWINGS (CONTINUED)

	Lenders and loan contracts	Balances as at 30 June 2021 VND	Principal and interest repayment term	Interest rate per annum	Loan purpose	Collaterals
(iii)	Military Commercial Joint Stock Bank Loan agreement dated 6 July 2020	4,565,107,000	Principal repayments will be made within 36 months from the drawdown date. Interests are payable monthly.	8% pa for first year, and float interest rate in the remaining loans terms	Financing working capital	Tangible fixed assets (Note 10(a))
(iv)	Vietnam Export Import Commercial Joint Stock Bank Loan agreement dated 24 December 2020	9,953,997,800	Principal repayments will be made within 3 months from the drawdown date. Interests are payable monthly.	6.3% per annum	Financing working capital	Unsecured
(v)	Vietcombank – Da Nang branch Loan agreement dated 24 December 2020	44,620,438,472	Principal repayments will be made within 6 months from the drawdown date. Interests are payable monthly.	3.6% per annum	Financing working capital	Tangible fixed assets (Note 10(a)); Land use right (Note 10(b)); Accounts receivable or Inventories equivalent to the borrowing balance as at 30 June 2021
(vi)	Public Bank Vietnam Loan agreement date 10 December 2020	550,000,000	Principal repayments will be made within 60 months from the first disbursement date. Interests are payable monthly.	8.0% per annum	Financing a tangible fixed asset purchase	Tangible fixed assets (Note 10(a))
		<u>119,530,883,954</u>				

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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 Group's employees in accordance with the Group's bonus and welfare policies.

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

	Six-month period ended 30.6.2021 VND	Year ended 31.12.2020 VND
Beginning of period/year	3,592,010,976	2,885,210,976
Appropriated from undistributed profit	750,000,000	750,000,000
Utilised during the period/year	(43,640,000)	(43,200,000)
End of period/year	<u>4,298,370,976</u>	<u>3,592,010,976</u>

19 PROVISIONS FOR LONG-TERM LIABILITIES

	30.6.2021 VND	31.12.2020 VND
Provision for restoration cost (*)	<u>3,951,069,403</u>	<u>3,858,153,913</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.

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

	Six-month period ended 30.6.2021 VND	Year ended 31.12.2020 VND
Beginning of period/year	3,858,153,913	3,672,322,933
Interest	92,915,490	185,830,980
End of period/year	<u>3,951,069,403</u>	<u>3,858,153,913</u>

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20 OWNERS' CAPITAL

(a) Number of shares

	30.6.2021 Ordinary shares	31.12.2020 Ordinary shares
Number of shares registered	5,000,000	5,000,000
Number of shares issued	5,000,000	5,000,000
Number of existing shares in circulation	5,000,000	5,000,000

(b) Details of owners' shareholding

	30.6.2021		31.12.2020	
	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	5,000,000	100	5,000,000	100

(c) Movement of share capital

	Number of share capital	Ordinary shares VND	Total VND
As at 1 January 2020	5,000,000	50,000,000,000	50,000,000,000
As at 31 December 2020	5,000,000	50,000,000,000	50,000,000,000
As at 30 June 2021	5,000,000	50,000,000,000	50,000,000,000

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 2020	50,000,000,000	15,753,387,350	29,020,260,148	23,228,521,510	118,002,169,008
Net profit for the year	-	-	-	18,116,410,835	18,116,410,835
Dividends distribution	-	-	-	(5,000,000,000)	(5,000,000,000)
Others	-	-	-	(1,500,000,000)	(1,500,000,000)
As at 31 December 2020	50,000,000,000	15,753,387,350	29,020,260,148	34,844,932,345	129,618,579,843
Net profit for the period	-	-	-	4,236,166,998	4,236,166,998
Dividends distribution (Note 22) (*)	-	-	-	(9,000,000,000)	(9,000,000,000)
Others (*)	-	-	-	(2,250,000,000)	(2,250,000,000)
As at 30 June 2021	50,000,000,000	15,753,387,350	29,020,260,148	27,831,099,343	122,604,746,841

(*) In accordance with the Annual Shareholders' General Meeting Resolution No. 01/2021/NQ-DHDCD dated 4 June 2021, undistributed earnings as at 1 January 2021 were used to distribute dividends with the amount of VND 9,000,000,000 (Note 22); appropriate VND 750,000,000 to bonus and welfare fund (Note 18); and distribute VND 1,500,000,000 of bonus to Board of Management, Board of Directors, and Board of Supervision as exceeding the target of year 2020.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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22 DIVIDENDS

Dividends on ordinary shares was VND 9,000,000,000 according to the Resolution of the Annual General Meeting of Shareholders No. 01/2021/NQ-DHDCD dated 4 June 2021 as 18% per par value of the ordinary shares (equivalent to VND 1,800 per ordinary share). As at 30 June 2021, the Company has not paid the dividends to the shareholders yet.

23 EARNINGS PER SHARE

(a) 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:

	From 1.1.2021 to 30.6.2021	From 1.1.2020 to 30.6.2020
Net profit attributable to shareholders (VND)	4,236,166,998	11,550,561,048
Less amount allocated to bonus and welfare funds (VND) (*)	-	-
	<u>4,236,166,998</u>	<u>11,550,561,048</u>
Weighted average number of ordinary shares in issue (shares)	5,000,000	5,000,000
	<u>5,000,000</u>	<u>5,000,000</u>
Basic earnings per share (VND)	847	2,310
	<u>847</u>	<u>2,310</u>

(*) The Company has not yet planned to appropriate to the bonus and welfare fund from the profit of the six-month period ended 30 June 2021. Accordingly, the basic earnings per share has not yet been adjusted as at the date of these interim consolidated financial statements, and will be adjusted (if any) as at year end depending on approval of shareholders at the Annual Shareholders' General Meeting.

(b) Diluted earnings per share

Diluted earnings per share is equal to the basic earnings per share. The Company did not have any potential ordinary shares to be dilutive during the period and up to the date of these interim consolidated financial statements.

24 OFF CONSOLIDATED BALANCE SHEET ITEMS

As at 30 June 2021, included in cash and cash equivalents were balances held in foreign currencies of USD 16,597.20 (as at 31 December 2020: USD 305,762.87).

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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25 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	From 1.1.2021 to 30.6.2021 VND	From 1.1.2020 to 30.6.2020 VND
Revenue		
Revenue from sales of finished goods	364,538,826,025	329,070,729,454
Revenue from sales of merchandises	22,786,959,484	20,319,541,799
Revenue from childcare and nursery education services	622,124,100	544,801,797
Other revenue	824,777,272	92,970,120
	<u>388,772,686,881</u>	<u>350,028,043,170</u>
Sales deductions		
Trade discounts	(5,461,688,234)	(1,690,871,353)
Sales returns	(163,223,882)	(216,149,580)
	<u>(5,624,912,116)</u>	<u>(1,907,020,933)</u>
Net revenue from sales of goods and rendering of services		
Net revenue from sales of finished goods	358,913,913,909	327,163,708,521
Net revenue from sales of merchandises	22,786,959,484	20,319,541,799
Net revenue from childcare and nursery education services	622,124,100	544,801,797
Net other revenue	824,777,272	92,970,120
	<u>383,147,774,765</u>	<u>348,121,022,237</u>

26 COST OF GOODS SOLD AND SERVICES RENDERED

	From 1.1.2021 to 30.6.2021 VND	From 1.1.2020 to 30.6.2020 VND
Cost of finished goods sold	302,099,846,236	262,897,343,713
Cost of merchandises sold	11,147,661,335	8,333,364,289
Cost of childcare and nursery education services	725,979,800	641,578,100
Provision for decline in value of inventories	2,295,817,528	806,321,699
	<u>316,269,304,899</u>	<u>272,678,607,801</u>



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27 FINANCIAL EXPENSES

	From 1.1.2021 to 30.6.2021 VND	From 1.1.2020 to 30.6.2020 VND
Interest expenses	3,020,205,885	2,554,864,102
Realised foreign exchange losses	494,780,761	615,740,268
Others	221,889,806	265,855,172
	<u>3,736,876,452</u>	<u>3,436,459,542</u>

28 SELLING EXPENSES

	From 1.1.2021 to 30.6.2021 VND	From 1.1.2020 to 30.6.2020 VND
Staff costs	14,563,572,807	13,410,008,921
Distributor support expenses	13,962,194,703	17,532,165,007
Logistics and loading costs	9,175,540,118	7,104,816,019
Marketing and commission expenses	3,306,856,606	1,682,201,042
Business trip expenses	1,412,726,505	1,535,359,309
Outside service expenses	877,510,926	1,016,812,608
Depreciation and amortisation expenses	14,773,409	21,492,684
Others	2,508,239,326	1,466,367,338
	<u>45,821,414,400</u>	<u>43,769,222,928</u>

29 GENERAL AND ADMINISTRATION EXPENSES

	From 1.1.2021 to 30.6.2021 VND	From 1.1.2020 to 30.6.2020 VND
Staff costs	7,889,431,616	6,490,199,715
Outside service expenses	3,712,272,492	3,541,807,666
Taxes and fees	957,855,550	1,046,932,574
Business trip expenses	481,933,890	866,648,493
Depreciation and amortisation expenses	393,512,946	258,808,785
(Reversal)/Provision for doubtful debts	(193,288,964)	533,903,200
Others	1,533,103,953	1,428,189,501
	<u>14,774,821,483</u>	<u>14,166,489,934</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 1.1.2021 to 30.6.2021 VND	From 1.1.2020 to 30.6.2020 VND
Net accounting profit before tax	5,044,826,847	15,002,407,558
Tax calculated at a rate of 20%	1,008,965,369	3,000,481,512
Effect of:		
- Expenses not deductible for tax purposes	423,654,716	187,913,540
- Temporary differences for which no deferred income tax was recognised	(261,328,159)	544,747,782
- Impact of change in tax rate (*)	(362,632,077)	(281,296,324)
Business income tax charge (**)	<u>808,659,849</u>	<u>3,451,846,510</u>
Charged/(credited) to income statement:		
Business income tax – current	808,659,849	3,451,846,510
Business income tax – deferred	-	-
Business income tax charge	<u>808,659,849</u>	<u>3,451,846,510</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 period is based on estimated taxable income and is subject to review and possible adjustment by the tax authorities.

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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 1.1.2021 to 30.6.2021 VND	From 1.1.2020 to 30.6.2020 VND
Raw materials	251,909,829,392	224,731,707,623
Staff cost	62,936,805,212	56,407,257,874
Outside service expenses	12,695,381,774	9,107,794,619
Distributor support expenses	13,962,194,703	17,532,165,007
Transportation expenses	9,175,540,118	7,104,816,019
Depreciation and amortisation expenses	3,690,792,188	3,276,487,788
Processing expenses	1,969,494,980	2,571,437,834
Business trip expenses	1,813,272,835	2,128,668,315
Other cash expenses	9,541,728,399	9,293,753,802
	<u>367,695,039,601</u>	<u>332,154,088,881</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 1.1.2021 to 30.6.2021		
	Domestic VND	Export VND	Total VND
Net sales	223,291,107,179	159,856,667,586	383,147,774,765
Cost of sales	(168,615,071,727)	(147,654,233,172)	(316,269,304,899)
Gross profit	<u>54,676,035,452</u>	<u>12,202,434,414</u>	<u>66,878,469,866</u>
	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>

**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 1.1.2021 to 30.6.2021 VND	From 1.1.2020 to 30.6.2020 VND
i) Compensation of key management		
Kek Chin Ann	1,230,142,919	815,112,840
Nguyen Van Binh	1,003,071,719	697,495,576
Pham Thi Thu Nga	486,500,000	410,754,729
Bui Quoc Hung	288,036,753	84,614,814
Wilson Cheah Hui Pin	261,486,477	63,009,876
Mai Xuan Phong (resigned on 4.6.2021)	244,056,782	75,972,840
Pham Huu Quy Lam (resigned on 4.6.2021)	236,173,899	63,009,876
Tran Hoang Lam (resigned on 4.6.2021)	236,173,899	63,009,876
Pham Thi Hai Yen	200,150,000	-
Tran Phuoc Thai (resigned on 4.6.2021)	137,833,333	31,000,002
Mai Thi Mai Hoa (resigned on 4.6.2021)	80,833,333	-
Truong Sy Toan (appointed on 10.6.2021)	80,811,686	-
Tran Huu Hoang (appointed on 4.6.2021)	25,312,579	-
Nguyen Thanh Trung (appointed on 10.6.2021)	24,213,836	-
La Thi Quy (appointed on 4.6.2021)	5,166,667	-
Nguyen Manh Tuan Vu (appointed on 4.6.2021)	5,166,667	-
Dang Quoc Viet (resigned on 5.3.2020)	-	58,054,320
Ngo Van Duy Nhat (resigned on 6.5.2020)	-	16,666,668
	<u>4,545,130,549</u>	<u>2,378,701,417</u>
ii) Financing activities		
Dividend declared:		
- State shareholder	2,497,248,000	1,387,360,000
- Other shareholders	6,502,752,000	3,612,640,000
	<u>9,000,000,000</u>	<u>5,000,000,000</u>
(b) Period/year end balances with related parties		
	30.6.2021	31.12.2020
	VND	VND
Other short-term payables (Note 16)		
Shareholders	<u>9,073,094,250</u>	<u>73,094,250</u>

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34 IMPACT OF COVID-19

The wide spread of the Covid-19 since the beginning of 2020 is a fluid and challenging situation facing the Group's business. As at the date of signing these interim consolidated financial statements, the Legal Representative of the Group had performed an assessment of the overall impact of the situation Covid-19 on the Group's operations, including the recoverability of the carrying amount of assets, measurements of its assets and liabilities and concluded that the Group is able to be in normal operation in the next twelve months, except for impacts of force-majeure events, administrative orders by the authorities, and macro-economic conditions. The Legal Representative will continue to monitor the situation, take appropriate and timely actions to minimise the impact.

The interim consolidated financial statements for the six-month period ended 30 June 2021 were approved by the Chairperson on 13 August 2021.



Bui Thi Huong
Preparer/Chief Accountant



Kek Chin Ann
Chairperson
Authorised signatory