

Haiphong, 21<sup>st</sup> March 2023

HA LONG CANFOCO



**REPORT OF BOARD OF THE CHIEF EXECUTIVE OFFICER  
RE: BUSINESS PRODUCTION ACTIVITIES IN 2022 AND BUSINESS  
PRODUCTION PLAN IN 2023 OF COMPANY**

**Respectfully submits to: Halong Canned Food Joint Stock Corporation's  
General Meeting of Shareholders**

- Pursuant to Enterprise law no.59/2020/QH14;
- Pursuant to Halong Canned Food Joint Stock Corporation's Chapter;
- Pursuant to figures for Business production planning in 2022 approved by Annual General Meeting of Shareholders;
- Pursuant to Financial Statement 2022 consolidated audited by Vietnam PwC Co.,Ltd and the actual Business production situation of Halong Canned Food Joint Stock Corporation in 2022,

Board of General Direct would like to report to Annual General Meeting of Shareholders with the main contents as follows:

**1. Report on Business production results and analyze several fundamental items in 2022 (consolidated):**

**1.1 Report on Business production results in 2022 (cited the figures in Financial Statement 2022 consolidated audited by Vietnam PwC Co.,Ltd) compares to the business production plan in 2022 and compares to the actual in 2021:**

*(Respectfully invite Esteemed shareholders to view the figures in the below table)*

Calculated unit: VND Million

ITEM	BUDGET 2022	ACTUAL 2022	ACTUAL 2021	COMPARISON	
				Actual 2022 / Actual 2021	Actual 2022 / Budget 2022
1 - Net revenue from sale of goods and rendering of services	916,971	806,080	864,077	93%	88%
- Domestic revenue	597,503	525,207	548,587	96%	88%
- Export revenue	319,468	280,873	315,490	89%	88%
12 – Net profit before tax	39,012	20,095	38,222	53%	52%
13 - Current corporate income tax expense	7,012	4,078	8,804	46%	58%
14 - Net profit after tax	32,000	16,017	29,418	54%	50%

1.2 *Analyzing several fundamental items implemented 2022 compared to the actual 2021:*

Calculated unit: VND Million

Item	2022		2021	
	YTD	Monthly revenue	YTD	Monthly revenue
Net revenue	806,080	67,173	864,077	72,006
Profit before tax	20,095	1,675	38,222	3,185
Profit after tax	16,017	1,335	29,418	2,452

Based on the two tables above (1.1 and 1.2), it can be seen that two fundamental items and the level of growth are as follows:

**a. Item of net revenue:**

Actual net revenue in whole year of 2022 is 806.080 bil VND, decreased by 110.891 bil VND in comparison with Budget 2022 and decreased by 57.997 bil VND compared to net revenue 2021 (864.077 bil VND),

*In which:*

+ Revenue of domestic sales in 2022 stood at 525.207 bil VND, a drop of 23.380 bil VND as opposed to 2021.

+ Revenue of export goods in 2022 reached 280.873 bil VND, a decline of 34.617 bil VND in comparison with 2021.

Average monthly revenue in 2022 stood at 67.173 bil VND/ month, decreased by 4.833 bil VND/ month, compared to the average monthly revenue in 2021 that was 72.006 bil VND/ month.

**b. Item of profit:**

**+ Profit before tax in 2022:**

Profit before tax in 2022 reached 20.095 bil VND, decreased by 18.917 bil VND compared with Budget 2022 and decreased by 18.127 bil VND compared to profit before tax in 2021 (38.222 bil VND).

The percentage (%) of Actual profit before tax/ Net revenue in 2022 stood at 2.49%, a decrease of 1.93% compared to 2021.

Average monthly profit before tax in 2022 reached 1.675 bil VND/ month, decreased by 1.511 bil VND in comparison with average monthly profit before tax in 2021 that was 3.185 bil VND/ month.

**+ Profit after tax in 2022:**

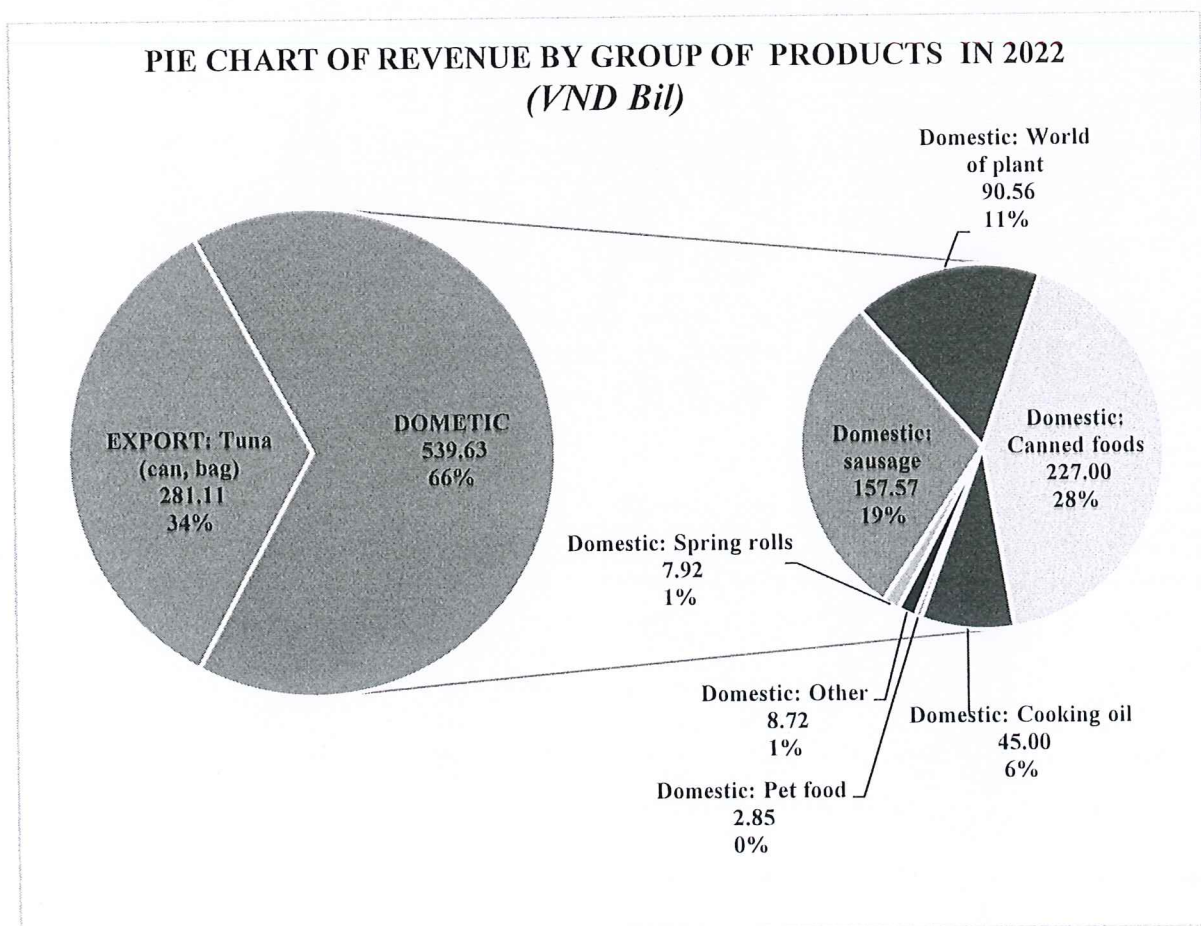
Profit after tax in 2022 reached 16.017 bil VND, a decrease of 15.983 bil VND compared to Budget 2022 and a decrease of 13.401 bil VND compared to Profit after tax in 2021 (29.418 bil VND).

The proportion (%) of Actual profit after tax / Net revenue in 2022 stood at 1.99%, which dropped by 1.42% compared to 2021.

Average monthly profit after tax in 2022 reached 1.335 bil VND/ month, decreased by 1.117 bil VND/ month, compared with average monthly profit after tax in 2021 that was 2.452 bil VND/ month.

The year 2022 was a highly difficult year for the global economy. After having been significantly affected by Covid-19 epidemic, the world economy continuously faced the numerous amount of hardships, such as tight money policy, global inflation, risk of insecurity in energy, food due to the war between Russia and Ukraine, along with political dilemma worldwide. Being an economy with high level of opening, Vietnam was unavoidably affected by fluctuations outside. Along with BOM's government, BOD made efforts to implement the revenue-increased measure, opening the group of products, developing more distribution channels and giving on-time measures so as to maximize the revenue and profit. Despite this, owing to the impact of the global economic depression in general and Vietnam in particular, Company's business result failed to reach the target of the business production plan which was approved by AGM. In 2022, Company was recognized as one of 500 the largest private companies in Vietnam 2022 (Vietnam Report), Company was listed in rankings of 500 the fastest growth enterprises in Vietnam in view of its significant contribution to economy's growth, Company's products was certificated "Vietnamese high-quality goods" by the consumer's selection. In one year, the global economy is suffering just a huge amount of adversities and challenges, the series of achievements are more affirmed the Company's prestige on market and are motivations to improve the quality, effect in business – production, constantly attempt more than in upcoming time.

To illustrate the development of the internal markets, exporting and group of products in 2022, BOD would like to invite Esteemed shareholders to refer the following revenue pie chart:



In the year, Halong Canned Food Joint Stock Corporation (Parent company) launched 14 new products on the market:

- + Line of canned meat with 05 products (EXPECT and CANFRESH brands);
- + Line of canned fruit with 02 products;
- + Line of frozen sausage with 03 products;
- + Line of cooking oil with 04 products.

HALONG CANFOCO - DANANG CO., LTD (Subsidiary) researched and released the line of product which is animal feed with more than 20 product codes that are diversity of type of product and list of product.

Apart from the flagship channels such as GT channel (Traditional trade channel – selling to the nationwide distributors) and MT channel (Modern trade channel – selling to the nationwide supermarket, convenience store system, etc...) and Café channel (the series of big café), in 2022, marked substantial growth of DST channel (Direct sale trade channel). Besides, Company remained constantly exploits potential customers through other sales channels such as E-commercial channels, selling directly to industrial parks, school,... In relation to the export revenue, Company continually implemented orders signed before, at the same time, initiatively exploited the extra new customers therefore dropping commission and going up the effect of business.

Company has completely fulfilled its obligations to the State budget, the total amount paid to the State budget is 39.55 VND billion. The regimes and policies for employees such as social insurance, health insurance, unemployment insurance are always concerned and fully implemented by Company's leaders. During the year, Company was awarded a certificate of merit by the People's Committee of Ngo Quyen District for its outstanding achievements in contributing to economic development and social security. In addition, Company has continued to strengthen its relationship with the city, district, ward authorities and Departments of Hai Phong City. Company has fully equipped with protective clothing, organized annual health check-ups to give employees a feeling of security in their work, have a long attachment to the company and ensure regular jobs for employees with average incomes, at roughly 10.76 million VND/person/month at Ha Long Hai Phong Canned Food Joint Stock Corporation (Parent Company) and 5.6 million VND/person/month at Halong Canfoco - Danang Co., Ltd (Subsidiary).

Besides concentrating on business–production development, Company proactively participated in charity programs for the community. In the year, Company coordinated the Women's Union to organize the scholarships program “Sail of Knowledge - Nurturing the talents” and give 20 scholarships to students in poor condition but having achievements in study at Vietnam Maritime University and, Haiphong Management and Technology University, each scholarship is 5,000,000 VND.

**1.3 Investment: In 2022, the Company did not have any investment plan, neither investment in practice. ~~no longer does Company plan an investment and not arises investment anymore.~~**

**1.4 Financial statement in 2022 (audited by Vietnam PwC Co.,Ltd) contains:**

Financial statement of Parent Company; Financial statement consolidated with contents in detail publicized and posted by Company on Company's website [www.canfoco.com.vn](http://www.canfoco.com.vn). State securities commission and Hanoi stock exchange's website. Respectfully

invite Esteemed shareholders to update. The following are brief summaries of several economic items of Company:

*(Respectfully invite Esteemed shareholders to view the table below)*

**1.4.1 Balance sheet (briefed) on December 31<sup>st</sup> 2022:**

*Calculated unit: VND mil*

Item	Opening balance	Closing balance	Increased/ decreased by	Rate
<b>A- CURRENT ASSETS</b>	<b>433,392</b>	<b>390,008</b>	<b>43,384</b>	<b>11%</b>
I. Cash and cash equivalents	12,151	11,608	543	5%
II. Short-term financial investments	-	-	-	
III. Current receivables	66,681	92,400	-25,719	-28%
IV. Inventories	346,452	274,148	72,305	26%
V. Other current assets	8,108	11,853	-3,745	-32%
<b>B. NON-CURRENT ASSETS</b>	<b>56,682</b>	<b>64,785</b>	<b>-8,102</b>	<b>-13%</b>
I. Non - Current receivables	598	950	-352	-37%
II. Fixed assets	51,967	58,726	-6,759	-12%
III. Investment properties	-	-	-	
IV. Long term assets in progress	-	-	-	0%
V. Long-term financial investments	-	-	-	
VI. Other long-term assets	4,117	5,109	-992	-19%
<b>TOTAL ASSETS</b>	<b>490,074</b>	<b>454,793</b>	<b>35,281</b>	<b>8%</b>
<b>A. CURRENT LIABILITIES</b>	<b>342,370</b>	<b>307,006</b>	<b>35,364</b>	<b>12%</b>
I. Trade payables	337,398	302,100	35,298	12%
II. Non-current liabilities	4,972	4,906	66	1%
<b>B. OWNERS' EQUITY</b>	<b>147,704</b>	<b>147,787</b>	<b>-83</b>	<b>0%</b>
I. Capital	147,704	147,787	-83	0%
II, Other fund	-	-	-	
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>490,074</b>	<b>454,793</b>	<b>35,281</b>	<b>8%</b>

#### 1.4.2 Several basic fiscal items:

No.	Item	Unit	2023	2022
1	<b>Scheme of assets</b>			
	- Non-current assets / Total assets	%	12%	14%
	- Current assets / Total assets		88%	86%
2	<b>Scheme of liabilities</b>			
	- Current liabilities / Total liabilities and owners' equity	%	70%	68%
	- Owners' equity / Total liabilities and owners' equity		30%	32%
3	<b>Liquidity Ratios</b>			
	- Quick ratios	time	0,26	0,38
	- Current ratio		1,28	1,29
4	<b>Profit Margin</b>			
	- The rate of profit before tax / Total assets		4%	8%
	- The rate of profit after tax / Net revenue	%	2%	3%
	- The rate of profit after tax / Charter capital		32%	59%

#### 2. Expectations of business production plan in 2023 and measures to implement:

##### *Targets:*

- Developing products/ developing the group of products/ developing market/ developing distribution system/ researching and developing more export products and export market. Boosting network of sales distribution and enriching products in line with the orientation of development having to tend to customer.
- Keep doing marketing, promoting brands through traditional channels with more diversity, creativity and effect. Partnering with prestigious and official website pages, Online newspaper pages and mass media.
- Taking the initiative in purchasing material resources/ having the production plan – having available in material, goods effectively, appropriately/ cutting down costs reasonably—guaranteeing that Company is in business stably and improving production.
- Improving and enriching the human resources system, enhancing the proficiency of employees.

##### 2.1 Business production plan in 2023 (consolidated):

###### • *Basis of building up the business production plan in 2023:*

- Based on results achieved in 2022;
- With regard to the external and internal political-economic situation remains happening very rapid, complicated, unforeseeable and contains the unknown factor of risk;
- The war between Russia – Ukraine are going to impact oil prices, transportation costs, logistics, supply chain of production and consumption; risk of insecurity in energy and food; severe weather in light of climate changes causes pressure on energy matters;

- China gradually rejected Zero-Covid policy, reopened its economy will render the raw material increase, pressurize the vast amount of kind of consumer goods and other services into an upward trend, and then global inflation will experience a dramatically boom;
- Based on the anticipated inflation index (it is forecast that CPI, in 2023, will fluctuate between 4,5% and 5%);
- Based on the orientation and policies of the Government such as implementing fiscal policy and monetary policy flexibly, properly to keep Macro-stability; adjusting the exchange rate flexibly in order to minimize the import of inflation, and maintaining the foreign exchange market, the monetary market stably meanwhile; having available plannings, measures to ensure the national security of energy,... make an attempt to reach the target of GDP growth in 2023 is approximately 6.5%;
- Based on Vietnamese consumer trends with packed/ canned food...;
- Based on Company's targets in 2023;
- Based on the capability of capital/ reserve/ production/ supply merchandise of Company.

***BOD respectfully submits to AGM the business production plan, in 2023, of Company as follows:***

*(Respectfully invite Esteemed shareholders to view the figures in table below)*

- **The business-production plan in 2023 (consolidated):**

*Calculated unit: VND mil*

ITEM	ACTUAL 2022	BUDGET 2023	Budget 2023 / Actual 2022
<b>1 - Revenue from sale of goods and rendering of services</b>	<b>806,080</b>	<b>753,811</b>	<b>94%</b>
- Domestic revenue	525,207	465,911	89%
- Export revenue	280,873	287,900	103%
<b>12 - Total profit before tax</b>	<b>20,095</b>	<b>12,793</b>	<b>64%</b>
13 - Current corporate income tax expense	4,078	2,759	68%
<b>14 - Total profit before tax</b>	<b>16,017</b>	<b>10,034</b>	<b>63%</b>

*In which: The business production plan in 2023 consists of the business production plan of Halong Canned Food Joint Stock Corporation (Parent company) and the business production plan Halong Canfoco - Danang Co., Ltd (Subsidiary). Respectfully invite Esteemed shareholders to refer the figures in 2 tables below:*

- The business production plan in 2023 – Halong Canned Food Joint Stock Corporation – Parent company:

Calculated unit: VND mil

ITEM	ACTUAL 2022	BUDGET 2023	Budget 2023 / Actual 2022
1. Revenue from sale of goods and rendering of services	514,339	456,007	89%
2. Total profit before tax	16,024	10,006	62%
3. Current corporate income tax expense	3,822	2,201	58%
4. Total profit before tax	12,202	7,804	64%

- The business production plan in 2023 - Halong Canfoco - Danang Co., Ltd (Subsidiary):

Calculated unit: VND mil

ITEM	ACTUAL 2022	BUDGET 2023	Budget 2023 / Actual 2022
1. Revenue from sale of goods and rendering of services	323,751	324,482	100%
- Domestic revenue	42,879	36,582	85%
- Export revenue	280,873	287,900	103%
2. Total profit before tax	1,187	2,787	235%
3. Current corporate income tax expense	256	557	218%
4. Total profit before tax	931	2,230	240%

## 2.2 Several measures to implement the business-production plan in 2023 (consolidated):

### a. Measures to rise the revenue:

- In 2023, it is expected that BOD continually research, apply several technologies so as to improve performance, quality and packing, open the line of current products, research-develop more about new products being in line with consumer trend that more convenient than before, take attention to consumer's health, ensure the environment-friendly elements. From there, we facilitate the production capacity as well as diversifying products to meet many segments of target customers, grow the coverage of Company's products and soar the revenue.
- Maintaining and developing the current sales channels while exploiting and developing various amount of new sales forms such as retailing multi-channels by selling on many business platforms, facilitating the power of the direct sales channels through a rise of using the e-commercial platforms and online shopping in concordance with the key sales trend in the next time is entertainment shopping, content creation along with marketing product (Shoppertainment).
- In consideration of export market/ products of Company in 2023 (Halong Canfoco - Danang Co., Ltd):



+ About the market, Company remains to uphold and foster more customers in the current market such as Europe (Germany, Denmark, France,...), USA, Asia (Korea, Israel,...), Australia,... and approaching and exploiting new markets to increase revenue.

+ About the products, Company remains to research and diversify the goods of canned tuna, packed in aluminum bags and other products made from tuna... as well as researching and developing the line of animal feed.

***b. Measures about expenses and profit:***

- Tightly controlling the production expenses, regularly analyzing to have an available plan of material reserve in line with the production plan, ensure the supply chain, reserve and material to be used effectively, thenceforward, declining the stock expenses and risk of inventory reserve.
- Improving the process of production, considering for training to better employee skills to optimize the capacity, rise performance and bring the economic value.
- Tightly controlling the effect of selling expenses of each channel, each group of goods, each time... using a lot of sales-growth targets to encourage and bond of the expense-control activities in the manner of the orientation of sustainable growth to utilize expense serving sales efficiently and reasonably. With regard to export revenue, proactively seeking direct customers, restraining sales to intermediary partners to reduce commission.
- Arranging personnel, assigning tasks reasonably while ensuring detailed review of activities so that works are done in accordance with processes and procedures, avoid overlapping work, improve productivity and work efficiency of employees and the Company.
- Checking and organize personnel appropriately in departments, regions, setting up the regulatory framework in managing the salary and allowance for each division... to boost employees to work more effectively,... Having a specific plan in human resource work to train and improve the professional and qualifications of employees, improve the ability to self-study and research professional documents, legal documents, etc. reduce consulting expenses and other outsourcing expenses.

Apart from applying many measures to soar the revenue, controlling and saving expenses, aiming for great implementation of the business production in 2023, implementing step by step the orientation of Company in 2021-to 2026-year-period, Company needs to guarantee the best of benefits and rights of Shareholders, completely fulfilling the obligations to State budget, more improving and enhancing the condition of work, employee's income, building up the good relationship between Company and local authorities, Haiphong city authorities, actively participating in the work of environmental protection, charitable activities and community assistance.

All above are the evaluation report on the business production in 2022 and the orientation of the business production plan in 2023, BOD respectfully reports and submits to General Meeting of Shareholders for review and consideration, hopefully, gaining the esteemed

shareholders 's support and recommendation in order that BOD are able to implement more and more better targets given by Company's General Meeting of Shareholders.

Sincerely thanks and regards./.

**CHIEF EXECUTIVE OFFICER**

**(signed)**

**TRUONG SY TOAN**

