

Hai Phong, 28/3/2022

OPERATION REPORT OF THE BOARD OF MANAGEMENT IN 2021
PRODUCTION AND BUSINESS PLAN IN 2022

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

Dear Shareholders

The Board of Management of Ha Long Canned Food JSC would like to report to the 2021 Annual General Meeting of Shareholders (AGM) about production - business activities in 2021; activities of the Board of Management in 2021; The production - business plan for 2022 and the following years to carry the 5-year-plan (2021 – 2025) in the context of the world's economic and political changes

I – Evaluation of the Board of Management on the operations of the Company in 2021

1. General evaluation of production - business activities of the Company in the last 3 years (From 2019 to the end of 2021)

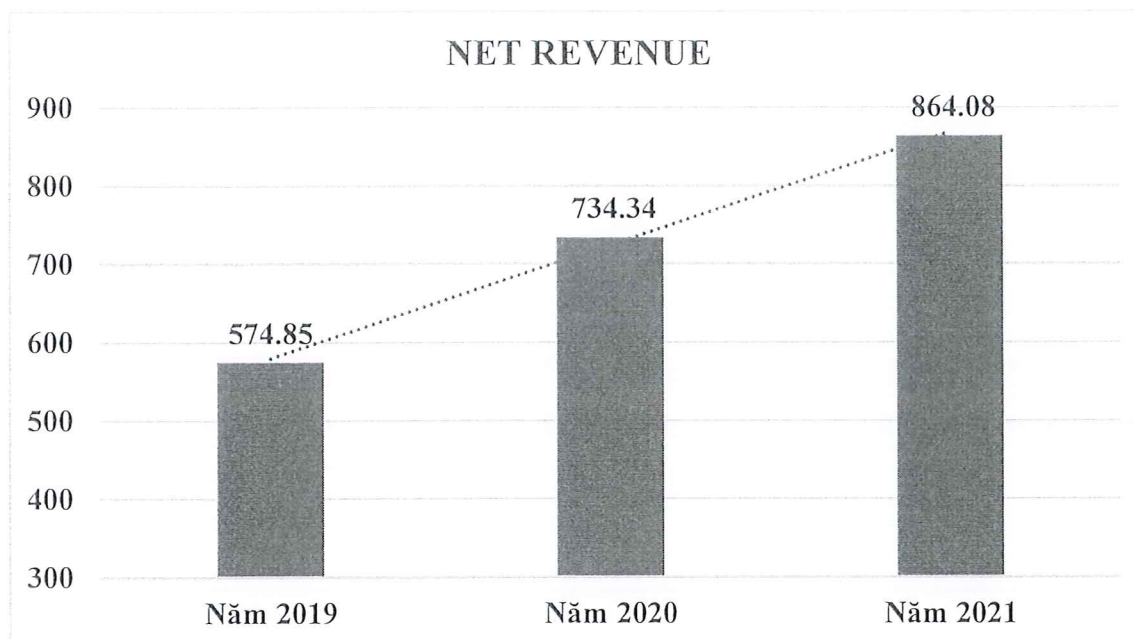
First of all, the Board of Management of the Company would like the General Meeting of Shareholders to review the data of the basic targets of the Company in the last 3 years (2019, 2020 and 2021) so that the AGM can make comments on the overall situation of the Company - to locate our position in the food processing industry in Vietnam and together decide the orientation of the company in 2022 and the following years.

(The following statistics are taken from the annual financial statements of the Company (consolidated) - audited by PWC - Vietnam auditing firms. The increase / decrease of the price of each product group in 3 years is small and does not have much impact on the revenue target.

Specifically, the basic targets of the Company (consolidated) performed in the period from 2019 to the end of 2021:

Year	2019	2020	2021
Net revenue	574.90	734.34	864,08
Profit before tax	16.60	22.90	38,22
Profit after tax	12.59	18.12	29,42
Dividend distribution	5.00	9.00	12,50
Accumulated undistributed profit	23.23	34.84	53,013

As shown by the figures in the tables and charts, we can recognize that in the last 3 years:



+ **Net revenue target:**

The consolidated net revenue target includes domestic revenue and export revenue (Da Nang subsidiary), our consolidated net revenue within last 3 years has been stable and steadily growing, the net revenue in 2021 have increased more than 50 % compared to the net revenue in 2019.

+ **Profit targets:**

In 2019, 2020 and 2021, the company's pretax profit reached in turn is 16.6 billion dong; 22.9 billion dong; 38.22 billion dong.

The pretax profit margin (year) per Company's charter capital (%) within the recent 3 years are as follow: in 2019 is 33%; in 2020: 45% and in 2021 is: 76%

The after-tax profit margin in 2021 per Company's charter capital (%) is : 58%

+ **Dividend in 2021:** the company proposes to AGM to pay 5%

2 - General evaluation of production and business activities of the Company in 2021

2.1 General evaluation:

In 2021, the COVID-19 pandemic will be complicated globally with new variations, hindering the worldwide economic recovery. Vietnam is one of the countries heavily affected by the epidemic, with economic growth (GDP) in 2021 at only 2.58%, the lowest in the past 30 years. However, in 2021, Vietnam is ranked at top 5th in terms of GDP in Southeast Asia with a GDP of about 368 billion USD (According to Vietnambiz dated 22/02/2022)

In 2021, Vietnam faces unprecedented difficulties and challenges, causing serious socio-economic impacts. In that context, the Government promptly directed to review and amend of policies and administrative reforms to remove difficulties and obstacles in investment, production and business activities and social life. The rapid recovery of the economy before and after the 4th wave of epidemic has demonstrated the dynamism of the market and the adaptability and creativity of businesses, in which food processing industry is recognized as positive recovery.

Vietnam's food production and processing industry is growing strongly, gradually dominating the domestic market and increasing exports. Currently, food businesses occupied highest proportion in the structure of consumer goods in Vietnam.

During the COVID-19 pandemic, the food processing industry is considered to be the least affected sector because it is an essential need of everyday consumers.

Currently, Vietnam has participated in the signing of free trade agreements (FTA, CPTPP), which brings many advantages for food processing industry to develop.

In 2021, the advantages from the EVFTA agreement have come into effect / together with FTAs..., Vietnam's goods exports will have the opportunity to make a breakthrough. Total import and export turnover in 2021 set a record with the figure of 668.5 billion USD, up 22.6% compared to 2020, of which exports increased by 19%.

In 2021, Vietnam became one of the top 20 countries in the world in terms of trade. In 2021, the export revenue of Ha Long Da Nang Canned Food One Member Limited Company increased by 31.6% compared with 2020.

2.2 Evaluation of production - business results in 2021:

a- Evaluation of production - business results compared with the implementation of plan 2021

The year of 2021 is the fourth year which the Company developed the production and business with a new orientation - changes and restructure in the Company such as Market - Production - Human Resources - Financial Management and initially has remarkable achievements by two major economic indicators of the Company.

Details are as below:

(Unit:

Billion Dong)

No	TARGETS	Unit	Plan 2021	Implementati on 2021	Implementati on 2020	Comparison (%)	
						Plan 2021	Same period in 2020
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (5) / (4)	(8) = (5) / (6)
1	Net revenue	Billion	817,43	864,08	734,34	106%	118%
2	Pretax profit	Billion	27,01	38,22	22,90	142%	167%
3	After-tax profit	Billion	22,11	29,42	18,12	133%	162%

In 2021, Halong Canned Food Joint Stock Corporation have exceeded the revenue and profit target set by 2021 Annual Shareholder Meeting. In particular:

- The net revenue reached: 864.08 billion dong. An increase in 6% compared to 2021 plan and in 18 % compared to 2020 implementation.
- The pre-tax profit reached: 38.22 billion dong. An increase in 42% compared to 2021 plan and in 67 % compared to 2020 implementation.
- The after-tax profit reached: 29.42 billion dong. An increase in 33% compared to 2021 plan and in 62 % compared to 2020 implementation.

b – Evaluation on capital mobilization and use in 2021:

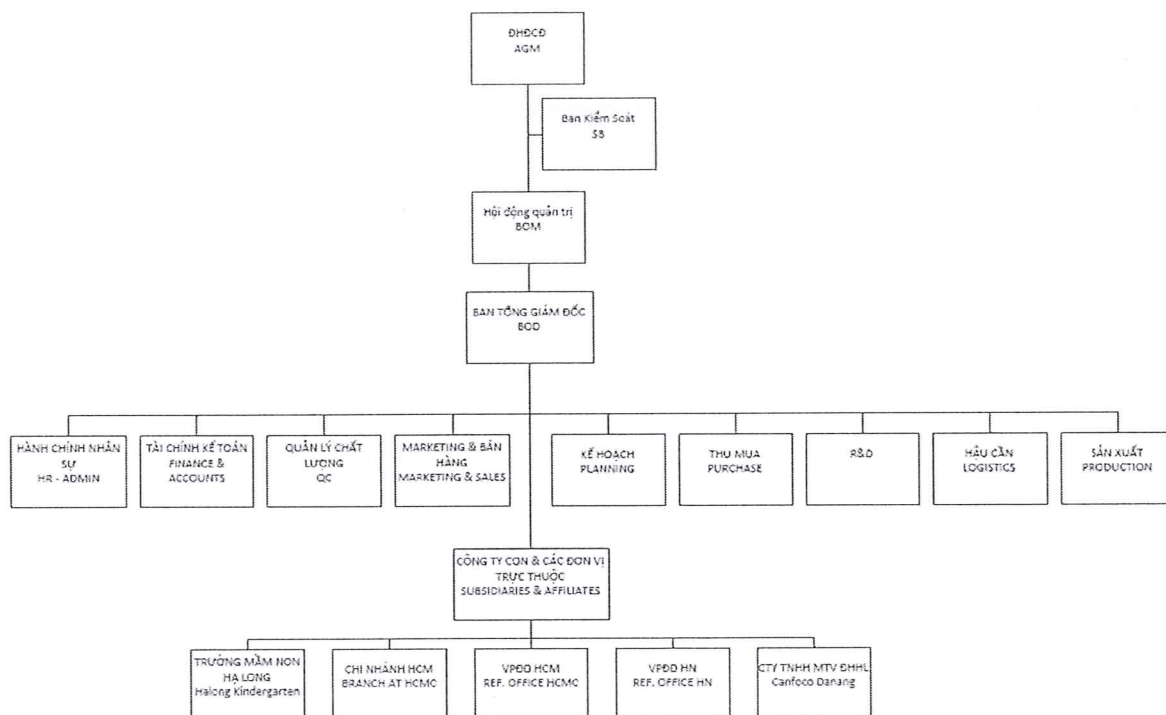
In 2021, the net revenue has increased nearly 130 billion dong compared to 2020 and nearly 290 billion dong compared to 2019. While the main material of Halong Canfoco JSC – Hai Phong (Parent company) is pork and of Ha Long Canned Food Da Nang Company Limited (Subsidiary) is tuna which needs capital to be stockpiled to proactive about raw material during “the epidemic”/ secure the raw material for production/ stabilize production cost/price / stabilizing market/ maintain and develop domestic and foreign markets.

In order to increase sales/profit, the Company have to mobilize capital to reserve raw materials/ investing machinery to increase production quantity and expanding production. Both parent and subsidiary company have to proactively mobilizing the capital from the Commercial banks, for example: VCB, AGB, EIB, PBVN.

As of 31/12/2021, Both parent and subsidiary have taken loan from four mentioned above banks with the total amount of: 159.416.550.292 dong (In word: One hundred and fifty-nine billion, four hundred and sixteen million, five hundred and fifty thousand, two hundred and ninety-two dong)
 In which, the short-term loan is: 158.926.550.292 dong and long-term loan is: 490.000.000

c – Organization chart / Senior staff / Total head count in 2021

+ Organization chart



+ Executive board (till 31/12/2021):

Board of Director: Chief Executive Officer and 1 Vice Chief Executive Officer

Remarks:

CEO: was dismissed and appointed on 10th June 2021

Chief Accountant: was dismissed and appointed on 31st March 2021

+ Total headcount (till 31/12/2021):

Parents company	:	689
Kindergarten	:	20
Subsidiary: Halong Danang	:	372

3 - Evaluation of the Board of Management on the activities of the Board of Directors

As figures reported above, in 2021, the Board of Directors of the Company proactively seizes opportunities / attempts to well perform the tasks of production and business / market development / market share / successfully develop a number of new sales modern channels (Direct sales and E-com) / develop new products / contribute to increase revenue / increase profit in 2021. Details are as below:

- Distributing channels: besides GT, MT, Càfe, Horeca, Halong Mard, in 2021 it is developed the new channels to affiliated with consumer trend during

pandemic such as DST (Direct sales trading), E-com, Tunte Food Shop (introduce to customers Halong products directly...)

- New products: there are 27 new products, which are diversified and plentiful and received good feedback from the market.

In 2021, the strong outbreak of the 4th Covid-19 wave along with strict blockades and prolonged social distancing had a negative impact on the entire world economy, including Vietnam. The pandemic has developed very complicatedly, affecting the supply chain of production - processing – consumption. However, the Board of Management and all employees of the Company have made great efforts, purchasing / forecasting store raw materials, find all ways to increase production output, timely distribute products to the market, reduce costs, exceed targets in the annual production and business plan of 2021.

Regarding cost management: in 2021 the Board of Directors has well implemented many cost managements measures to help the Company effectively operate and develop. However, the Board of Directors needs to continue to issue detailed management regulations on some areas for the Company's operations to be more efficient and professional...

II - Main activities of the Board of Management in 2021

1 - Members of the Board of Management, remuneration and other benefits of the Board of Management in 2021:

1.1 - Members of the Board of Management:

There is new Board of Management in 2021 for the term 2021 - 2026, details are as below:

No.	Full name	Position <i>Independence member / non-executive member</i>	The date becoming/ceasing to be the member of BOM/ independent BOM member	
			Appointed date	Dismissal date
1.	Ông/Mr. Kek Chin Ann	Chairman - non-executive member	25/04/2016	
2.	Ông/Mr. Nguyễn Thành Trung	Vice chairman - independence member	04/06/2021	
3.	Ông/Mr. Wilson Cheah Hui Pin	Non-executive member	04/12/2018	
4.	Ông/Mr. Trần Hữu Hoàng	Non-executive member	04/06/2021	
5.	Ông/Mr. Bùi Quốc Hưng	Non-executive member	1999	
6.	Ông/Mr. Mai Xuân Phong	Non-executive member	27/04/2012	04/06/2021
7.	Ông/Mr. Phạm Hữu Quý Lâm	Non-executive member	2009	04/06/2021
8.	Ông/Mr. Nguyễn Văn Bình		06/05/2011	04/06/2021
9.	Ông/Mr. Trần Hoàng Lâm	Non-executive member	04/12/2018	04/06/2021

2.2 - Remuneration and other benefits of the Board of Management:

No	Full name	Position	Remuneration	Bonus of 2020	Total
1	Ông/Mr. Bùi Quốc Hưng	BOM	248,682,645	154,929,580	403,612,225
2	Ông/Mr. Kek Chin Ann	BOM	271,617,372	140,845,070	412,462,442
3	Ông/Mr. Mai Xuân Phong	BOM	86,711,712	140,845,070	227,556,782
4	Ông/Mr. Nguyễn Thành Trung	BOM	169,496,855		169,496,855
5	Ông/Mr. Phạm Hữu Quý Lâm	BOM	78,828,829	140,845,070	219,673,899
6	Ông/Mr. Nguyễn Văn Bình	BOM	78,828,829	140,845,070	219,673,899
7	Ông/Mr. Wilson Cheah Hui Pin	BOM	232,916,879	140,845,070	373,761,949
8	Ông/Mr. Trần Hoàng Lâm	BOM	78,828,829	140,845,070	219,673,899
9	Ông/Mr. Trần Hữu Hoàng	BOM	154,088,050		154,088,050
	Total		1,400,000,000	1,000,000,000	2,400,000,000

2 - Main activities of BOM in 2021:

2.1 - General activities:

As we all know, in 2021 the COVID-19 pandemic will continue to severely affect production and business activities of every country in the world. In Vietnam, the wave of COVID-19 pandemic broke out strongly from the end of April 2021 with a new virus with a rapid spread speed. The Government had to introduce large-scale quarantine measures, social distancing. The meeting was extended to prevent the pandemic and protect the health of the people. However, the measures to prevent the pandemic had a negative impact on all business activities, the supply chain was broken, the food supply was disrupted food is interrupted/difficult/shortage. Ho Chi Minh City and the southern provinces are the provinces/cities heavily affected by the pandemic..., **“within the danger – there is the opportunity”** The BOM together with the EB promptly grasped **“the opportunity”** to find all ways to increase production output/maintain good goods in existing sales channels/develop quickly and promptly modern sales channels, diversify existing products and develop more new products ensure good service/many middle, high-end and affordable customer segments, fully meeting the needs of people "in social distancing areas" and needs of people in the "new normal" and "new consumption habits" after the pandemic.

To adapt and comply with the Government's strict regulations in epidemic prevention/control. In 2021, the BOM promptly changed the method of directing/supporting the EB by issuing resolutions/forms of meetings/discussion/collection of information were also applied diversely to suit the needs of the with the actual situation, but still ensuring compliance with the provisions of the Law / ensuring that the voting contents reach a high consensus. In 2021, the BOM held 5 meetings (including 3 face-to-face meetings; 2 online meetings and a lot of email - email exchanges) and issued 46 resolutions related to the whole process, aspects of production - business activities/personnel/regulations, management processes and perfecting the corporate governance system ... timely give strategic orientations/timely decisions to serve operations production and business of the Company in new conditions.

In order for the strategic directions/resolutions of the council to be implemented in a timely manner. In 2021, the BOM has strengthened the supervision of the executive activities of the CEO/executive officers and other managers to ensure that the Company's operations are continuous, safe, and in compliance with the provisions of law. The content of inspection and supervision in 2021 mainly focuses on the field of production, business / response to the COVID-19 pandemic to ensure stable operations of the Company, adequate supply of goods to the market, developing more new sales channels to suit the new situation "both effectively fighting the pandemic and well implementing the production and business plan and developing the company"

In 2021, the BOM always directs/supervises the implementation/implementation of the Resolutions of the General Meeting of Shareholders and the resolutions of the BOM in accordance with the Company's Charter and the provisions of the Law.

Monthly / or from time to time, the BOM requests the CEO and other executives to make and report on business results / reports on the progress of implementation of the Resolutions of the General Meeting of Shareholders and the Resolutions of the BOM, providing information and explaining related issues; highlight the difficulties and advantages in the operation. On the basis of the reports of the Supervisory Board in the inspection, appraisal, and recommendations, the BOM held a meeting to review and evaluate the operating results, issue a resolution to remedy and implement the work involve.

The coordination with the Supervisory Board in inspection and supervision is also concerned by the BOM, carefully analyzing the reports of the Supervisory Board to ensure the operation of our company in accordance with the regulations. stipulated in the Enterprise Law, the Company's Charter and the Resolution of the General Meeting of Shareholders, the Resolution of the BOM.

The disclosure of information of the Company is also directed by the BOM to strictly, fully, and in accordance with regulations, periodically applied to public companies.

In addition, the BOM also focuses on risk management, standardizing management processes and regulations; strengthen inspection and supervision of the implementation of processes and regulations in the Company's operations, promptly detect and overcome weaknesses, ensure a harmonious balance of interests of shareholders, the Company as well as rights of employees and fulfill obligations to the State budget.

Our company has been/is gradually moving towards studying the corporate governance regulations according to the advanced organizational model and governance model to gradually standardize the management, administration, and minimize risks in production and business activities, while ensuring transparency and creating favorable conditions for shareholders as well as management agencies to well perform their functions of supervision, inspection and control...

(Note: Details of the activities of the BOM in 2021. Shareholders please refer to the Report of corporate governance - No. 02/2002/BC - HDQT dated January 26, 2022 has been announced by Company)

III – PRODUCTION AND BUSINESS PLAN IN 2022 AND COMPANY DEVELOPMENT ORIENTATION IN THE FOLLOWING YEARS TO IMPLEMENTATION FOR THE TERM 2021 - 2026 :

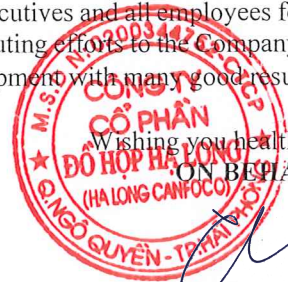
Dear Shareholders!

As the data presented about the production and business plan for 2021 in the report of the CEO /based on the socio-economic situation at domestic and abroad has been assessed by economic organizations/financial experts. assessment and assessment/direction of the BOM. The BOM of the Company would like to set forth the Company's development goals in 2022 and the following years as follows:

- Continue to balance capital / purchase and reserve raw materials / stockpile goods scientifically / appropriately and effectively.
- Continue to manage and reduce costs in a reasonable way / ensure that the Company's activities are operated well / effectively.
- Continue to grasp "new consumer trends", promote and perfect modern sales channels on digital platforms - e-commerce channels to adapt to the go-to-market strategy (route- to-market), in order to take advantage of opportunities from the change in consumption habits during and after the COVID-19 pandemic.
- Continue to advertise/promote/introduce products and how to process the Company's products at home.. on social networks to reach/attract a large number of customers/consumers. The advertising/promotion/introduction of products on social networks will be unlimited in quantity/space/time/content posted and minimize advertising costs for the Company.
- Focusing on production and sales of essential consumer products such as developing many essential and storeable canned and packaged food products in the context of complicated and difficult developments of the COVID-19 pandemic. The pandemic can be controlled before 2023 (according to Who's forecast)
- Continue to research to improve quality and diversify current products to meet many customers segments / continue to research / trade / process new products / essential / convenience products / suitable for new buying behavior – focus on brand characteristics / product quality / food safety / hygiene / meeting the need for good health and service.

According to forecasts of many experts and international organizations on the Vietnamese economy in 2022, there will be many growth prospects with many policies and programs of the Government on socio-economic recovery; Covid-19 pandemic prevention and control program. However, in 2022, Vietnam still faces many difficulties, challenges and potential risks such as the COVID-19 pandemic with complicated developments/inflation/war situation between Russia - Ukraine / increase in feed prices / risk of resurgence of African swine fever... these causes supply chain disruptions/ increase in gasoline prices/ increase in food prices greatly affect the cost of food processing enterprises, including our company.

- As analyzed above, we see that in 2022, HA LONG CANFOCO is facing "opportunities and challenges", **but with the Company's growth momentum and the development strategy of the BOM** along with the initiative/ the efforts of the EB / the executive officers with the consensus of all employees of the Company / the support of mass organizations in the Company / along with the dedicated comments the love of shareholders / the support of competent authorities in Hai Phong... We believe that in 2022 the Company will continue to seize and make the most of opportunities and advantages / take the initiative in operating in accordance with the new context and situation, promptly respond to arising situations / overcome difficulties and weaknesses / reduce risks / make positive changes / successfully break through - our company will step by step firmly dominate the domestic market share, promote and expand export markets (develop more export products / make the most of profits) EVFTA), renewing and developing the HALONG CANFOCO brand, creating motivation for the Company's development with many good results - Efforts to implement and well implement the Business Plan for the 2021-2026 term.
- On behalf of the BOM, I would like to thank all the shareholders who have believed in us and have regularly monitored and supported us over the years.
- We would like to express our sincere thanks to the members of the BOM for the past year, who have focused their efforts, dedication, and time in directing all areas of the Company's production and business activities.
- We would like to thank the EB, Supervisory Board, executives and all employees for their dedication, diligence and creativity in performing the assigned tasks, contributing efforts to the Company to exceed the expectations. through a difficult period - into a new phase of development with many good results and many new victories!



Wishing you health, success in work and life./
ON BEHALF OF BOM


KEK CHIN ANN
CHAIRMAN

