

Hai Phong, 28/3/2022

**REPORT OF THE CEO
ON BUSINESS PRODUCTION PERFORMANCE OF THE COMPANY IN 2021 AND PLAN IN 2022**

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

- Pursuant to the Enterprise Law - No. 59/2020 / QH14;
- Pursuant to the Charter of Ha Long Canned Food JSC;
- Based on the data of the production and business plan 2021 approved by the Annual General Meeting of Shareholders 2021;
- Based on the data on the 2021 Audited Consolidated Financial Statement of PwC - Vietnam Company Limited and the actual production - business situation of Ha Long Canned Food JSC in 2021;

The CEO of the Company would like to report to the 2022 Annual General Meeting of Shareholders with the following main contents:

1 Report on business results; analysis of basic targets in 2021 (Consolidation):

1.1 - Report on business results in 2021 (extracted data from the consolidated financial statements audited in 2021 of PwC - Vietnam Co., Ltd.) / compared with the production and business plan in 2021 and 2020:

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

Unit: Million dong

TARGETS	PLAN IN 2021	RESULT IN 2021	RESULT IN 2020	COMPARISION	
				Result in 2021 / Result in 2020	Result in 2021 / Plan in 2021
1 - Net revenue of goods and services sold	817,469	864,077	734,343	118%	106%
- Domestic	543,439	548,587	494,659	111%	101%
- Export	274,030	315,490	239,684	132%	115%
12- Pretax profit	27,009	38,222	22,903	167%	142%
13 - CIT	4,899	8,804	4,787	184%	180%
14 – Profit after tax	22,110	29,418	18,116	162%	133%

1.2 - Analysis of target accomplishment in 2021 / compared with 2020:

Unit: Million dong

Description	2020		2021	
	Annual cumulative gain	Average / month	Annual cumulative gain	Average / month
Net revenue	734,343	61,195	864,077	72,006

Pretax profit	22,903	1,909	38,222	3,185
After-tax profit	18,116	1,510	29,418	2,452

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

a- Net revenue target:

The actual net revenue for the whole year 2021 is: 864.077 billion VND, increasing 46.6 billion VND compared to the plan in 2021 and increasing 129.73 billion VND compared with net revenue in 2020 (734.343 billion VND).

In which: + Revenue from domestic goods in 2021 reaches: 548.587 billion VND, increasing 53.92 billion VND compared to 2020.

+ Revenue of export goods in 2021 reaches: 315.49 billion VND, increasing 76.8 billion VND compared to 2020.

Average net revenue per month in 2021 reached: 72 billion VND / month, increasing 10.8 billion VND / month compared to the average net revenue per month in 2020 which was: 41.2 billion VND / month

b- Profit targets:

+ Pretax profit in 2021:

Pretax profit in 2021 reached: 38.222 billion VND, increasing 11.21 billion VND compared to 2021 plan and increasing 15.31 billion VND compared to pre-tax profit in 2020 (22.903 billion VND)

(%) for pretax profit/ Net revenue in 2021 reaches: 4.42%, increasing 1.3 % compared to 2020

Average pre-tax profit / month in 2021 reached: 3.18 billion VND / month, increasing 1.27 billion VND / month compared to the average pre-tax profit / month in 2020 which was: 1.91 billion VND / month.

+ Profit after tax in 2021:

Profit after tax in 2021 reached: 29.42 billion VND, increasing 7.31 billion VND compared to the plan in 2021 and increasing 11.3 billion VND compared to the profit after tax in 2020 (18.12 billion dong)

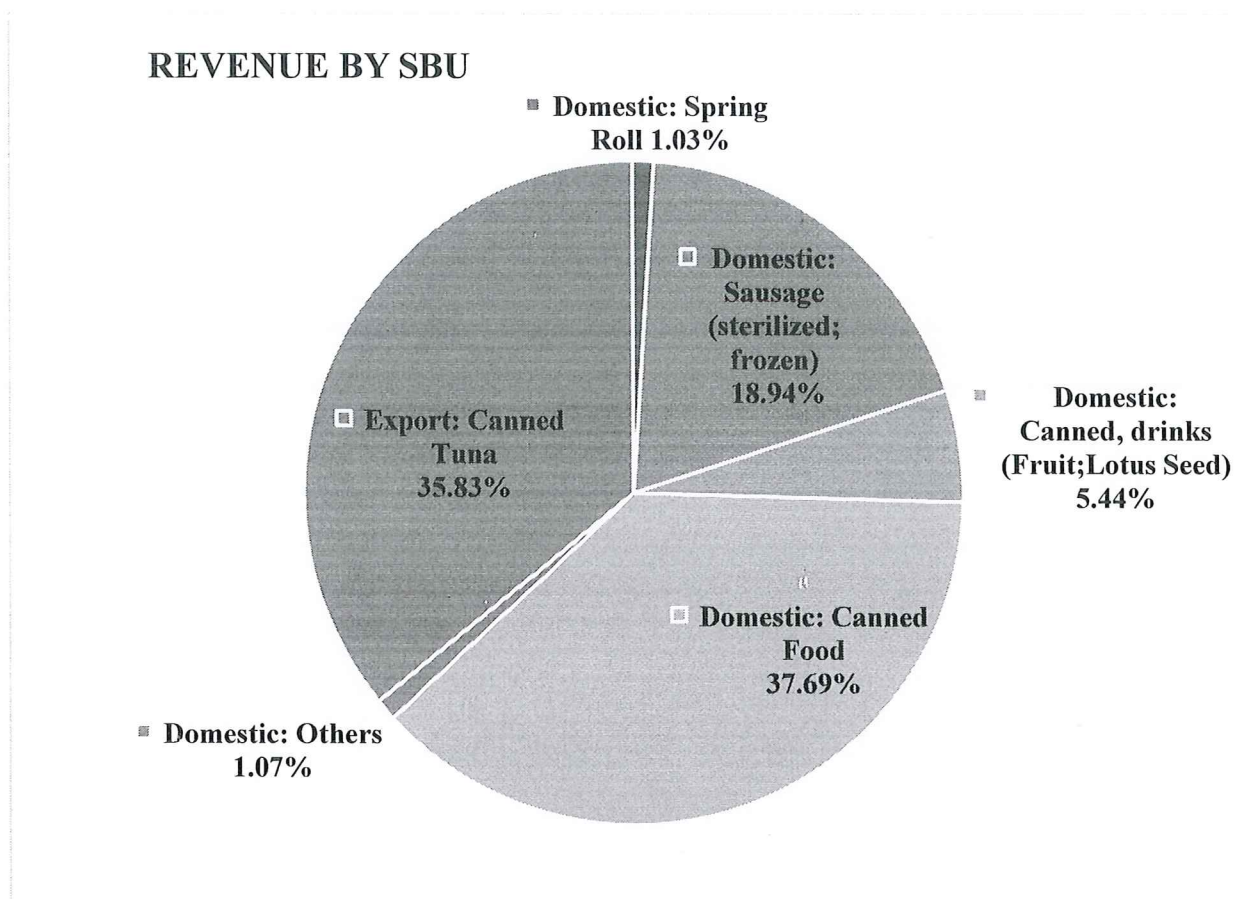
The performance rate (%) of profit after tax / Net revenue in 2020: 3.4%, increasing 0.94% compared to 2020

Average profit after tax / month in 2021 reached: 2.45 billion VND / month, increasing 940 million VND / month compared to the average profit after tax / month in 2020: 1.51 billion VND / month.

To achieve such remarkable business results shown by above figures, with the guidance of the Board of Management, the Board of Directors of the Company has been playing active role in making efforts to realize the goals/ solution to increase sales/profits as reported in 2021 Annual General Share Holder Meeting and proactively "seize the opportunity when the 4th wave of epidemic breaks out" and given out timely response measures in order to positively contribute the increase in sales/profits/ exceed the Production - Business Plan in 2021 approved by the General Meeting of Shareholders and create momentum for development of the Company for years to come.

In 2021, the Company have performed all duties and paid 49.22 billion VND into the budget. The company was awarded a certificate of merit by the Chairman of Hai Phong City People's Committee "Having completed the tasks of production and business in 2021", perform all benefits, social insurance, medical insurance toward employee and has been awarded certificate of merit in 2021 by the Hai Phong Social Insurance. Additionally, in 2021, the Company continue to strengthen the relationship with the city / district/ ward and the Departments of Hai Phong City / increase jobs opportunities - improve the material and spiritual life, ensuring the legitimate rights of workers; the average income / person / month at Hai Phong parent company is: 10.541 million VND / person / month; the average income / person / month at Ha Long Canned Food Da Nang Company Limited (Subsidiary company) is: 6.4 million VND/ person/ month.

To illustrate the development according to each product type/ domestic and export product in 2021. Please refer to the following chart:



1.3 - Investment: In 2021, the Company did not have any investment plan and did not occur any investment activities

1.4 Financial statements for 2021 (audited by PwC Vietnam Company Limited) include:

Financial statements of the Parent Company; Consolidated financial statements with detailed contents that the Company has published and posted on the Company's website: www.canfoco.com.vn

Below is a summary of some of the economic indicators of the Company:

(Shareholders are invited to see the chart below)

1.4.1- Balance sheet (summary) - as at 31 December 2021

Unit: Million dong

CRITERIA	Ending balance	Opening balance	Increase/decrease	Ratio
A-CURRENT ASSETS	390,008	331,314	58,694	18%
I. Cash and cash equivalents	11,608	13,574	-1,966	-14%
II. Short-term financial investments	-	-	-	
III. Short-term receivables	92,400	61,953	30,447	49%
IV. Inventories	274,148	248,937	25,210	10%
2. Other short-term assets	11,853	6,850	5,002	73%
B-LONG - TERM ASSETS	64,785	66,094	- 1,309	-2%

I. Long-term accounts receivable	950	650	300	46%
II. Fixed assets	58,726	55,331	3,395	6%
III. Real Estate Investments	-	-	-	
IV. Long-term unfinished assets	-	6,617	-6,617	-100%
V. Long-term financial investments	-	-	-	
VI. Other long-term assets	5,109	3,496	1,613	46%
TOTAL ASSETS	454,793	397,409	57,385	14%
A. LIABILITIES	307,006	267,790	39,216	15%
I. Short-term liabilities	302,100	262,510	39,590	15%
II. Long-term liabilities	4,906	5,280	- 374	-7%
B. OWNER'S EQUITY	147,787	129,619	18,168	14%
I. Owner's equity	147,787	129,619	18,168	14%
II. Other funds	-	-	-	
TOTAL CAPITAL	454,793	397,409	57,385	14%

1.4.2- Basic financial indicators:

No.	Ratio	UNIT	2021	2020
1	The asset structure:			
	- Long-term Assets / Total Assets	%	14%	17%
	- Short-term assets / Total assets		86%	83%
2	Equity structure:			
	- Liabilities / Total capital	%	68%	67%
	- Owner's equity/Total capital resources		32%	33%
3	Liquidity			
	- Quick liquidity	times	0.38	0.31
	- Liquidity of short-term liabilities		1.29	1.26
4	Benefit cost ratio			
	- Ratio of Profit before Tax on Total Assets		8%	6%
	- Profit after tax / net revenue	%	3%	2%
	- Rate of profit after tax / Charter capital		59%	36%

1.4.3: Salary of the General Director in 2021:

Gross salary: 120 million VND

Salary payment method:

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

2 – Production and business plan for 2022 and implementation,

Objectives:

- Developing product / industry / market / modern distribution channel – E-commerce channel/ brand / exporting products and overseas market
- Actively purchase/ effectively store material, products/ production and keep a reasonable inventory reserve/ reasonable cost reduction - ensuring the stable operation of the company

Production and business plan in 2022 (consolidated):

• Basis for developing production - business plan in 2022:

- Based on socio-economic situation in domestic and overseas
- Based on the epidemic situation in Vietnam and the world (Covid 19 epidemic complicated situation and another epidemic in cattle, poultry ...)
- Based on the conflicts between Russia and Ukraine which affect fuel prices/ logistic cost and the possibility of supply chain disruption

- Based on inflation index forecast (2022 CPI forecast from 3% to <4%)
- Based on government orientation and policies such as good Covid-19 epidemic control/ perform dual objectives "fighting epidemics while recovering the economy"/ support the enterprises/ restoring socio-economic activities/ striving to achieve 2022 GDP target at 6 – 6.5%
- Based on consumption trend of Vietnamese toward canned/ packed food
- Based on the Company's objectives in 2022.
- Based on the capacity of capital / reserves / production and supply of royalties of the Company

The Board of Management would like to submit to the Annual General Meeting of Shareholders the Company's 2022 Business Plan as follows:

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

- **Production - Business Plan in 2022 (Consolidated):**

Unit: Million dong

TARGETS	RESULT IN 2021	PLAN IN 2022	Plan in 2022 / Result in 2021
1 – Net revenue from sales of goods and services	864,077	916,971	106%
- Domestic revenue	548,587	597,503	109%
- Export revenue	315,490	319,468	101%
12 – Total profit before tax	38,222	39,012	102%
13 – Current corporate income tax expense	8,804	7,012	80%
14 – Net profit after tax	29,418	32,000	109%

In which: Including the 2022 production - business plan of the parent company - in Hai Phong and the subsidiary - in Da Nang. Shareholders are invited to refer to the two tables below:

- **Production - Business Plan in 2022 - Ha Long Canned Food JSC - Parent company**

Unit: Million VND

CRITERIA	RESULT IN 2021	PLAN IN 2022	Plan in 2022 / Result in 2021
Net revenue of goods and services sold	539,203	591,599	110%
Profit before tax	27,063	23,197	86%
CIT	6,518	4,640	71%
Profit after CIT	20,545	18,557	90%

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

Unit: Million VND

CRITERIA	RESULT IN 2021	PLAN IN 2022	Plan in 2022 / Result in 2021
1. Net revenue from selling goods and services	374,885	380,000	101%
- Domestic	59,395	60,532	102%
- Export	315,490	319,468	101%

12. Profit before tax	13,417	15,815	118%
CIT	2,203	2,372	108%
14. Profit after CIT	11,214	13,443	120%

2.2 - Solutions to implement production and business plan in 2022 (Consolidation):

a) Solution to increase revenue:

- In 2022, the Board of Directors plans to continue to improve and further enhance product quality / increase categories / increase groups of existing products with specific solutions such as further research / application and transfer of new technologies to improve quality and diversify products / diversify net weight, packaging, new categories with Company's products... Keep doing business/ manufacturing products in essential foods categories (such as cooking oil; spice; condiments, sauces...) with different categories/ products for different customer segment/ suitable with regional climate and taste further increase sales, profits.
- In 2021, the Company have introduced 27 new products, for example:
 - + Sterilized sausage product line has 5 products (3 Sausage shake products, 2 CANFresh products)
 - + Canned pork production line has 3 new CANFresh products
 - + Pâté production line has 2 new products (Pate Cot Den and CANFresh pate)
 - + Canned chicken production line has 2 new products
 - + Canned beef production line has 9 new products (4 premium Steak products...)
 - + Frozen Sausage production line has 1 new product
 - + Spring roll production line has 5 new products

In 2022, the Company will continue to develop product lines developed in 2021 and will research to develop more product lines in line with new consumer trends with "Vietnamese brand with health and food hygiene, nutrition factors" will be placed on top...

- Other than our main sales channel like GT (General Trade – with sales through Distributors nationwide) and MT (Modern Trade – Sales through Major supermarkets chain, Convenient stores nationwide ...) and major beverages chains (Coffee channel). In 2022, the Company will carry on opening Direct Sales channel (DST); E-commerce channel (E-com); rebooting Horeca sales channel which sales directly to restaurants, hotels, schools, airlines, industrial parks and keep on opening new Tunte stores "Halong Canfoco's fast-food chain" in other cities, provinces for the sake of boosting "Demand" among direct consumers in general and the youth in particular (they are new generation of potential customers) with the purpose of store to introduce/ instruct consumers to cook "fast-nutritious-convenient" from the Company's products.
- For the Company's exporting market/ products in 2022 (Ha Long Canned Food Da Nang Company Limited):
 - + For the market, the Company continue to maintain and developing new customers at our current markets in Europe, America, Asia, Australia.../ and further expanding/exploiting new markets to further increase sales like China, Asian countries...
 - + For the products, the Company continue to research and diversify our products of canned tuna, aluminum-warped tuna and other new tuna products...

b) Solutions on costs and profits:

In 2022, Vietnam and world economies gradually recovered and in a "new" normal state. In order to implement the revenue and profit plan in 2022, the Board of Directors has given scenarios and solutions for each scenario to promptly respond to the situation of "market instability" / actively reserve raw materials/ run production - business to achieve goals in 2022 in a "new situation" taking advantage of all opportunities to increase revenue / reduce costs / increase profits / seek opportunities - develop market / business.

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

- + It is forecasted that in 2022, pork, the main material of the company, will remain high in price due to the increase of initial cost and logistics cost thanks to domestic and international gasoline prices fluctuate. In the domestic market, price of animal feed remains high. Imported pork prices are high due to interruption in circulation due to the Covid-19

epidemic in the world, disruption in supply chains/ the world political situation is in turmoil. Therefore, in order to stabilize production /costs / ensure adequate output of goods supplied to the market when market demand "suddenly increases/decrease" when the Covid -19 pandemic has not been completely controlled in the World – unstable economy situation/many difficulties and risk remain/ inflation/ African Swine Fever/ Blue ear epidemic in pigs in danger of flare up again. Therefore, the Board of Directors still makes a plan to reserve the main materials with certain amount according to the "new production and business situation" on the basis of cost-effective calculation for stocking materials and other fluctuations.

- + Similar to the parent company - Hai Phong, Tuna is the main material of the Da Nang subsidiary company, which also needs to be stockpiled to ensure the performance of export contracts / supply of goods for the domestic market / proactively in managing costs / meet market demand to make profit to the company.
- + Strictly manage production costs / invest in new machinery, production lines / purchase and transfer new technology ... to increase labor productivity (reduce labor costs) / reduce costs of goods / improve product quality /diversify product/ make good selling price - create competitive advantage.
- + Strictly control and effectiveness of the sales expenses for each sales channel / line of goods / each time of sale ... to use expenses effectively for the sales of goods and save costs.
- + General administration cost in 2022, the Board of Directors continues to direct the implementation of the Internal Expenditure Regulation / review and arrange human resources in the back-office departments/make employees quotas for each department with job description) with the objective of setting salary norms to each department, unit..... to promote employees to work more effectively, reduce the number of personnel in each department, ... On the other hand, the Company will also have a specific plan in human resources to train / improve professional qualifications / expertise for staff / employees / to study and research professional documents, legal documents of Law ... reduce consulting costs and other outsourcing costs / administrative expenses / reduce the percentage of administrative expenses / revenue to increase profits, but still ensure the normal operations of the Company
- + In addition to the measures to increase revenue, budget control and save costs offered by the Company in order to effectively carry out the business and production plan in 2022 / step by step implement the goals / orientations of the Company during the term (from 2021 - 2026) / develop the Company / ensure the best interests and interests of Shareholders / fulfill all obligations to the State budget / gradually improve working conditions / salary for employees / build good relationships between the Company and local authorities in Hai Phong city / actively participate in environmental protection / charity work and community support ...

Above is the report of the Board of Directors on the situation of production - business in 2021 and the plan in 2022. We would like to report to all Shareholders and look forward to receiving your comments to achieve the goals set out by the General Meeting of Shareholders of the Company.

Thank you for your attention./.

CHIEF EXECUTIVE OFFICER



TỔNG GIÁM ĐỐC
Trương Sỹ Toàn