



HALONG CANFOCO

Haiphong, March 27th 2024

**REPORT OF CHIEF EXECUTIVE OFFICER
RE: BUSINESS PRODUCTION ACTIVITIES IN 2023 AND
BUSINESS PRODUCTION PLAN IN 2024 OF THE COMPANY**

Attn: Halong Canfoco's General Meeting of Shareholders

- Pursuant to Enterprise Law no.59/2020/QH14;
- Pursuant to Charter of Halong Canned Food Joint Stock Corporation;
- Pursuant to figures for Business production plan in 2023 approved by 2023 Annual General Meeting of Shareholders;
- Pursuant to the Consolidated Financial Statement 2023 audited by UHY Auditing and Consulting Co., Ltd and the actual business production situation of Halong Canned Food Joint Stock Corporation in 2023,

CEO would like to present our report to 2024 Annual General Meeting of Shareholders with the main contents as follows:

- 1. Report on Business production results and analyze several fundamental items in 2023 (consolidated):**
 - 1.1 Report on the business production activities in 2023 (cited the figures in Consolidated financial statement 2023 audited by UHY Auditing and Consulting Co., Ltd) comparing to the business production plan in 2023 and comparing to the actual 2022:**

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

Calculated unit: VND Million

ITEM	BUDGET 2023	ACTUAL 2023	ACTUAL 2022	COMPARISON	
				Actual 2023 / Actual 2022	Actual 2023 / Budget 2023
1 - Net revenue from sale of goods and rendering of services	753,811	741,582	806,080	92%	98%
- Domestic revenue	465,911	512,613	525,207	98%	110%
- Export revenue	287,900	228,969	280,873	82%	80%
2 - Net profit before tax	12,793	16,767	20,095	83%	131%
3 - Current corporate income tax expense	2,759	4,697	4,078	115%	170%
4 - Net profit after CIT	10,034	12,069	16,017	75%	120%

1.2 Analyzing several fundamental items implemented 2023 compared to the actual 2022

Calculated unit: VND Million

Item	The year 2023		The year 2022	
	YTD	Monthly average	YTD	Monthly average
Net revenue	741,582	61,799	806,080	67,173
Profit before tax	16,767	1,397	20,095	1,675
Profit after tax	12,069	1,006	16,017	1,335

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. Net revenue:

Actual net revenue in whole year 2023 is VND 741.582 billion, decreased by VND 12.229 billion in comparison with that of 2023's budget and decreased by VND 64.498 billion compared to net revenue of 2022 (VND 806.08 billion)

In which:

+ Revenue of domestic goods in 2023 stood at VND 512.613 billion, a drop of VND 12.594 billion as opposed to 2022.

+ Revenue of export goods in 2023 reached VND 228.969 billion, a decline of VND 51.904 billion in comparison with 2022.

Monthly average net revenue in 2023 stood at VND 61.799 billion/ month, decreased by VND 5.375 billion/ month, compared to the monthly average net revenue in 2022 that was VND 67.173 billion/ month.

b. Profit:

+ Profit before tax in 2023:

Profit before tax in 2023 reached VND 16.767 billion, increased by VND 3.974 billion compared with that of 2023's Budget and decreased by VND 3.328 billion compared to profit before tax in 2022 (VND 20.095 billion)

The percentage (%) of Actual profit before tax/ Net revenue in 2023 stood at 2.26%, a decrease of 0.23% compared to 2022.

Monthly average profit before tax in 2023 reached VND 1.397 billion / month, decreased by VND 277 million in comparison with average monthly profit before tax in 2022 that was VND 1.675 billion/ month.

+ Profit after tax in 2023:

Profit after tax in 2023 reached VND 12.069 billion, an increase of VND 2.035 billion compared to Budget 2023 and a decrease of VND 3.948 billion compared to Profit after tax in 2022 (VND 16.017 billion).

The proportion (%) of Actual profit after tax / Net revenue in 2023 stood at 1.63%, which dropped by 0.36% compared to 2022.

Monthly average profit after tax in 2023 reached VND 1.006 billion/ month, decreased by VND 329 million/ month, compared with that of 2022 that was VND 1.335 billion/ month.

The year 2023 was still a very hard year for the global economy with many difficulties, challenges and most economic parts of the World had growth lower than expected owing to a decline in aggregate demand; the inflation fell but still stayed high; the tightening monetary policy and public debt recorded high levels, the war between Russia and Ukraine developed more complicated, resulting in the geopolitical uncertainty, food security, natural disasters, climate change and so on are more increasing. With regards to domestic situation, statistical indexes pertaining to all enterprises in general indicated that around 30-40% of enterprises judge that business production situation was difficult and would be more difficult in the upcoming time.

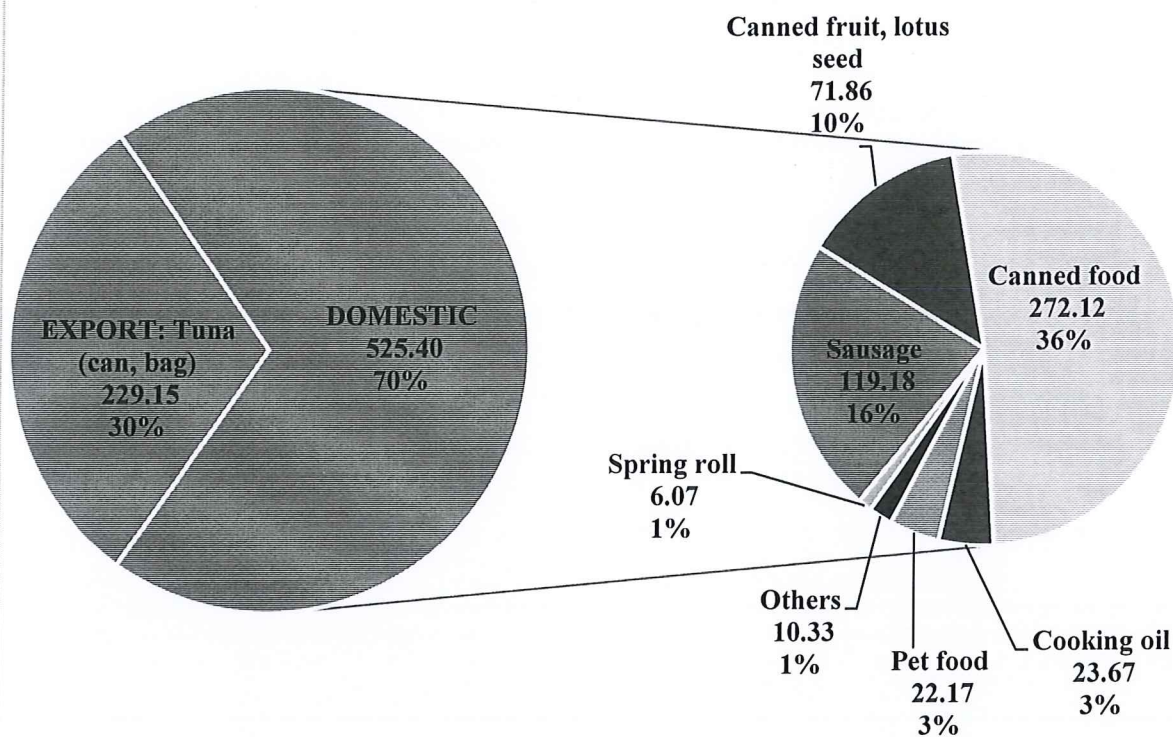
Along with BOM's government, CEO made efforts to implement the revenue-increased measure, opening the group of products, developing more distribution channels and giving on-time measures so as to maximize the revenue and profit. Despite this, owing to the impact of the global economic depression in general and Vietnam in particular, Company's business result failed to reach the target for revenue which was approved by AGM.

In addition to the stabilization of production, the Company was awarded with various achievements such as Top 500 the largest private companies in Vietnam 2023 assessed by Vietnam Report and VietNamNet newspaper (Ministry of Information and Communication), the Company was listed in rankings of top 500 the fastest growing enterprises in Vietnam, top 10 the prestigious food and beverage in 2023 and the Company's products was certificated "Vietnamese high-quality goods" by the consumer's selection.

In one year, the global economy suffered a huge amount of adversities and challenges, the series of achievements demonstrated the trust and popularity of the valued customers to Halong Canfoco. This is a result of constant efforts to be incessantly creative and innovative and meticulous in every production stage in order to provide the customers with the best products. And at the same time, it would also serve as a motivation to the Company to attempt much more to improve the quality, effect in business – production in the upcoming time.

To illustrate the development of the internal, export markets and group of products in 2023, CEO would like to invite Esteemed shareholders to refer the following revenue pie chart:

**PIE CHART OF REVENUE IN 2023 BY GROUP OF PRODUCTS
(VND Bil)**



During the year 2023, Halong Canned Food Joint Stock Corporation (Parent company) launched 08 new products on the market:

- + Line of canned meat with 03 products (02 ones of EXPECT brand and one of HALONG brand);
- + Line of frozen products with 04 new products.
- + Line of retort sausage with 01 product.

Halong Canfoco - Danang Co., Ltd (Subsidiary) researched and released the code of pet food with more than 33 new product codes that diversify types of product and options of customers.

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 2023, the Company pushed up the sales on E-commercial platform. In relation to the export revenue, the Company continually has been exploiting more new potential customers to maximize the revenue, stabilize production and go up the effect of business.

The Company completely fulfilled its obligations to the State budget, the total amount paid to the State budget is VND 35.7 billion. The regimes and policies for employees such as social insurance, health insurance, unemployment insurance are always taken care of and fully implemented by the Company's leaders. The Company continued to strengthen its relationship with the city, district, ward authorities and Departments of Hai Phong City. The Company fully provided 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 VND 10.12 million /person/month at Hai Phong

Halong Canned Food Joint Stock Corporation (Parent Company) and VND 8.5 million /person/month at Halong Canfoco - Danang Co., Ltd (Subsidiary).

Along with the focus on business–production development, the Company proactively participated in charity programs for the local 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 VND 5,000,000. Besides, the Company donated 10,000 trees equivalent to VND 100 million for a program “One million trees for seas, islands and for verdant Vietnam” hosted by HCMC Environment and Natural Resource Protection Association. These trees will be planted on outpost islands.

1.3 Investment: In 2023, the Company did not have any investment plan, neither investment in practice

1.4 Financial statement in 2023 (audited by UHY Auditing and Consulting Co., Ltd) includes:

Financial statement of Parent Company; consolidated financial statement with contents in detail publicized and posted by the Company on Company’s website www.canfoco.com.vn, State Securities Commission of Vietnam and Hanoi stock exchange’s website. Respectfully invite Esteemed shareholders to update. The following are brief summaries of several economic items of the Company:

(Respectfully invite Esteemed shareholders to view the table below)

1.4.1 Balance sheet (briefed) on December 31st 2023:

Calculated unit: VND mil

Item	Opening balance	Closing balance	Increased/decreased by	Rate
A- CURRENT ASSETS	353,102	433,392	(80,290)	(19%)
I. Cash and cash equivalents	13,399	12,151	1,248	10%
II. Short-term financial investments	-	-		
III. Current receivables	62,851	66,681	(3,830)	(6%)
IV. Inventories	274,032	346,452	(72,420)	(21%)
V. Other current assets	2,820	8,108	(5,288)	(65%)
B. NON-CURRENT ASSETS	49,748	56,682	(6,935)	(12%)
I. Non - Current receivables	598	598		
II. Fixed assets	45,843	51,967	(6,124)	(12%)
III. Investment properties	-	-		
IV. Long term assets in progress	-	-		
V. Long-term financial investments	-	-		
VI. Other long-term assets	3,306	4,117	(811)	(20%)
TOTAL ASSETS	402,850	490,074	(87,225)	(18%)
A. CURRENT LIABILITIES	251,076	342,370	(91,294)	(27%)
I. Trade payables	246,128	337,398	(91,270)	(27%)

Item	Opening balance	Closing balance	Increased/decreased by	Rate
II. Non-current liabilities	4,948	4,972	(24)	(0.5%)
B. OWNERS' EQUITY	151,773	147,704	4,069	3%
I. Capital	151,773	147,704	4,069	3%
II. Other fund	-	-		
TOTAL LIABILITIES AND OWNERS' EQUITY	402,850	490,074	(87,225)	(18%)

1.4.2 Several basic fiscal items:

No.	Item	Unit	2023	2022
1	Scheme of assets			
	- Non-current assets / Total assets	%	12%	12%
	- Current assets / Total assets		88%	88%
2	Scheme of liabilities			
	- Current liabilities/ Total liabilities and owners' equity	%	62%	70%
	- Owners' equity/ Total liabilities and owners' equity		38%	30%
3	Liquidity Ratios			
	- Quick ratios	time	0.32	0.26
	- Current ratio		1.43	1.28
4	Profit Margin			
	- The rate of profit before tax / Total assets		4%	4%
	- The rate of profit after tax / Net revenue	%	1%	2%
	- The rate of profit after tax / Charter capital		24%	32%

1.5 Salary of the CEO and other executives

- In 2023, salary payments to the CEO were carried out in accordance with Resolution No. 17B/2022/NQ-HĐQT passed at 07/6/2022, salary payments to the Chief accountant were carried out in accordance with Resolution No. 08A/2022/NQ-HĐQT passed at 08/3/2022 and Resolution No. 09/2023/NQ-HĐQT passed at 20/6/2023.
- Salary expenses of other executives were implemented in accordance with the provisions of the Charter and internal regulations of the Company.

2. Expectations of business production plan in 2024 and measures to implement:

Targets:

- Continue researching and developing more new products with a diversity of types, packages and developing market and distribution systems. Boosting up the network of sales distribution and enriching product quality.
- Keep doing marketing, promoting and communicating brands CANFOCO by proactively building and developing the market through traditional channels with more diversity, creativity and effect.

- Have the production – reserve plans for material, goods effectively and appropriately, cut down costs reasonably and guarantee the purchasing material resources for production stabilization and development with flexible, effective and sustainable orientation.
- Improve and enrich the human resources system, enhance the proficiency of employees.

2.1 Business production plan in 2024 (consolidated):

- ***Basis of building up the business production plan in 2024:***

- Based on results achieved in 2023;
- With regard to the external and internal political-economic situation remains happening complicated and unforeseeable. The strategic competitiveness among big countries will be more aggressively, the clash in Ukraine and Gaza strip will more likely to be long-lasting;
- The growth of the global economy, commerce and investment will tend to decrease. The inflation and monetary policy of many big economies still contain unknown factors. The World economy evaluated will grow more slowly than that of 2023 due to the hurdles of escalating conflicts, the weakness of global commerce, the high interest rate and an increasing number of natural disasters.
- In condition of the anticipated inflation index (it is forecast that CPI, in 2024, will fluctuate between 4% and 4.5%);
- In condition of the orientation and policies of the Government such as prioritizing the economic growth, keeping Macro-stability, controlling inflation; assuring big balances, economic restructuring attached to the growth model, increasing the capability, the rapid, sustainable development and pushing up the economic growth...making an effort to reach 6%-6.5% of GDP growth in 2024;
- In consideration of Vietnamese consumers' trends towards packed/ canned food, pet food ...;
- Based on the Company's targets in 2024;
- Based on the capability of capital/ reserve/ production/ supply merchandise of the Company.

CEO respectfully submits to AGM the business production plan, in 2024, of Company as follows:

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

- **The business-production plan in 2024 (consolidated):**

Calculated unit: VND million

ITEM	ACTUAL 2023	BUDGET 2024	Budget 2024 / Actual 2023
1 – Revenue from sale of goods and rendering of services	741,582	712,290	96%
- Domestic revenue	512,613	495,947	98%
- Export revenue	228,969	216,343	91%
2. Total profit before tax	16,767	11,248	67%
3. Current CIT expense	4,697	2,376	51%
4. Total profit after tax	12,069	8,871	74%

In which: The business production plan in 2024 consists of the business production plan of Halong Canned Food Joint Stock Corporation (Parent company) and the business production plan of Halong Canfoco - Danang Co., Ltd (Subsidiary). Respectfully invite Esteemed shareholders to refer the figures in 2 tables below:

- **The business production plan in 2024 – Halong Canned Food Joint Stock Corporation – Parent company:**

Calculated unit: VND million

ITEM	ACTUAL 2023	BUDGET 2024	Budget 2024 / Actual 2023
1. Revenue from sale of goods and rendering of services	481,888	475,597	99%
2. Total profit before tax	4,115	6,004	146%
3. Current CIT expense	2,485	1,651	66%
4. Total profit after tax	1,630	4,353	267%

- **The business production plan in 2024 - Halong Canfoco - Danang Co., Ltd (Subsidiary):**

Calculated unit: VND million

ITEM	ACTUAL 2023	BUDGET 2024	Budget 2024 / Actual 2023
1. Revenue from sale of goods and rendering of services	299,247	289,411	97%
- Domestic revenue	70,278	73,068	115%
- Export revenue	228,969	216,343	91%
2. Total profit before tax	13,633	4,682	34%
3. Current CIT expense	2,212	726	33%
4. Total profit after tax	11,421	3,956	35%

2.2 Several measures to implement the business-production plan in 2024 (consolidated):

- In 2024, CEO continues to stay focused on improving labour performance, quality, and packing, researching & developing more about new products being in line with consumer trends and ensuring the environment-friendly elements as well. From there, it will increase the production capacity as well as diversify products to meet many segments of target customers, grow the coverage of Company's products and soar the revenue.
- Taking solutions of management, control and evaluation of performance results as well as the on-time efficient execution measures to make sure that all approved targets are achieved. In the event that the market occurs complicated developments will proactively build up, readjust the business production plan appropriately.
- In consideration of export market/ products of the Company (*Halong Canfoco - Danang Co., Ltd*):
 - + About the market: the Company remains to uphold and develop more customers in the current market such as Europe (Germany, Poland, Spain...), USA, Korea and so on and at the same time, approach and exploit new markets. Research and develop export markets for pet food products.
 - + About the products: the Company is more diversifying 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.
- Tightly controlling the production expenses and selling costs, regularly analyzing to have an on-hand plan of material reserve in line with the production plan, ensuring the supply chain, reserve and material to be used effectively, thenceforward, declining the stock expenses and risk of inventory reserve. Managing the effectiveness of spendings and expenses is through the analysis of sales targets with sustainable development tendency.
- Arranging personnel reasonably in departments and CEOies so that work is done in accordance with processes and procedures, avoid overlapping work, improve productivity and work efficiency of employees and the Company.
- Hold programs, training sessions to improve their professional competence, qualification and technical knowledge and enhance the ability to self-study and research the specialized documents and legal documents, therefore cutting down expenses of consultation and outsources.

Apart from applying many measures to soar the revenue, control and save expenses, aiming for great implementation of the business production in 2024, implementing step by step the orientation of the Company in 2022-to 2026-year-period, the 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 the 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 2023 and the orientation of the business production plan in 2024, CEO 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 CEO is able to implement better targets given by the Company's General Meeting of Shareholders.

Sincerely thanks and regards./.

CHIEF EXECUTIVE OFFICER

(Signed)

TRUONG SY TOAN

