

HA LONG CANNED FOOD JOINT STOCK CORPORATION

**SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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HA LONG CANNED FOOD JOINT STOCK CORPORATION

CORPORATE INFORMATION

Enterprise Registration Certificate

No. 0200344752 dated 5 March 1999 was initially issued by the Department of Planning of Hai Phong with the latest (11th) amendment dated 11 July 2018.

Chairperson

Mr. Bui Quoc Hung

Board of Management

Mr. Bui Quoc Hung	Chairperson
Mr. Kek Chin Ann	Vice Chairperson
Mr. Mai Xuan Phong	Vice Chairperson
Mr. Nguyen Van Binh	Member
Mr. Wilson Cheah Hui Pin	Member
Mr. Tran Hoang Lam	Member
Mr. Pham Huu Quy Lam	Member

Board of Supervision

Ms. Pham Thi Hai Yen	Chief Supervisor (appointed on 6 July 2020)
Mr. Dang Quoc Viet	Chief Supervisor (resigned on 5 March 2020)
Ms. Mai Thi Mai Hoa	Member (appointed on 6 July 2020)
Mr. Ngo Van Duy Nhat	Member (resigned on 6 May 2020)
Mr. Tran Phuoc Thai	Member

Board of Directors

Mr. Kek Chin Ann	General Director
Ms. Pham Thi Thu Nga	Deputy General Director (resigned on 30 November 2020 and appointed on 1 January 2021)

Legal Representative

Mr. Bui Quoc Hung Chairperson

Registered Office

71 Le Lai Street, May Chai Ward, Ngo Quyen District, Hai Phong City, Vietnam

Auditor

PwC (Vietnam) Limited

HA LONG CANNED FOOD JOINT STOCK CORPORATION

STATEMENT OF RESPONSIBILITY OF THE LEGAL REPRESENTATIVE OF THE COMPANY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

The Legal Representative of the Company authorised the General Director to sign and be responsible for the separate financial statements of Ha Long Canned Food Joint Stock Corporation (“the Company”) pursuant to the Decision No. 01/2020/QD-HDQT dated 15 July 2020.

The Legal Representative of Ha Long Canned Food Joint Stock Corporation is responsible for preparing separate financial statements which give a true and fair view of the financial position of the Company as at 31 December 2020 and the results of its operations and its cash flows for the year then ended. In preparing these separate 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 separate financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Legal Representative is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and enable separate financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the separate financial statements. The Legal Representative is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud or error.

APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

I hereby, approve the accompanying separate financial statements as set out on pages 5 to 42 which give a true and fair view of the financial position of the Company as at 31 December 2020 and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements.

Users of these separate financial statements of the Company should read them together with the consolidated financial statements of the Company and its subsidiaries (“the Group”) for the year ended 31 December 2020 in order to obtain full information of the consolidated financial position and consolidated results of operations and consolidated cash flows of the Group.




Kek Chin Ann
General Director
Authorised signatory

Hai Phong, S.R. Vietnam
29 March 2021



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HA LONG CANNED FOOD JOINT STOCK CORPORATION

We have audited the accompanying separate financial statements of Ha Long Canned Food Joint Stock Corporation ("the Company") which were prepared on 31 December 2020 and approved by the Legal Representative of the Company on 29 March 2021. The separate financial statements comprise the separate balance sheet as at 31 December 2020, the separate income statement and the separate cash flow statement for the year then ended, and explanatory notes to the separate financial statements including significant accounting policies, as set out on pages 5 to 42.

Responsibility of the Legal Representative

The Legal Representative of the Company is responsible for the preparation and the true and fair presentation of these separate financial statements of the Company in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation separate financial statements; and for such internal control which the Legal Representative determines as necessary to enable the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and true and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Legal Representative, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Auditor's Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the Company as at 31 December 2020, its separate financial performance and separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of separate financial statements.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2.16 in the separate financial statements which indicates that as at 31 December 2020, the Company did not recognise provision for severance allowance for employees of approximately VND 6,653,768,550 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 Company has resulted in a difference with Vietnamese Accounting Standard No.18 "*Provisions, contingent assets and liabilities*".

Other matters

The independent auditor's review report 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 PwC (Vietnam) Limited



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

Hoang Phan Quang
Audit Practising Licence No.
3839-2021-006-1

Report reference number: HAN 2748
Hanoi, 29 March 2021

SEPARATE BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2020 VND	2019 VND (As restated - Note 3)
100	CURRENT ASSETS		212,850,906,411	161,993,942,383
110	Cash and cash equivalents	4	5,380,711,054	10,808,391,669
111	Cash		5,380,711,054	10,808,391,669
130	Short-term receivables		30,886,202,907	21,875,987,605
131	Short-term trade accounts receivable	6(a)	29,279,847,320	21,477,746,007
132	Short-term prepayments to suppliers		2,961,534,740	1,955,741,964
136	Other short-term receivables	7	7,080,876,864	6,963,477,268
137	Provision for doubtful debts – short-term	8	(8,436,056,017)	(8,524,687,898)
139	Shortage of assets awaiting resolution		-	3,710,264
140	Inventories	9	174,915,409,710	126,715,260,361
141	Inventories		176,008,638,543	127,808,763,450
149	Provision for decline in value of inventories		(1,093,228,833)	(1,093,503,089)
150	Other current assets		1,668,582,740	2,594,302,748
151	Short-term prepaid expenses	10(a)	527,221,742	551,294,748
153	Tax and other receivables from the State	14(a)	1,141,360,998	2,043,008,000
200	LONG-TERM ASSETS		64,291,131,260	54,983,086,860
210	Long-term receivables		2,237,079,473	2,977,424,336
211	Long-term trade accounts receivable	6(b)	1,587,235,181	2,380,852,771
216	Other long-term receivables		649,844,292	596,571,565
220	Fixed assets		37,037,300,641	33,138,789,476
221	Tangible fixed assets	11(a)	23,639,242,231	20,283,760,293
222	Historical cost		106,490,316,055	98,913,464,422
223	Accumulated depreciation		(82,851,073,824)	(78,629,704,129)
227	Intangible fixed assets	11(b)	13,398,058,410	12,855,029,183
228	Historical cost		14,134,262,202	13,209,262,202
229	Accumulated amortisation		(736,203,792)	(354,233,019)
240	Long-term assets in progress		6,617,163,883	45,500,000
242	Construction in progress	12	6,617,163,883	45,500,000
250	Long-term investments		15,110,926,449	15,110,926,449
251	Investments in subsidiaries	5	15,110,926,449	15,110,926,449
260	Other long-term assets		3,288,660,814	3,710,446,599
261	Long-term prepaid expenses	10(b)	3,288,660,814	3,710,446,599
270	TOTAL ASSETS		277,142,037,671	216,977,029,243

The notes on pages 9 to 42 are an integral part of these separate financial statements.

HA LONG CANNED FOOD JOINT STOCK CORPORATION

Form B 01 – DN

SEPARATE BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December	
			2020 VND	2019 VND (As restated - Note 3)
300	LIABILITIES		170,965,804,713	115,754,269,554
310	Short-term liabilities		165,685,581,637	111,799,446,458
311	Short-term trade accounts payable	13	73,588,005,125	39,653,441,264
312	Short-term advances from customers		777,802,063	936,338,601
313	Tax and other payables to the State	14(b)	8,112,041,224	7,759,952,988
314	Payables to employees		819,680,602	2,966,615,994
315	Short-term accrued expenses	15	7,313,697,785	6,283,411,321
319	Other short-term payables	16	1,611,400,435	1,593,620,905
320	Short-term borrowings	17(a)	69,870,943,427	49,720,854,409
322	Bonus and welfare funds	18	3,592,010,976	2,885,210,976
330	Long-term liabilities		5,280,223,076	3,954,823,096
337	Other long-term payables		282,500,163	282,500,163
338	Long-term borrowings	17(b)	1,139,569,000	-
342	Provision for long-term liabilities	19	3,858,153,913	3,672,322,933
400	OWNERS' EQUITY		106,176,232,958	101,222,759,689
410	Capital and reserves		106,176,232,958	101,222,759,689
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	11,402,585,460	6,449,112,191
421a	- (Accumulated losses)/undistributed post-tax profits of previous years		(50,887,809)	823,217,569
421b	- Post-tax profits of current year		11,453,473,269	5,625,894,622
440	TOTAL RESOURCES		277,142,037,671	216,977,029,243


Do Thi Hoai Huong
Preparer/Chief Accountant


Kek Chin Ann
General Director
Authorised signatory
29 March 2021

The notes on pages 9 to 42 are an integral part of these separate financial statements.

HA LONG CANNED FOOD JOINT STOCK CORPORATION

Form B 02 – DN

SEPARATE INCOME STATEMENT

Code	Note	Year ended 31 December	
		2020 VND	2019 VND (As restated - Note 3)
01	Revenue from sales of goods and rendering of services	488,138,360,437	405,095,847,733
02	Less deductions	(4,100,871,756)	(3,875,179,348)
10	Net revenue from sales of goods and rendering of services	484,037,488,681	401,220,668,385
11	Cost of goods sold and services rendered	(365,041,669,482)	(295,892,000,743)
20	Gross profit from sales of goods and rendering of services	118,995,819,199	105,328,667,642
21	Financial income	71,509,759	115,151,422
22	Financial expenses	(4,195,233,726)	(2,335,769,098)
23	- Including: Interest expenses	(3,602,134,617)	(2,252,207,220)
25	Selling expenses	(79,765,217,232)	(75,094,745,093)
26	General and administration expenses	(20,158,355,670)	(23,512,455,644)
30	Net operating profit	14,948,522,330	4,500,849,229
31	Other income	171,817,153	2,827,481,261
32	Other expenses	(273,530,729)	(595,437,334)
40	Net other (expenses)/income	(101,713,576)	2,232,043,927
50	Net accounting profit before tax	14,846,808,754	6,732,893,156
51	Business income tax ("BIT") - current	(3,393,335,485)	(1,106,998,534)
52	BIT - deferred	-	-
60	Net profit after tax	11,453,473,269	5,625,894,622

Do Thi Hoai Huong
Preparer/Chief Accountant



Kek Chin Ann
General Director
Authorised signatory
29 March 2021

The notes on pages 9 to 42 are an integral part of these separate financial statements.

HA LONG CANNED FOOD JOINT STOCK CORPORATION

Form B 03 – DN

SEPARATE CASH FLOW STATEMENT
(Indirect method)

Code	Note	Year ended 31 December	
		2020 VND	2019 VND (As restated - Note 3)
CASH FLOWS FROM OPERATING ACTIVITIES			
01		14,846,808,754	6,732,893,156
	Net accounting profit before tax		
	Adjustments for:		
02	Depreciation and amortisation	4,603,340,468	4,630,582,755
03	Provisions	96,924,843	(3,335,149,708)
05	Profits from investing activities	(45,297,074)	(102,531,733)
06	Interest expenses	3,602,134,617	2,252,207,220
08	Operating profit before changes in working capital	23,103,911,608	10,178,001,690
09	Increase in receivables	(7,032,663,636)	(9,182,907,757)
10	Increase in inventories	(48,199,875,093)	(17,352,141,380)
11	Increase/(decrease) in payables	29,796,321,567	(4,795,298,052)
12	Decrease in prepaid expenses	445,858,791	3,592,465,325
14	Interest paid	(3,567,407,153)	(2,252,207,220)
15	BIT paid	(988,907,355)	-
17	Other payments on operating activities	-	(29,213,589)
20	Net cash outflows from operating activities	(6,442,761,271)	(19,841,300,983)
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(15,320,443,436)	(2,704,150,000)
27	Dividends and interest received	45,297,074	102,531,733
30	Net cash outflows from investing activities	(15,275,146,362)	(2,601,618,267)
CASH FLOWS FROM FINANCING ACTIVITIES			
33	Proceeds from borrowings	340,559,007,027	181,034,593,277
34	Repayments of borrowings	(319,269,349,009)	(151,313,314,388)
36	Dividends paid, profits distributed to owners	(4,999,431,000)	(2,494,076,250)
40	Net cash inflows from financing activities	16,290,227,018	27,227,202,639
50	Net (decrease)/increase in cash and cash equivalents	(5,427,680,615)	4,784,283,389
60	Cash and cash equivalents at beginning of year	10,808,391,669	6,024,108,280
61	Effect of foreign exchange differences	-	-
70	Cash and cash equivalents at end of year	5,380,711,054	10,808,391,669

Do Thi Hoai Huong
Preparer/Chief Accountant



Kek Chin Ann
General Director
Authorised signatory
29 March 2021

The notes on pages 9 to 42 are an integral part of these separate financial statements.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1 GENERAL INFORMATION

Ha Long Canned Food Joint Stock Corporation (“the Company”) is a 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 (11th) to the Business Registration Certificate was issued on 11 July 2018.

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

The Company’s business sector is manufacturing.

The principal business activities of the Company are: producing, processing, packaging and exporting aquatic products, sea products, frozen animal husbandry products and other food products.

The normal business cycle of the Company is within 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 City branch, located at 150 Dong Da Street, Thuan Phuoc Ward, Hai Chau District, Da Nang City, Vietnam;
- Ho Chi Minh City branch, located at 30 Ly Long Tuong, My Quang – H30 Street, Tan Phong Ward, District 7, Ho Chi Minh City, Vietnam; and
- Hanoi City branch, located at 80B Nguyen Van Cu Street, Bo De Ward, Long Bien District, Hanoi, Vietnam.

As at 31 December 2020, Ha Noi and Da Nang Branches were officially closed. The closing procedures of the Ho Chi Minh Branch were under way.

As at 31 December 2020, the Company has two subsidiaries as below:

Subsidiaries	Principal business activities	Place of incorporation and operation	% Owner ship	% 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.	Lot C3-4, C3-5, Tho Quang Aquaculture Services IZ, Tho Quang Ward, Son Tra Dist, 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 31 December 2020, the Company had 545 employees (as at 31 December 2019: 527 employees).

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of preparation of separate financial statements**

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements. The separate financial statements have been prepared under the historical cost convention.

The accompanying separate 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 separate financial statements in the Vietnamese language are the official statutory separate financial statements of the Company. The separate financial statements in the English language have been translated from the Vietnamese version.

Separately, the Company has also prepared the consolidated financial statements of the Company and its subsidiaries (together, "the Group"), in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. In the consolidated financial statements, subsidiary undertakings, which are those companies over which the Group has the power to govern the financial and operating policies, have been fully consolidated.

Users of these separate financial statements of the Company should read them together with the consolidated financial statements of the Group for the year ended 31 December 2020 in order to obtain full information of the consolidated financial position and consolidated results of operations and consolidated cash flows of the Group.

2.2 Fiscal year

The Company's fiscal year is from 1 January to 31 December.

2.3 Currency

The separate financial statements are measured and presented in Vietnamese Dong ("VND"). The Company determines its 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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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 income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at the buying and selling exchange rates at the balance sheet date of the commercial bank where the Company regularly trades. Foreign currencies deposited in banks at the balance sheet date are translated at the buying exchange rate of the commercial bank where the Company opens its foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the income statement.

2.5 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.

2.6 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) or based on the estimated loss that may arise. Bad debts are written off when identified.

Receivables are classified into long-term and short-term receivables on the balance sheet based on the remaining period from the balance sheet date to the maturity date.

2.7 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 Company applies the perpetual system for inventories.

Provision is made, where 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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Investments in subsidiaries

Subsidiaries are the entities 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.

Investments in subsidiaries are initially recorded at cost of acquisition including capital contribution value plus other expenditure directly attributable to the investment. Subsequently, the Legal Representative reviews all outstanding investments to determine the amount of provision to recognise at the period end.

2.9 Fixed assets

Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets bringing them to suitable conditions 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 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	7% - 33%
Machinery	8% - 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.

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 and are comprised of such necessary costs to newly construct, to repair and maintain, to upgrade, to renew or equip the projects with technologies. Depreciation of these assets, on the same basis as other fixed assets, commences when the assets are ready for their intended use.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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 income statement on a straight-line basis over the term of the lease.

2.11 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the balance sheet. Prepaid expenses are recorded at historical cost and allocated on the straight-line basis over 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 long-term and short-term payables on the balance sheet based on remaining period from the 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.

Borrowings and finance lease liabilities are classified into short-term and long-term borrowings and finance lease liabilities on the balance sheet based on their remaining terms from the balance sheet date to the maturity date.

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 Company 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 Company'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 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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.15 Provisions**

Provisions are recognised when the Company 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 expenditure 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 Company 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 Company 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 Company.

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 balance sheet date. This allowance will be paid as a lump sum when the employees terminate their labour contracts in accordance with current regulations.

The Company 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 Company has resulted in a difference with Vietnamese Accounting Standard No.18 "*Provisions, contingent assets and liabilities*". Had the Company adopted Vietnamese Accounting Standard, the provision for severance allowance as at 31 December 2020 would have been VND 6,653,768,550 (as at 31 December 2019: VND 6,958,891,009).

2.17 Provision for dismantling and restoration costs

According to Circular No. 200/2014/TT-BTC dated 22 December 2014 issued by the Ministry of Finance, since 1 January 2015, the Company is required to provide for dismantling and restoration costs of the Company'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 an interest expense.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.18 Capital and reserves**

Owners' capital is recorded according to the actual amounts contributed and is recorded according to 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 Company's results (profit, loss) after BIT at the reporting date.

2.19 Appropriation of profit

The Company's dividends are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's 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 Company's charter and Vietnamese regulations.

The Company's funds are as below:

(a) Investment and development fund

Investment and development fund is appropriated from profit after business income tax of the Company and approved at the Shareholders' General Meeting.

(b) Bonus and welfare fund

The bonus and welfare fund is appropriated from profit after business income tax of the Company and subject to shareholders' approval at the Shareholders' General Meeting. This fund is presented as a liability on the separate balance sheet.

2.20 Revenue recognition**(a) Revenue from sales of goods**

Revenue from sale of goods is recognised in the income statement when all five (5) following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company 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 Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.20 Revenue recognition (continued)****(a) Revenue from sales of goods (continued)**

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 Company gives promotional goods to customers associated with their purchases, the Company allocates the total considerations received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of sales in the separate income statement.

(b) Revenue from rendering of services

Revenue from rendering of services is recognised in the separate 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 the 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 Company;
- The percentage of completion of the transaction at the 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 separate income statement on a straight line basis over the lease term.

(d) Interest income

Interest income is recognised on an earned basis.

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 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 balance sheet date but before the issuance of the separate financial statements are recorded as deduction of revenue of the period.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.22 Cost of goods sold and services rendered**

Cost of goods sold and cost of services rendered are cost of finished goods, merchandise 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 that are incurred for administrative purposes of the Company.

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 year taxable profits at the current year tax rates. Current and deferred tax should be recognised 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 recognised, in the same or a different period, directly in equity.

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 separate 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 separate 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 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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, key management personnel, including directors of the Company 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 Company considers the substance of the relationships, not merely the legal form.

2.28 Accounting estimates

The preparation of separate financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of 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 financial statements and the reported amounts of revenues and expenses during the financial year.

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 8);
- Estimation of provision for decline in value of inventories (Note 9); 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 Company and that are believed to be reasonable under the circumstances.

3 RETROSPECTIVE ADJUSTMENTS

In accordance with the tax inspection result for the financial year 2019 issued by the Tax Authority of Hai Phong City in the Decision No. 6565/QD-CT dated 10 December 2020, the Company had the obligation to pay additional tax amount of VND 2,025,612,415 with the details as below:

	VND
Additional VAT	77,405,846
Additional business income tax	188,907,354
Additional personal income tax	1,319,444,034
Penalty and late payment interest	439,855,181
	2,025,612,415
	2,025,612,415

The Company decided to pay additional tax amount in accordance with the Decision No. 6565/QD-CT for the year 2019 as above on 21 December 2020 and make retrospective adjustments for the additional tax obligations to the financial year 2019, with the details as below:

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3 RETROSPECTIVE ADJUSTMENTS (CONTINUED)

Balance sheet (extracted):

Code		As at 31 December 2019		
		As previously reported VND	Retrospective adjustment VND	As restated VND
310	Current liabilities	109,773,834,043	2,025,612,415	111,799,446,458
313	Taxes and other payables to the State	5,734,340,573	2,025,612,415	7,759,952,988
400	Owners' equity	103,248,372,104	(2,025,612,415)	101,222,759,689
421	Undistributed earnings	8,474,724,606	(2,025,612,415)	6,449,112,191
421b	Post-tax profit of current year	7,651,507,037	(2,025,612,415)	5,625,894,622

Income statement (extracted):

Code		From 1.1.2019 to 31.12.2019		
		As previously reported VND	Retrospective adjustment VND	As restated VND
11	Cost of goods sold and services rendered	(295,814,594,897)	(77,405,846)	295,892,000,743
20	Gross profit from sales of goods and rendering of services	105,406,073,488	(77,405,846)	105,328,667,642
25	Selling expenses	(73,775,301,059)	(1,319,444,034)	(75,094,745,093)
30	Net operating profit	5,897,699,109	(1,396,849,880)	4,500,849,229
32	Other expenses	(155,582,153)	(439,855,181)	(595,437,334)
40	Net other income	2,671,899,108	(439,855,181)	2,232,043,927
50	Net accounting profit before tax	8,569,598,217	(1,836,705,061)	6,732,893,156
51	Business income tax - current	(918,091,180)	(188,907,354)	(1,106,998,534)
60	Net profit after tax	7,651,507,037	(2,025,612,415)	5,625,894,622

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3 RETROSPECTIVE ADJUSTMENTS (CONTINUED)

Cash flow statement (extracted):

Code		From 1.1.2019 to 31.12.2019		
		As previously reported VND	Retrospective adjustment VND	As restated VND
01	Net accounting profit before tax	8,569,598,217	(1,836,705,061)	6,732,893,156
08	Operating profit before changes in working capital	12,014,706,751	(1,836,705,061)	10,178,001,690
11	Decrease in payables	(6,632,003,113)	1,836,705,061	(4,795,298,052)

4 CASH AND CASH EQUIVALENTS

	2020 VND	2019 VND
Cash on hand	819,093,648	169,370,024
Cash in banks (*)	4,561,617,406	10,639,021,645
	<u>5,380,711,054</u>	<u>10,808,391,669</u>

(*) Included in cash in banks is an amount of VND 837,613,500 which is kept on behalf of Ha Long Canfoco Kindergarten – a subsidiary of the Company (Note 16).

HA LONG CANNED FOOD JOINT STOCK CORPORATION

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

5 INVESTMENTS

Investment in subsidiaries

	2020			2019		
	Cost VND	Fair value (*) VND	Provision VND	Cost VND	Fair value (*) VND	Provision VND
Ha Long Canfoco - Da Nang Company Limited (Note 31(b))	15,000,000,000	15,000,000,000	-	15,000,000,000	15,000,000,000	-
Ha Long Canfoco Kindergarten (Note 31(b))	110,926,449	110,926,449	-	110,926,449	110,926,449	-
	<u>15,110,926,449</u>	<u>15,110,926,449</u>	<u>-</u>	<u>15,110,926,449</u>	<u>15,110,926,449</u>	<u>-</u>

(*) As at 31 December 2020 and 31 December 2019, the Company has not determined the fair value of these investments to disclose on the financial statements because they do not have listed prices and Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements do not provide detailed guidance on the methods to determine fair value. The fair value of such investments may be different from their book values.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**6 TRADE ACCOUNTS RECEIVABLE****(a) Short-term**

	2020 VND	2019 VND
Third parties (*)	28,486,229,730	20,684,128,417
Related parties (Note 31(b))	793,617,590	793,617,590
	<u>29,279,847,320</u>	<u>21,477,746,007</u>
Provision for doubtful debts (Note 8)	(1,172,580,199)	(1,693,483,680)
	<u><u>28,107,267,121</u></u>	<u><u>19,784,262,327</u></u>

(*) Details for third parties with balances over 10% of total trade accounts receivable:

	2020 VND	2019 VND
Branch of Pho Viet JSC.	8,756,448,800	369,600,000
Vincommerce General Trading Service Joint Stock Company	4,476,207,362	2,731,249,049
EB Services Co., Ltd.	2,744,560,118	3,987,833,800
Phuc Long Trading Production Co., Ltd.	418,176,000	2,607,619,080
	<u><u>16,395,392,280</u></u>	<u><u>9,695,301,929</u></u>

(b) Long-term

	2020 VND	2019 VND
Beginning of year	2,380,852,771	3,174,470,361
Transfer the due portion to short-term trade accounts receivable (Note 6(a))	(793,617,590)	(793,617,590)
	<u>1,587,235,181</u>	<u>2,380,852,771</u>
End of year (Note 31(b)) (*)	<u><u>1,587,235,181</u></u>	<u><u>2,380,852,771</u></u>

(*) This balance represents the receivables from Ha Long Canfoco - Da Nang Company Limited, the Company's subsidiary, for sale of machinery under the Contract No. 877-HDMB/DHHL/2012 dated 1 September 2012 with total value of VND 8,994,332,688 which will be paid by 12 equal repayment instalments commencing from 1 September 2012 to 31 March 2024.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

7 OTHER SHORT-TERM RECEIVABLES

	2020 VND	2019 VND
Receivables from individuals relating to VAT (*)	5,458,254,250	5,458,254,250
Advance for business trips and hospitality expenses	77,717,717	475,485,038
Receivables from related parties (Note 31(b))	182,178,924	-
Others	1,362,725,973	1,029,737,980
	<u>7,080,876,864</u>	<u>6,963,477,268</u>
Provision for doubtful debts (Note 8)	(6,487,742,230)	(6,589,373,830)
<i>In which:</i>		
- <i>Provision for receivables from individuals relating to VAT (*)</i>	(5,458,254,250)	(5,458,254,250)
- <i>Provision for other receivables</i>	(1,029,487,980)	(1,131,119,580)
	<u>593,134,634</u>	<u>374,103,438</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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**8 DOUBTFUL DEBTS**

Provision for doubtful debts during the year was as follows:

	2020		
	Cost VND	Recoverable amount VND	Provision VND
Receivables that were past due:			
i) Short-term trade accounts receivable	9,402,923,187	8,230,342,988	1,172,580,199
ii) Other short-term receivables	6,487,742,230	-	6,487,742,230
iii) Short-term repayments to suppliers	800,284,338	24,550,750	775,733,588
	<u>16,690,949,755</u>	<u>8,254,893,738</u>	<u>8,436,056,017</u>
	2019		
	Cost VND	Recoverable amount VND	Provision VND
Receivables that were past due:			
i) Short-term trade accounts receivable	5,952,864,602	4,259,380,922	1,693,483,680
ii) Other short-term receivables	6,589,373,830	-	6,589,373,830
iii) Short-term repayments to suppliers	810,733,588	568,903,200	241,830,388
	<u>13,352,972,020</u>	<u>4,828,284,122</u>	<u>8,524,687,898</u>

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

	2020 VND	2019 VND
Beginning of year	8,524,687,898	7,936,134,541
Increase	533,903,200	588,553,357
Written-off trade accounts receivables	(622,535,081)	-
End of year	<u>8,436,056,017</u>	<u>8,524,687,898</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

9 INVENTORIES

	2020		2019	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	-	-	702,612,000	-
Raw materials	105,893,140,657	(433,720,621)	64,693,839,649	(433,720,621)
Tools and supplies	1,909,191,138	(342,577,814)	2,256,854,701	(342,577,814)
Work in progress	1,808,889,470	-	5,377,651,087	-
Finished goods	42,393,290,100	(316,930,398)	32,022,981,937	(317,204,654)
Merchandise	24,004,127,178	-	22,754,824,076	-
	<u>176,008,638,543</u>	<u>(1,093,228,833)</u>	<u>127,808,763,450</u>	<u>(1,093,503,089)</u>
Provision for decline in value of inventories	<u>(1,093,228,833)</u>		<u>(1,093,503,089)</u>	
	<u>174,915,409,710</u>		<u>126,715,260,361</u>	

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

	2020 VND	2,019 VND
Beginning of year	1,093,503,089	5,017,206,154
Reversal	(274,256)	(2,871,321,818)
Written off	-	(1,052,381,247)
End of year	<u>1,093,228,833</u>	<u>1,093,503,089</u>

10 PREPAID EXPENSES

	2020 VND	2019 VND
(a) Short-term		
Insurance fees	59,388,432	102,141,723
Repair and maintenance expenses	28,392,221	18,221,995
Others	439,441,089	430,931,030
	<u>527,221,742</u>	<u>551,294,748</u>
(b) Long-term		
Assets retirement obligation	2,678,970,466	2,822,149,780
Tools and office supplies	265,439,311	36,638,891
Warehouse, office improvement	111,834,826	810,656,062
Others	232,416,211	41,001,866
	<u>3,288,660,814</u>	<u>3,710,446,599</u>

HA LONG CANNED FOOD JOINT STOCK CORPORATION

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11	FIXED ASSETS	Plant and buildings VND	Machinery VND	Motor vehicles VND	Office equipment VND	Total VND
(a)	Tangible fixed assets					
	Historical cost					
	As at 1 January 2020	34,139,986,184	58,985,590,822	3,451,036,396	2,336,851,020	98,913,464,422
	New purchases	495,255,200	6,169,465,233	-	-	6,664,720,433
	Transfers from construction in progress (Note 12)	-	912,131,200	-	-	912,131,200
	As at 31 December 2020	34,635,241,384	66,067,187,255	3,451,036,396	2,336,851,020	106,490,316,055
	Accumulated depreciation					
	As at 1 January 2020	(32,078,262,626)	(41,118,483,266)	(3,096,107,217)	(2,336,851,020)	(78,629,704,129)
	Charge for the year	(552,634,783)	(3,547,044,916)	(121,689,996)	-	(4,221,369,695)
	As at 31 December 2020	(32,630,897,409)	(44,665,528,182)	(3,217,797,213)	(2,336,851,020)	(82,851,073,824)
	Net book value					
	As at 1 January 2020	2,061,723,558	17,867,107,556	354,929,179	-	20,283,760,293
	As at 31 December 2020	2,004,343,975	21,401,659,073	233,239,183	-	23,639,242,231

The historical cost of fully depreciated tangible fixed assets was VND 59,333,796,977 (as at 31 December 2019: VND 58,028,348,750).

As at 31 December 2020, tangible fixed assets with a carrying value of VND 14,447,524,686 (as at 31 December 2019: VND 11,338,040,965) were pledged with banks as collateral assets for short-term borrowings granted to the Company (Note 17).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11 FIXED ASSETS (CONTINUED)

(b) Intangible fixed assets

	Land use rights (*) VND	Software VND	Total VND
Historical cost			
As at 1 January 2020	11,987,672,202	1,221,590,000	13,209,262,202
New purchases	-	925,000,000	925,000,000
As at 31 December 2020	<u>11,987,672,202</u>	<u>2,146,590,000</u>	<u>14,134,262,202</u>
Accumulated amortisation			
As at 1 January 2020	-	(354,233,019)	(354,233,019)
Charge for the year	-	(381,970,773)	(381,970,773)
As at 31 December 2020	<u>-</u>	<u>(736,203,792)</u>	<u>(736,203,792)</u>
Net book value			
As at 1 January 2020	<u>11,987,672,202</u>	<u>867,356,981</u>	<u>12,855,029,183</u>
As at 31 December 2020	<u><u>11,987,672,202</u></u>	<u><u>1,410,386,208</u></u>	<u><u>13,398,058,410</u></u>

(*) Intangible fixed assets are land use rights with indefinite useful life 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;

On 20 July 2016, the Company 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.

On 24 December 2019, the Company signed a land use right mortgage contract No. 01.2019/HDTTC - 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 Company (Note 17).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12 CONSTRUCTION IN PROGRESS

	2020 VND	2019 VND
Machinery and equipment under installation	4,790,021,065	-
Kindergarten construction and renovation	1,827,142,818	45,500,000
	<u>6,617,163,883</u>	<u>45,500,000</u>

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

	2020 VND	2019 VND
Beginning of year	45,500,000	-
Increase	7,483,795,083	2,704,150,000
Transfer to tangible fixed assets (Note 11(a))	(912,131,200)	(2,185,660,000)
Transfer to intangible fixed assets	-	(472,990,000)
	<u>6,617,163,883</u>	<u>45,500,000</u>

13 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2020 VND	2019 VND
Third parties (*)	71,208,436,945	28,465,538,516
Related parties (Note 31(b))	2,379,568,180	11,187,902,748
	<u>73,588,005,125</u>	<u>39,653,441,264</u>

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

	2020 VND	2019 VND
Ha Long Foods Import Export One - member Co., Ltd.	54,403,016,970	9,063,526,050
Xuan Viet Co., Ltd.	6,730,858,618	7,250,173,700
	<u>61,133,875,588</u>	<u>16,313,699,750</u>

HA LONG CANNED FOOD JOINT STOCK CORPORATION
 NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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14 TAX AND RECEIVABLES FROM/PAYABLES TO THE STATE

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

	As at 1.1.2020 VND (As restated - Note 3)	Incurred during the year VND	Payment during the year VND	Offset VND	As at 31.12.2020 VND
(a) Receivables					
VAT to be reclaimed	-	21,697,541,474	-	(21,697,541,474)	-
Land rental fees (*)	2,043,008,000	(901,647,002)	-	-	1,141,360,998
	<u>2,043,008,000</u>	<u>20,795,894,472</u>	<u>-</u>	<u>(21,697,541,474)</u>	<u>1,141,360,998</u>
(b) Payables					
Output VAT (Note 3)	2,021,316,114	48,551,598,593	(25,588,152,542)	(21,697,541,474)	3,287,220,691
VAT on imported goods	-	2,444,437,392	(2,444,437,392)	-	-
Business income tax (Note 3)	630,709,951	3,393,335,485	(988,907,355)	-	3,035,138,081
Personal income tax (Note 3)	1,830,190,004	2,533,102,800	(4,211,492,090)	-	151,800,714
Land and housing tax	-	101,864,004	(101,864,004)	-	-
Business license tax	-	3,000,000	(3,000,000)	-	-
VAT (**)	1,868,254,250	-	(1,200,000,000)	-	668,254,250
Penalty on late VAT payment	969,627,488	-	-	-	969,627,488
Tax penalty (***) (Note 3)	439,855,181	-	(439,855,181)	-	-
	<u>7,759,952,988</u>	<u>57,027,338,274</u>	<u>(34,977,708,564)</u>	<u>(21,697,541,474)</u>	<u>8,112,041,224</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

14 TAX 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.

(**) 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 7). During the year, the Company paid VND 1,200,000,000 to the tax authority.

(***) This represents tax penalty in accordance with Decision No. 6565/QD-CT dated 10 December 2020 (Note 3).

15 SHORT-TERM ACCRUED EXPENSES

	2020 VND	2019 VND
Distributor support expenses	2,584,549,933	2,057,899,635
Staff bonus	2,288,227,829	3,059,367,331
Others	2,440,920,023	1,166,144,355
	<u>7,313,697,785</u>	<u>6,283,411,321</u>

16 OTHER SHORT-TERM PAYABLES

	2020 VND	2019 VND
Payables to Ha Long Canfoco Kindergarten (Notes 4 and 31(b))	837,613,500	800,000,000
Trade union fees	291,009,744	374,374,176
Dividend payable (Note 31(b))	73,094,250	73,663,250
Others	409,682,941	345,583,479
	<u>1,611,400,435</u>	<u>1,593,620,905</u>

HA LONG CANNED FOOD JOINT STOCK CORPORATION
 NOTES TO THE SEPARATE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2020

17 BORROWINGS

	As at 1.1.2020 VND	Drawdown VND	Repayment VND	Current portion of long-term VND	As at 31.12.2020 VND
(a) Short-term					
Bank loans (*)	49,720,854,409	338,280,038,027	(318,889,549,009)	759,600,000	69,870,943,427
(b) Long-term					
Bank loans (*)	-	2,278,969,000	(379,800,000)	(759,600,000)	1,139,569,000

(*) As at 31 December 2020, the Company's borrowing balances consisted of:

Lenders and loan contracts	Balances as at 31.12.2020 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	29,236,174,049	Principal repayments will be made within 4 to 5 months from the drawdown date. Interests are payable monthly.	5.5% per annum	Financing working capital	Tangible fixed assets and intangible fixed assets (Note 11(a) and 11(b))
Loan agreement dated 30 December 2019 and the amendment dated 28 December 2020					

HA LONG CANNED FOOD JOINT STOCK CORPORATION

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

17 BORROWINGS (CONTINUED)

(*) As at 31 December 2020, the Company's borrowing balances consisted of:

	Balances as at 31.12.2020 VND	Principal and interest repayment term	Interest rate per annum	Loan purpose	Collaterals
(ii)	29,875,169,378	Principal repayments will be made within 4 months from the drawdown date. Interests are payable monthly.	6.5% per annum	Financing working capital	Tangible fixed assets (Note 11(a)) and land use right at 71 Le Lai Street, May Chai Ward, Ngo Quyen District, Hai Phong City, Vietnam
(iii)	1,899,169,000	Principal repayments will be made within 36 months from the drawdown date. Interests are payable monthly.	8% per annum	Financing working capital	Tangible fixed assets (Note 11(a))
(iv)	10,000,000,000	Principal repayments will be made within 6 months from the drawdown date. Interests are payable monthly.	6.5% per annum	Financing working capital	Unsecured

71,010,512,427

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

	2020 VND	2019 VND
Beginning of year	2,885,210,976	2,914,424,565
Appropriated from undistributed profit (*)	750,000,000	-
Utilised during the year	(43,200,000)	(29,213,589)
End of year	<u>3,592,010,976</u>	<u>2,885,210,976</u>

(*) Bonus and welfare fund were appropriated in accordance with the Annual Shareholders' General Meeting Resolution No. 01A/2020/NQ-DHDCD dated 26 August 2020.

19 PROVISIONS FOR LONG-TERM LIABILITIES

	2020 VND	2019 VND
Provision for restoration cost (*)	<u>3,858,153,913</u>	<u>3,672,322,933</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 year were as follows:

	2020 VND	2019 VND
Beginning of year	3,672,322,933	6,183,276,255
Interest	185,830,980	262,955,585
Re-estimation	-	(2,773,908,907)
End of year	<u>3,858,153,913</u>	<u>3,672,322,933</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

20 OWNERS' CAPITAL

(a) Number of shares

	2020 Ordinary shares	2019 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

	2020		2019	
	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 shares	Ordinary shares VND	Total VND
As at 1 January 2019	5,000,000	50,000,000,000	50,000,000,000
As at 31 December 2019	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

Par value per share: VND 10,000.

HA LONG CANNED FOOD JOINT STOCK CORPORATION
 NOTES TO THE SEPARATE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2020

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 2019	50,000,000,000	15,753,387,350	29,020,260,148	3,323,217,569	98,096,865,067
Net profit for the year	-	-	-	7,651,507,037	7,651,507,037
- As previously reported	-	-	-	(2,025,612,415)	(2,025,612,415)
- Retrospective adjustment - Note 3	-	-	-	5,625,894,622	5,625,894,622
- As restated	-	-	-	(2,500,000,000)	(2,500,000,000)
Dividends distribution	-	-	-	-	-
As at 31 December 2019 (As restated)	50,000,000,000	15,753,387,350	29,020,260,148	6,449,112,191	101,222,759,689
Net profit for the year	-	-	-	11,453,473,269	11,453,473,269
Dividends distribution (Note 22) (*)	-	-	-	(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	11,402,585,460	106,176,232,958

(*) In accordance with the Annual Shareholders' General Meeting Resolution No. 01A/2020/NQ-DHDCD dated 26 August 2020, undistributed earnings as at 1 January 2019 were used to distribute dividends with the amount of VND 5,000,000,000 (Note 22); appropriate VND 750,000,000 to bonus and welfare fund (Note 18); and distribute VND 750,000,000 of bonus to Board of Management, Board of Directors, and Board of Supervision as exceeding the target of year 2019.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

22 DIVIDENDS

Dividends on ordinary shares declared after the balance date was VND 5,000,000,000 in accordance with the Annual Shareholders' General Meeting Resolution No. 01A/2020/NQ-DHDCD dated 26 August 2020 as 10% per par value of the ordinary shares (equal to VND 1,000 per ordinary share).

23 OFF BALANCE SHEET ITEMS

As at 31 December 2020, included in cash and cash equivalents were balances held in foreign currencies of USD 10 (as at 31 December 2019: USD 10).

24 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2020 VND	2019 VND
Revenue		
Revenue from sales of finished goods	396,127,085,970	341,846,229,314
Revenue from sales of merchandises	92,011,274,467	63,083,918,419
Revenue from warehouse rental	-	165,700,000
	<u>488,138,360,437</u>	<u>405,095,847,733</u>
Sales deductions		
Trade discounts	(3,243,887,104)	(2,215,084,776)
Sales returns	(856,984,652)	(1,660,094,572)
	<u>(4,100,871,756)</u>	<u>(3,875,179,348)</u>
Net revenue from sales of goods and rendering of services		
Net revenue from sales of finished goods	392,121,485,506	338,041,169,002
Net revenue from sales of merchandises	91,916,003,175	63,013,799,383
Net revenue from warehouse rental	-	165,700,000
	<u>484,037,488,681</u>	<u>401,220,668,385</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

25 COST OF GOODS SOLD AND SERVICES RENDERED

	2020 VND	2019 VND (As restated - Note 3)
Cost of finished goods sold	297,820,057,622	250,102,774,274
Cost of merchandises sold	67,221,886,116	49,712,929,534
Reversal of provision for decline in value of inventories	(274,256)	(3,923,703,065)
	<u>365,041,669,482</u>	<u>295,892,000,743</u>

26 FINANCIAL EXPENSES

	2020 VND	2019 VND
Interest expenses	3,602,134,617	2,252,207,220
Financial expenses of provision for dismantling and restoration costs	185,830,980	-
Others	407,268,129	83,561,878
	<u>4,195,233,726</u>	<u>2,335,769,098</u>

27 SELLING EXPENSES

	2020 VND	2019 VND (As restated - Note 3)
Staff costs	27,702,923,498	46,948,504,093
Depreciation and amortisation expenses	36,296,597	42,985,368
Logistics and loading costs	9,955,268,578	6,625,667,559
Distributor support expenses	32,794,716,839	12,500,604,425
Marketing and promotion expenses	1,221,925,718	941,311,156
Outside service expenses	2,240,624,515	2,441,982,477
Business trip expenses	3,235,255,722	3,859,055,165
Others	2,578,205,765	1,734,634,850
	<u>79,765,217,232</u>	<u>75,094,745,093</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

28 GENERAL AND ADMINISTRATION EXPENSES

	2020 VND	2019 VND
Staff costs	9,471,247,551	10,088,408,956
Depreciation and amortisation	578,530,467	658,341,276
Tax and fees expenses	1,303,444,922	1,284,372,143
Outside service expenses	5,576,881,029	4,313,811,439
Provision for doubtful debts	533,903,200	588,553,357
Business trip expenses	764,331,204	1,708,433,411
Others	1,930,017,297	4,870,535,062
	<u>20,158,355,670</u>	<u>23,512,455,644</u>

29 BUSINESS INCOME TAX

The business income tax ("BIT") on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate of 20% as follows:

	2020 VND	2019 VND (As restated - Note 3)
Net accounting profit before tax	14,846,808,754	6,732,893,156
Tax calculated at a rate of 20%	2,969,361,751	1,346,578,631
Effect of:		
- Expenses not deductible for tax purposes	359,453,789	821,141,148
- Temporary differences for which no deferred income tax was recognised	64,519,945	(559,821,974)
- Utilisation of previously unrecognised tax losses	-	(689,806,625)
- Others (Note 3)	-	188,907,354
BIT charge (*)	<u>3,393,335,485</u>	<u>1,106,998,534</u>
Charged to the income statement		
BIT – current	3,393,335,485	1,106,998,534
BIT – deferred	-	-
	<u>3,393,335,485</u>	<u>1,106,998,534</u>

(*) The business income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustment by the tax authorities.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

30 COSTS OF OPERATION BY FACTOR

Costs of operation by factor represents all costs incurred during the year, excluding cost of merchandises for trading activities. The details are as follows:

	2020 VND	2019 VND (As restated - Note 3)
Raw materials	250,623,679,837	203,984,748,934
Staff costs	78,662,924,382	97,270,798,939
Depreciation and amortisation	4,603,340,468	4,630,582,755
Logistics and loading costs	9,955,268,578	6,625,667,559
Distributor support expenses	32,794,716,839	12,500,604,425
Outside service expenses	15,715,024,102	14,734,262,110
Business trip expenses	3,999,586,926	5,567,488,576
Others	8,565,677,128	10,654,070,342
	<u>404,920,218,260</u>	<u>355,968,223,640</u>

31 RELATED PARTY DISCLOSURES

(a) Related party transactions

During the year, the following significant transactions were carried out with related parties:

	2020 VND	2019 VND
<i>i) Sales of goods and services</i>		
Ha Long Canfoco - Da Nang Company Limited - Subsidiary	<u>-</u>	<u>27,000,000</u>
<i>ii) Purchases of goods and services</i>		
Ha Long Canfoco - Da Nang Company Limited - Subsidiary	<u>53,573,209,391</u>	<u>35,964,693,240</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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31 RELATED PARTY DISCLOSURES

(a) Related party transactions (continued)

	2020 VND	2019 VND
iii) Compensation of key management		
Bui Quoc Hung	297,027,027	150,629,628
Kek Chin Ann	1,854,979,797	1,347,959,460
Mai Xuan Phong	278,108,108	133,345,680
Nguyen Van Binh	259,189,189	107,419,752
Wilson Cheah Hui Pin	259,189,189	86,419,752
Tran Hoang Lam	259,189,189	86,419,752
Pham Huu Quy Lam	259,189,189	128,419,752
Pham Thi Hai Yen (appointed on 6 July 2020)	86,810,909	-
Dang Quoc Viet (resigned on 5 March 2020)	75,639,314	198,253,333
Tran Phuoc Thai	75,000,000	50,000,000
Mai Thi Mai Hoa (appointed on 6 July 2020)	25,000,000	-
Ngo Van Duy Nhat (resigned on 6 May 2020)	41,666,667	50,000,000
Pham Thi Thu Nga	1,177,036,775	748,200,000
Chua Seng Beng (resigned 15 September 2019)	30,000,000	797,587,566
	<u>4,978,025,353</u>	<u>3,884,654,675</u>
iv) Financing activities		
Dividend declared to:		
- State shareholder	1,387,360,000	693,680,000
- Other shareholders	3,612,640,000	1,806,320,000
	<u>5,000,000,000</u>	<u>2,500,000,000</u>
(b) Year end balances with related parties		
	2020 VND	2019 VND
i) Short-term trade accounts receivable (Note 6(a))		
Ha Long Canfoco - Da Nang Company Limited - Subsidiary	<u>793,617,590</u>	<u>793,617,590</u>
ii) Long-term trade accounts receivable (Note 6(b))		
Ha Long Canfoco - Da Nang Company Limited - Subsidiary	<u>1,587,235,181</u>	<u>2,380,852,771</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

31 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Year end balances with related parties (continued)

	2020 VND	2019 VND
<i>iii) Investment in subsidiaries (Note 5)</i>		
Ha Long Canfoco - Da Nang Company Limited - Subsidiary	15,000,000,000	15,000,000,000
Ha Long Canfoco - Kindergarten - Subsidiary	110,926,449	110,926,449
	<u>15,110,926,449</u>	<u>15,110,926,449</u>
<i>iv) Other short-term receivable (Note 7)</i>		
Ha Long Canfoco - Kindergarten - Subsidiary	182,178,924	-
	<u>182,178,924</u>	<u>-</u>
<i>v) Short-term trade accounts payable (Note 13)</i>		
Ha Long Canfoco - Da Nang Company Limited - Subsidiary	2,379,568,180	11,187,902,748
	<u>2,379,568,180</u>	<u>11,187,902,748</u>
<i>vi) Other short-term payables (Note 16)</i>		
Shareholders	73,094,250	73,663,250
Ha Long Canfoco - Kindergarten - Subsidiary	837,613,500	800,000,000
	<u>910,707,750</u>	<u>873,663,250</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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32 IMPACT OF COVID-19

The wide spread of the Covid-19 since the beginning of 2020 is a fluid and challenging situation facing the Company's business. As at the date of signing these separate financial statements, the Legal Representative of the Company had performed an assessment of the overall impact of the situation Covid-19 on the Company's operations, including the recoverability of the carrying amount of assets, measurements of its assets and liabilities and concluded that the Company 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 separate financial statements for the year ended 31 December 2020 were approved by the Legal Representative on 29 March 2021.



Do Thi Hoai Huong
Preparer/Chief Accountant



Kek Chin Ann
General Director
Authorised signatory