

BUSINESS EXPANSION
SUSTAINABLE DEVELOPMENT

ANNUAL REPORT | 2017

“To bring Thien Long's products
to all regions of Vietnam and the world”



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2017 ANNUAL REPORT

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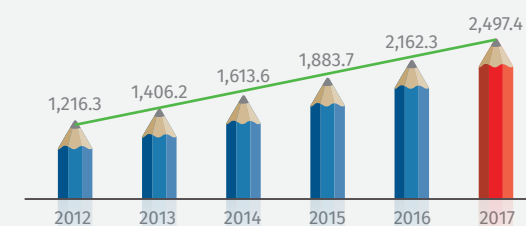
106 Notes to the consolidated financial
statements



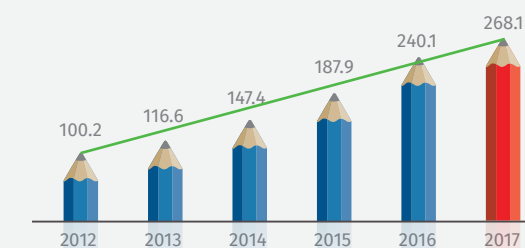
LIST OF ABBREVIATIONS

AGM	:	Annual General Meeting of Shareholders
BOM	:	Board of Management
BOD	:	Board of Directors
BOS	:	Board of Supervisors
The Company/The Group/Thien Long	:	Thien Long Group Corporation
GT	:	General Trade
MT	:	Modern Trade
POS	:	Point of sale

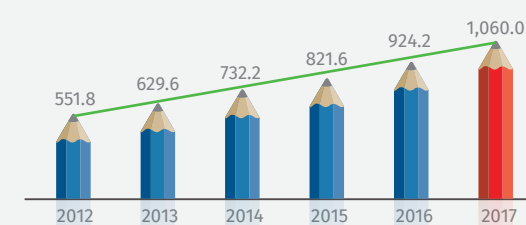
REVENUE (Billion VND)



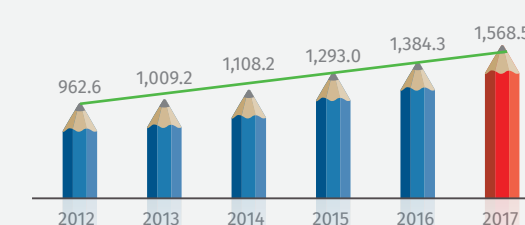
PROFIT AFTER TAX (Billion VND)



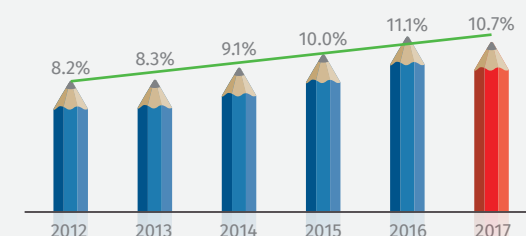
OWNER'S EQUITY (Billion VND)



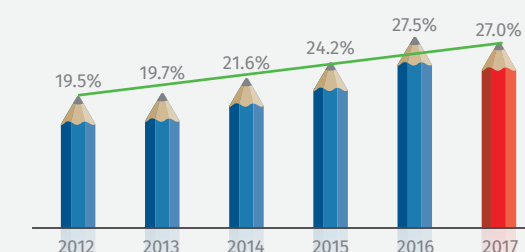
TOTAL ASSETS (Billion VND)



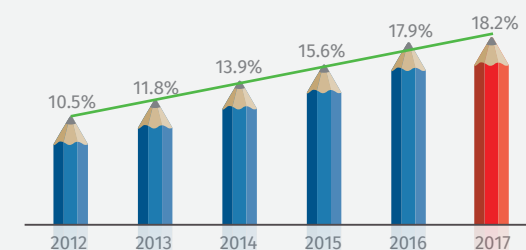
NET PROFIT MARGIN (%)



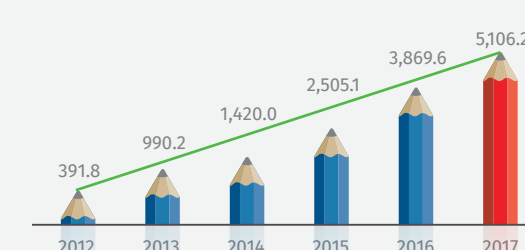
ROEA (%)



ROAA (%)



MARKET CAPITALIZATION (Billion VND)





 **2,497.4**
BILLION VND

CONSOLIDATED NET REVENUE IN 2017
↑ 15.5% COMPARED TO 2016
EXCEEDING 2% OF THE PLAN.

Dear valued Shareholders, Partners and All Employees,

We have just experienced the year 2017 of bright macroeconomic landscape. The GDP growth in 2017 maintained at a high level of 6.81%, while CPI was well controlled at 3.53%, trade surplus was 2.92 billion USD, foreign exchange reserves increased to a record of 51.5 billion USD facilitating a stable USD/VND exchange rate throughout the year.

In 2017, the global economy's GDP grew at 3% compared to 2.4% in 2016. It was noteworthy that with the economic recovery, the oil prices had risen sharply to an average level of over 60 USD/barrel, pushing up the price of many materials, especially plastic resins.

Thien Long's Management has been proactively in forecasting to work out price scenarios for appropriate materials storage, in controlling raw materials supply and self-producing machinery and equipment, molds to mitigate risks from global market fluctuations; and at the same time boosting export activities to maintain foreign currency sources.

Besides responding to fluctuations on the commodities (raw materials, fuel) market and exchange rates, the BOM, BOD and all staffs joined hands to implement systematic and effective solutions such as: optimized production, proactively controlled raw materials and molds supply, enhanced automation in production, managed expenses..., contributing to the Group's excellent performance exceeding all the targets assigned by the AGM. Specifically:

★ The Group's consolidated net revenue in 2017 increased sharply by 15.5% compared to 2016, to reach 2,497.4 billion VND, exceeding 2% of the AGM's assigned plan.

★ Profit after tax was recorded at 268.1 billion VND rising by 11.7% over the previous year and completing 101% of the plan.

Not only delivered effective short-term operational solutions, but also had the BOM the year 2017 of tireless efforts and full dedication for the strategic vision, specifically:

(1) Improved the leadership structure and governance system, maintained talent attraction policy, promoted the decentralization to leverage the BOD's proactiveness to serve the new development stage of Thien Long.

(2) Completed the expansion of Nam Thien Long Factory to meet increasing demand of the market; Deployed production capacity enhancement projects, which enabled more control over raw materials supply and improved competitive advantages.

(3) Continued to invest in expansion of domestic and overseas distribution network, including application of advanced technology in distribution management (DMS software) and deployment of e-commerce project (www.flexoffice.com).

With the prompt and appropriate strategies from the BOM as well as the consensus, sharing, the unity as one, the spirit of "dare to think, dare to do, dare to change" of the entire staffs, we are working together **"to bring Thien Long's products to all regions of Vietnam and the world"**, in line with Thien Long's Vision approved by the BOM in 2017.

On our journey, we are always happy to welcome opportunities to cooperate with all domestic and foreign customers, partners, shareholders... to bring Thien Long to new heights.

Thank you and Best regards,

CO GIA THO
CHAIRMAN OF THE BOARD OF MANAGEMENT

The Pioneer SPIRIT

PIONEER IN TECHNOLOGY,
INNOVATION AND MAKING
BREAKTHROUGHS TO PRODUCE
PRODUCTS, SERVICES OF
THE BEST QUALITY, BEING
ENVIRONMENTALLY FRIENDLY,
SERVING CONSUMER'S
PROGRESSIVE DEMANDS.



INTRODUCTION ABOUT THIEN LONG GROUP

- ◆ General information ◆ Vision - Mission - Core values
- ◆ Strategic objectives for the period 2016 - 2020
- ◆ Scopes of business ◆ History and development milestones
- ◆ Typical products ◆ Production technology
- ◆ Subsidiaries ◆ Typical awards



GENERAL INFORMATION

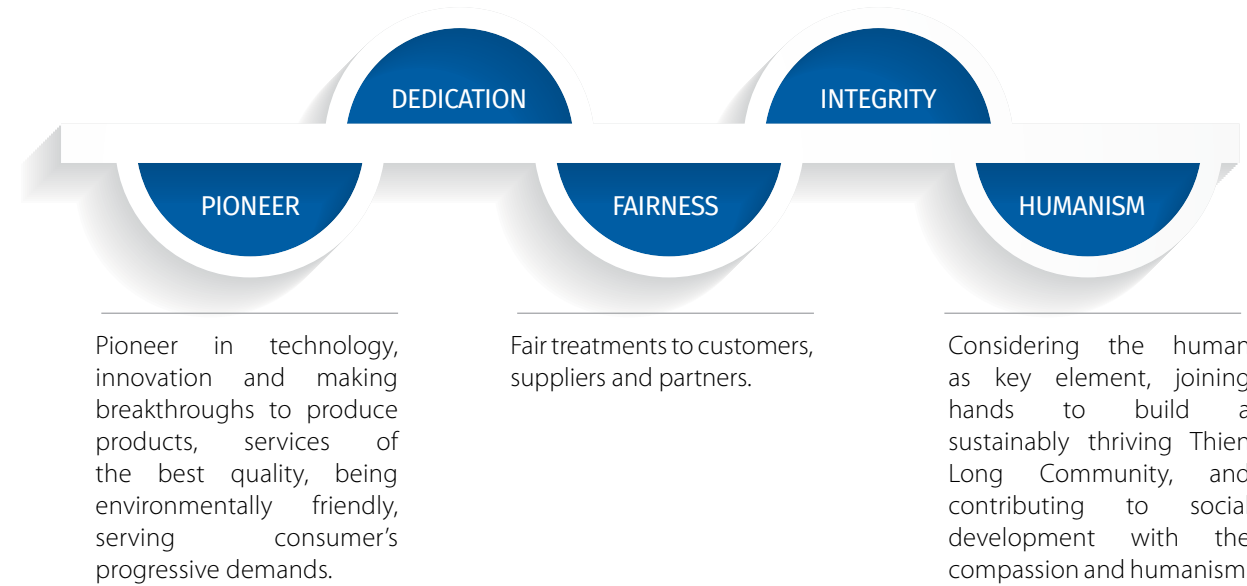
Company name	:	THIEN LONG GROUP CORPORATION
Transaction name	:	THIEN LONG GROUP
Stock symbol	:	TLG
Chartered capital	:	505,562,560,000 VND
Headquarters	:	Lot 6-8-10-12, Road No. 3, Tan Tao Industrial Park, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City
Telephone	:	(84.28) 3750.5555
Fax	:	(84.28) 3750.5577
Email	:	info@thienlonggroup.com
Website	:	www.thienlonggroup.com
Business Registration Certificate	:	No. 0301464830, the first registration on 14/03/2005 and 14th amendment registration on 08/12/2017.



CORE VALUES

Tireless efforts and full dedication in all activities to more and more develop the Company.

Behaving honestly, transparently in all activities and transactions.



VISION

To bring Thien Long's products to all regions of Vietnam and the world.



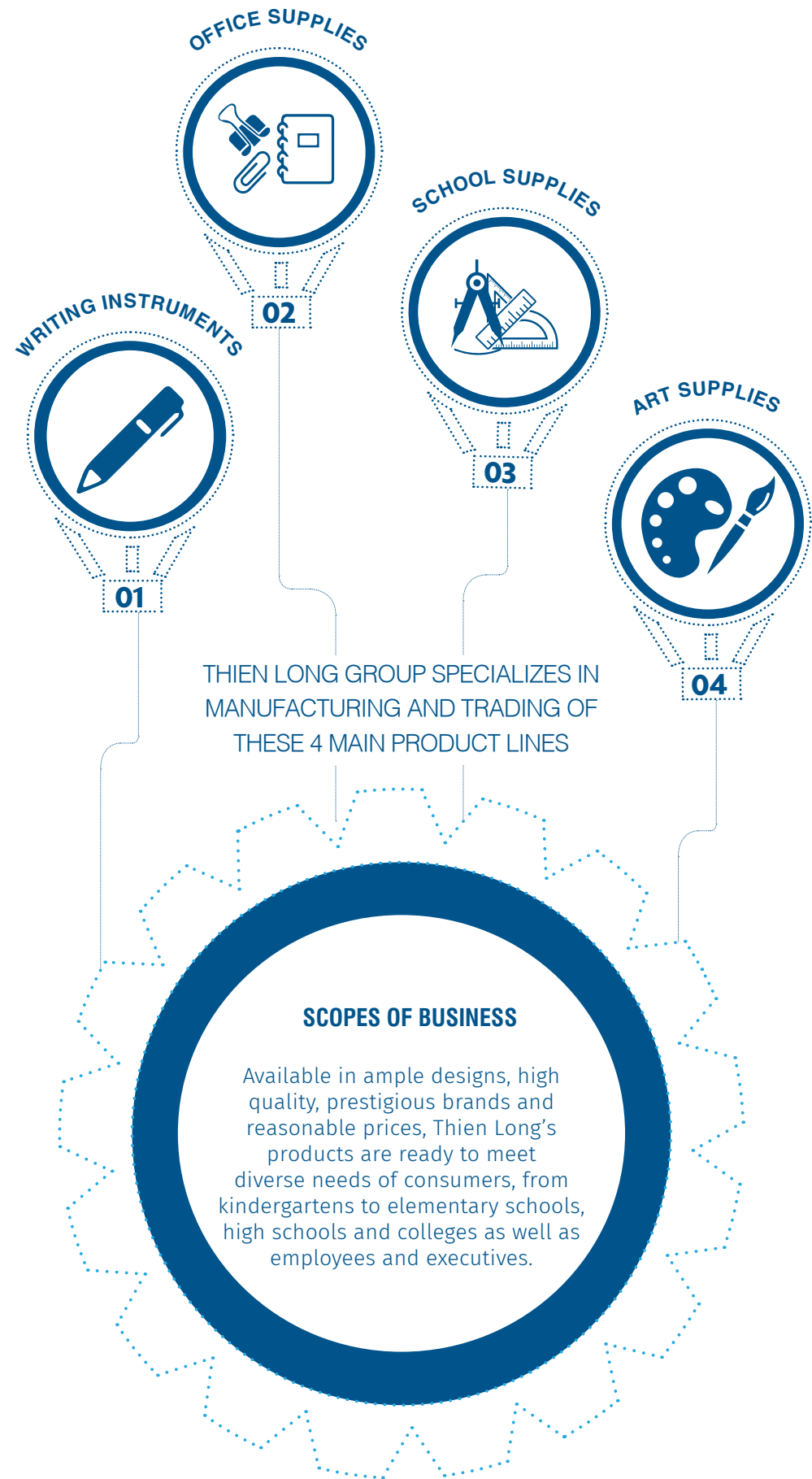
MISSION

Thien Long commits to providing the best quality products, stationery products, services serving the studying, working, creative activities, contributing to conquer the peak of mankind knowledge.



STRATEGIC OBJECTIVES FOR THE PERIOD 2016 - 2020

- 1 To become the Number One company in the South East Asian region and an Asian market leader in manufacturing and trading stationery.
- 2 To professionalize and automate the manufacturing; To develop R&D activities.
- 3 To professionalize wholesaling and specialize in retailing; To develop all domestic trade channels; To expand export markets.
- 4 To become one of the leading companies in Vietnam bringing the most benefits to employees, customers, the Company and shareholders.



DISTRIBUTION SYSTEM

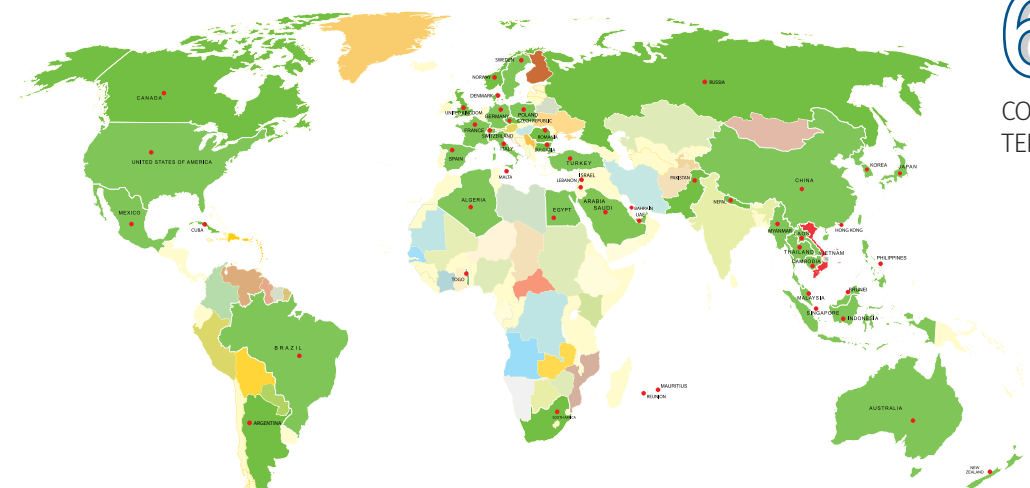
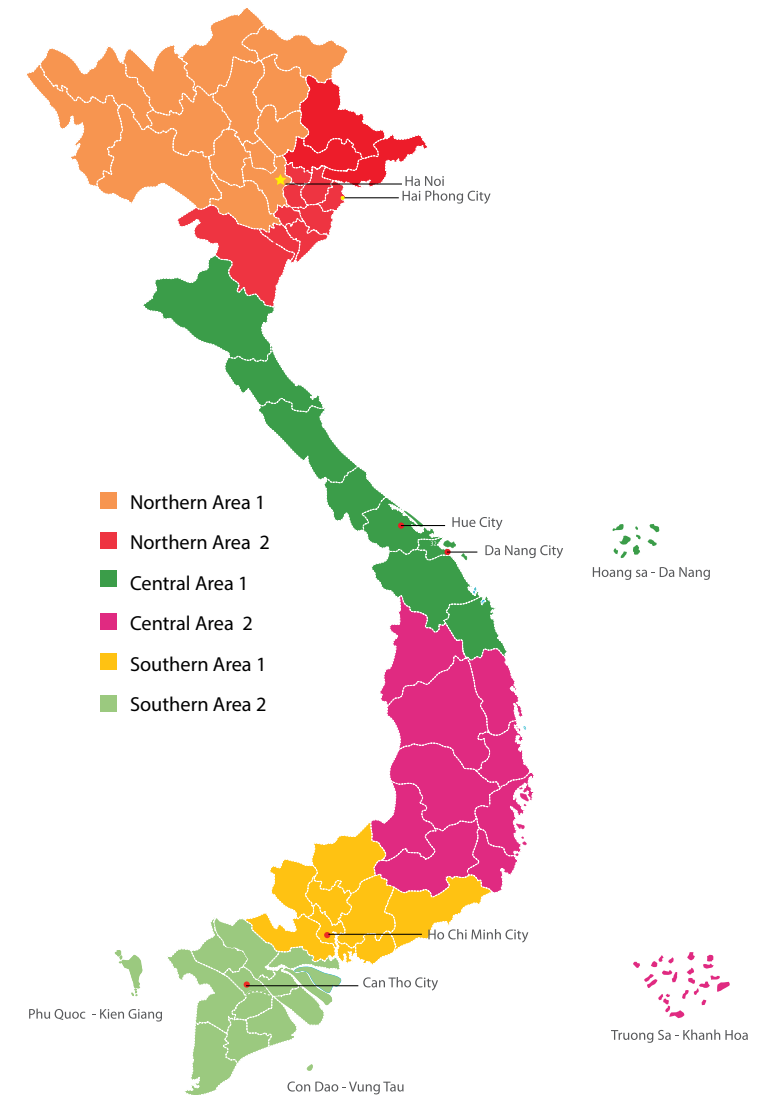
60,000

POINTS OF SALE (POS)

ACROSS ALL 63 PROVINCES/CITIES NATIONWIDE

THIEN LONG HAS BEEN INVESTING TO DEVELOP EXPORT MARKET, BRINGING FLEXOFFICE AND COLOKIT-BRANDED PRODUCTS TO MORE THAN 60 COUNTRIES ACROSS 6 CONTINENTS.

Thien Long has built and continuously expanded the thorough distribution network within the domestic market. Thien Long's products are now available to consumers at more than 60,000 points of sale (POS) across all 63 provinces/cities nationwide, and at almost all commercial centres, chain stores, bookstores..., and also distributed via channels such as online, direct sale to schools, businesses (B2B), supermarkets...



60 COUNTRIES & TERRITORIES



HISTORY AND DEVELOPMENT MILESTONES

Thien Long was established with the very first product of ballpoint pen.

1981

Thien Long increasingly expanded the pen markets across the country.

1991



Thien Long Manufacturing and Trading Company Ltd was officially established, marking a new stage of development in product quality, production capacity and diversification of product designs. Advanced technology was applied in production processes with many modern equipments.

1996

The new factory in Tan Tao Industrial Park (Binh Tan District) went into operation.

2000

ISO 9002 Quality Management System was certified by DNV (Norway).

2001



The Company increased the charter capital to 120 billion VND, established Thien Long Long Thanh JSC with the charter capital of 40 billion VND; and Environmental Management System ISO 14001, Occupational Health and Safety OHSAS 18001, Social Accountability SA 8000, Security Standard CTPAT... were certified.

2006

Thien Long Manufacturing and Trading Company Ltd was converted into Thien Long Manufacturing and Trading Corporation with the charter capital of 100 billion VND.

2005

Factory area was expanded from 0.5 ha to over 1.6 ha and the quality management system was certified upgraded to new version of ISO 9001:2000.

2003

The Company's charter capital was continued to raise to 155 billion VND, and name was changed to Thien Long Group Corporation.

2008

Thien Long Global Trading and Service One Member Company Ltd was established, specializing in stationery trading, with the charter capital of 20 billion VND.

2007



Tan Luc Trading and Service One Member Company Ltd was established with the charter capital of 20 billion VND.

2009

After issuing dividend and bonus share issuances, the charter capital of Thien Long Group Corporation increased from 176.5 billion VND to 294.7 billion VND. At this stage, Thien Long was the Number One stationery brand in Vietnam with 5 subsidiaries.

2012 - 2015

On 26/03/2010, the Company's shares were officially listed on Ho Chi Minh Stock Exchange (HOSE) with the symbol TLG.

2010

Thien Long Group Corporation's charter capital increased to 383.1 billion VND, consolidated revenue reached 2,162.3 billion VND and more than 240 billion VND of profit after tax.

2016

The charter capital was increased to 505.6 billion VND. Completed the expansion of Nam Thien Long Factory.

2017





WRITING INSTRUMENTS (TL)

Thien Long's writing instruments (TL brand name) includes product lines such as ballpoint pens, gel pens, rollerball pens, fineliners, etc. This long-standing product category helped build up the Group's reputation from early days of establishment and accounted for 41% of total revenue up to 2017.

The writing instruments win customer's trust thanks to the variety of designs, diversity of types, quality assurance with major materials imported from Switzerland, Germany, Japan..., advanced production and strict verification processes. Currently, the Group's writing instruments category is leading the domestic market with more than 65% of market share.



PREMIUM PRODUCTS (BIZNER)



Premium Products category (Bizner brand name) includes typical products such as premium ballpoint pen (BIZ-01, BIZ-RB01, TL-075,...), premium pencil (BIZ-PC01, BIZ-PO1, BIZ -PO2,...), premium notebook (BIZNER-MB-08, BIZNER-MB-09, ...).

Target customers of this premium product category are business people and high-income earners. Therefore, Thien Long has always invested in creative and R&D activities to enable Bizner products have luxurious design and being delicate in each detail.

OFFICE SUPPLIES (FLEXOFFICE)



Official Supplies (FlexOffice brand name) include products serving white collar customers such as: office paper, pens of various kinds, stationery, folder, adhesive tapes, glue and other office supplies.

Office supplies category contributed significantly to the Group's business with 30% of total revenue. These products have successfully conquered the customers not only because of product quality but also every small product detail, which is cared and continuously improved over years.



SCHOOL SUPPLIES (TEN MARKS)



Wake up

In 2017, Thien Long repositioned Ten Marks brand and implemented the new logo design in accordance with modern trends, suitable for pupils. With the slogan "Ready to learn well", Ten Marks plays the role of providing learning tools of high quality, diversification and usefulness to serve the learning. Ten Marks category has many products such as chalk, ruler, compass, pencil, eraser, glue, scissors, notebook ... In addition, Ten Marks category also has special products such as pen for practicing thin and bold lines, cartridge pen dustless chalk... which are preferred by many pupils and parents.

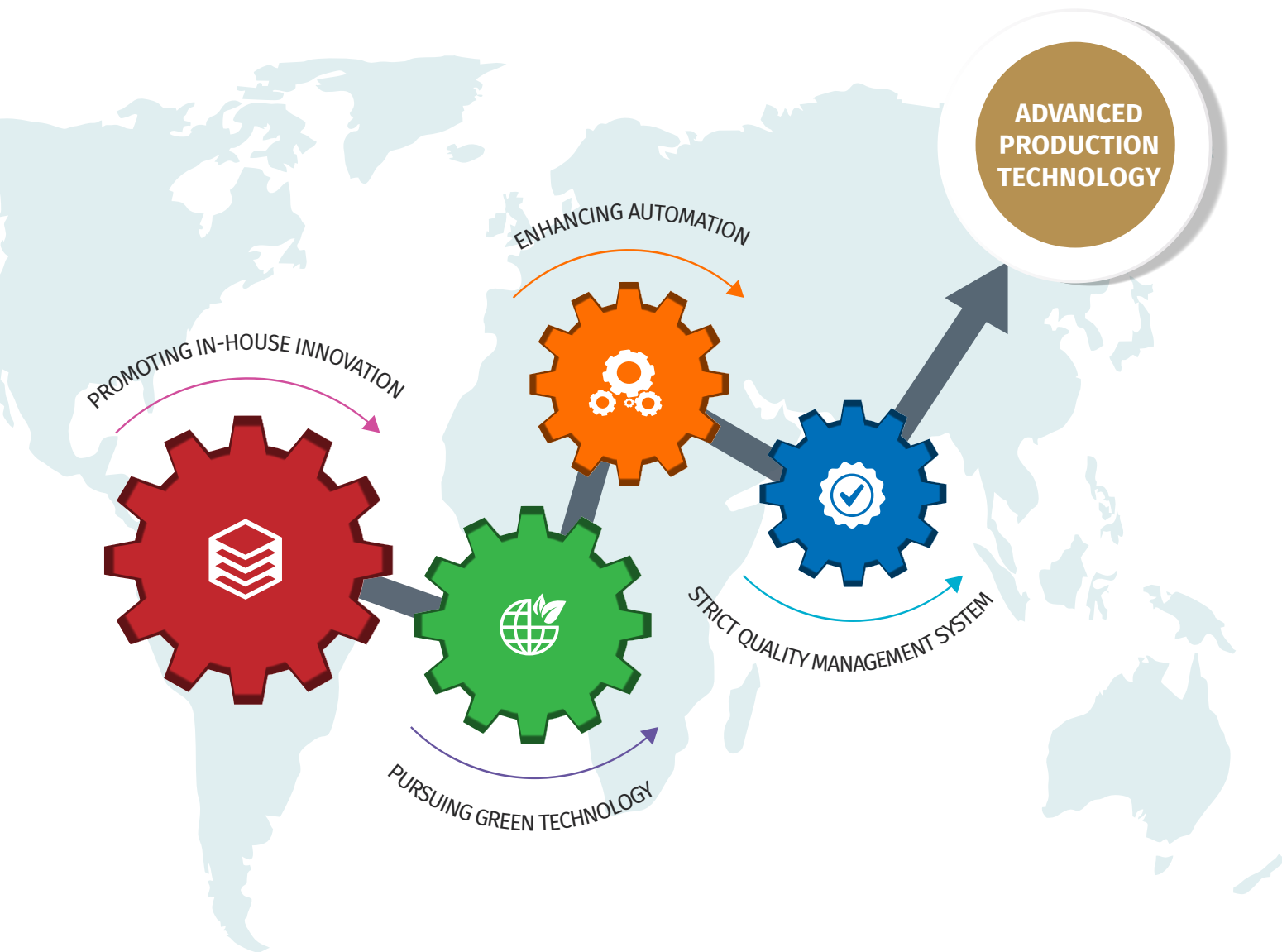
These products are designed in accordance with standards set by the Ministry of Education and Training. With outstanding features, Ten Marks products become pupil's efficient companions.

ART SUPPLIES (COLOKIT)



Colokit is the brand that represents Thien Long's Art Supplies, including products serving the arts, creative activities of children such as: coloured pencils, coloured gel pen, coloured plastic pen, oil pastel, colored crayon, watercolor, modeling clay, coloring book, drawing book...

Colokit products have been trusted and welcomed by children and parents because of guaranteed quality, various types of models, unique and safe, non-toxic, and certified to meet US standards (ASTM D4236), European standards (EN71/3 and EN71/9)...



IN ORDER TO IMPROVE THE PRODUCTIVITY
AND PRODUCT QUALITY,
**THIEN LONG USE STATE-OF-THE-ART
TECHNOLOGIES**

THROUGHOUT THE PROCESS OF DESIGNING, MANUFACTURING,
QUALITY CONTROL AND TESTING OF QUALITY
AND SAFETY OF PRODUCTS.

Promoting in-house innovation:

Thien Long has paid enormous effort in researching and building the Company's own machinery and equipments system, developing molds to replace imported ones in order to reduce production costs and improve capacity, competitiveness.

Advanced technology is applied in mold production, especially mold structure and processing stage resulting in more effectiveness. In 2016, the Company's in-house molds met more than 95% of the needs of new molds.

Production machinery is also invested with advanced technologies, imported from industrial countries such as plastic filling machine from Japan, helped optimize production processes, improve product quality. The re-arrangement, re-organization of factories, production stages towards modernization and automation have been implemented in most of departments and constantly helped improve the production effectiveness.

Enhancing automation:

With the breakthrough in automation enhancements in factory, automation rate of Nam Thien Long factory raised to 73.5% compared to 70.3% by the end of 2016. Thien Long accelerates the process of automation in production from filling, pouring, assembling stage to printing,

testing and packaging.

Pursuing GREEN technology:

Since the inception, Thien Long has placed the GREEN factor as its first priority when applying a standardized sewage treatment system that does not pollute environment, and energy and raw material saving machinery and equipment.

Thien Long started installing solar panels on the roof of Thien Long Factory in Tan Tao Industrial Park from August 2017 with an installed area of about 1,900 m². Electricity generated from the solar panels of about 334,272 kWh/year means significant savings in electricity costs and, in particular, emission reduction of about 221 tons of CO₂ per year.

Green technology is also represented by products that are safe for users. Thien Long products meet all international safety standards, such as US standard (ASTM D4236), European standard (EN71/3 and EN71/9).

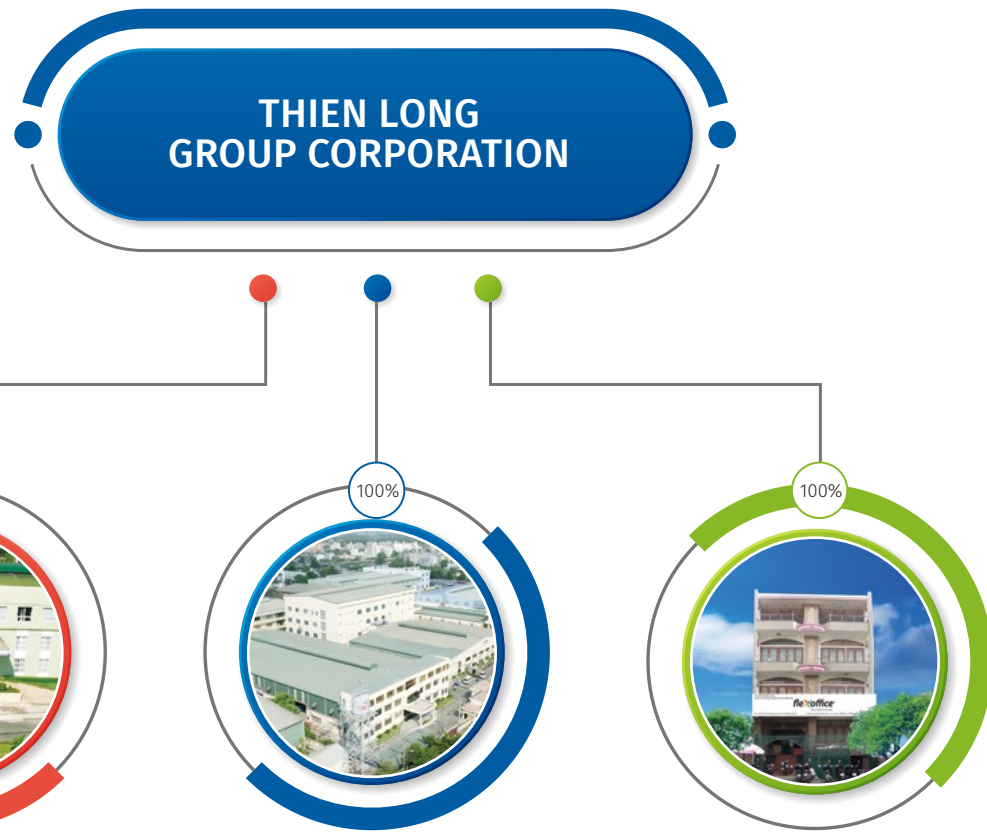
Strict quality management system:

To ensure the quality and safety of products, Thien Long has applied a strict quality management system throughout the entire supply chain: From supporting and controlling quality at the suppliers, inspecting input materials, semi-finished products; to managing storage, preservation, product display at Thien Long, distributors and POS.

Currently, Thien Long's integrated management system has been certified and operated in accordance with the international standards as follows:

- ★ Quality Management System - ISO 9001: 2008
- ★ Environmental Management System - ISO 14001: 2004
- ★ Social Accountability Management System - SA 8000: 2014
- ★ Occupational Health and Safety Management System - OHSAS 18001: 2007
- ★ Laboratory Management System - ISO/IEC 17025: 2005
- ★ ICTI Certification for Social Accountability in the children toy industry

The effective use of above integrated systems helps Thien Long's Management demonstrate the strong commitment to always maintain and ensure effectiveness of management and quality on each product delivered to consumers, especially the health and safety of consumers as well as employees.



THIEN LONG LONG THANH MANUFACTURING AND TRADING COMPANY LIMITED

Thien Long Long Thanh was established in late 2006, and started operation in August 2008 in Long Thanh Industrial Park, Long Thanh district, Dong Nai province. The factory, which specialized in stationery and writing instruments for domestic and export markets, was built on a 3 ha area and almost operated in full capacity. Thien Long Long Thanh has the charter capital of 80 billion VND and is 100% owned by the Group.

THIEN LONG GLOBAL TRADING AND SERVICE ONE MEMBER COMPANY LIMITED

Thien Long Global has the charter capital of 40 billion VND, wholly owned by the Group. By specializing in trading and service, Thien Long Global has been not only delivering good performance in sale and customer services but also supporting effectively the Group in new product development, in order to create the vital foundation for the Group's sustainable growth in the long-term.

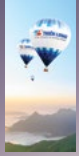
TAN LUC CHAIN

Tan Luc Chain mainly focus on: (1) Professional distribution services, direct sale to businesses (B2B), online sale and sale of advertisement products. (2) Development and trading of stationery products produced by Thien Long through the distribution system to meet the full and diverse needs of customers. In addition, Tan Luc companies also develop and trade OEM stationery products imported from developed countries to meet all customer needs and diversify the product portfolio. (3) Development and trading of other consumer goods.

LIST OF SUBSIDIARIES
(the Group does not have affiliate companies)

No.	Name	Specialization	Headquarters	Charter Capital (VND)	% owned by the Group
01	Thien Long Long Thanh Manufacturing and Trading Company Limited	Manufacturing and trading stationery	Road No. 7, Long Thanh Industrial Park, Dong Nai Province	80 billion	100%
02	Thien Long Global Trading and Service One Member Company Limited	Trading and distributing stationery	Lot 6-8-10-12, Road No. 3, Tan Tao Industrial Park, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City	40 billion	100%
03	Tan Luc South Trading and Service One Member Company Limited	Trading stationery	19-21, Lot B, Truong Son Street, Ward 15, District 10, Ho Chi Minh City	40 billion	100%
04	Tan Luc North Trading and Service One Member Company Limited	Trading stationery	Room 309A, 3rd Floor, Building B15, Dai Kim New Urban Zone, Dai Kim Ward, Hoang Mai District, Ha Noi	20 billion	100%
05	Tan Luc Middle Trading and Service One Member Company Limited	Trading stationery	Lot 07, Quarter B1, Ha Huy Tap Street, Xuan Ha Ward, Thanh Khe District, Da Nang	10 billion	100%





“TOP 50 BEST VIETNAMESE LISTED COMPANIES”

Granted by Forbes Vietnam

Thien Long won this award in the 5th consecutive year (2013 - 2017).

“TOP 50 VIETNAM’S BEST PERFORMING COMPANIES IN VIETNAM”

Granted by Nhip cau Dau tu Magazine

Thien Long won this award in the 5th consecutive year (2013 - 2017).

“SUSTAINABLE DEVELOPMENT ENTERPRISE”

Granted by Vietnam Business Council for Sustainable Development (VBCSD) - VCCI

Thien Long won this award in the 2nd consecutive year (2016 - 2017).

“ENTERPRISE OF HIGH QUALITY VIETNAMESE GOODS”

Granted by High Quality Vietnamese Goods Club

Thien Long won this award in the 21st consecutive year (1997 - 2017).

“TOP 40 HIGHEST VALUE BRAND NAMES IN VIETNAM”

Granted by Forbes Vietnam

Thien Long won this award in the 2nd consecutive year (2016 - 2017).

Award of **“TYPICAL PRODUCTS - SERVICES”** & Certificate of Merit for

“ENTERPRISE WITH MORE THAN 30 YEARS OF SUSTAINABLE DEVELOPMENT”

Granted by Ho Chi Minh City Enterprise Association

Certificate of Merit for **“VIETNAMESE PRIORITIZE TO USE VIETNAMESE GOODS”**

Granted by People’s Committee of Ho Chi Minh City



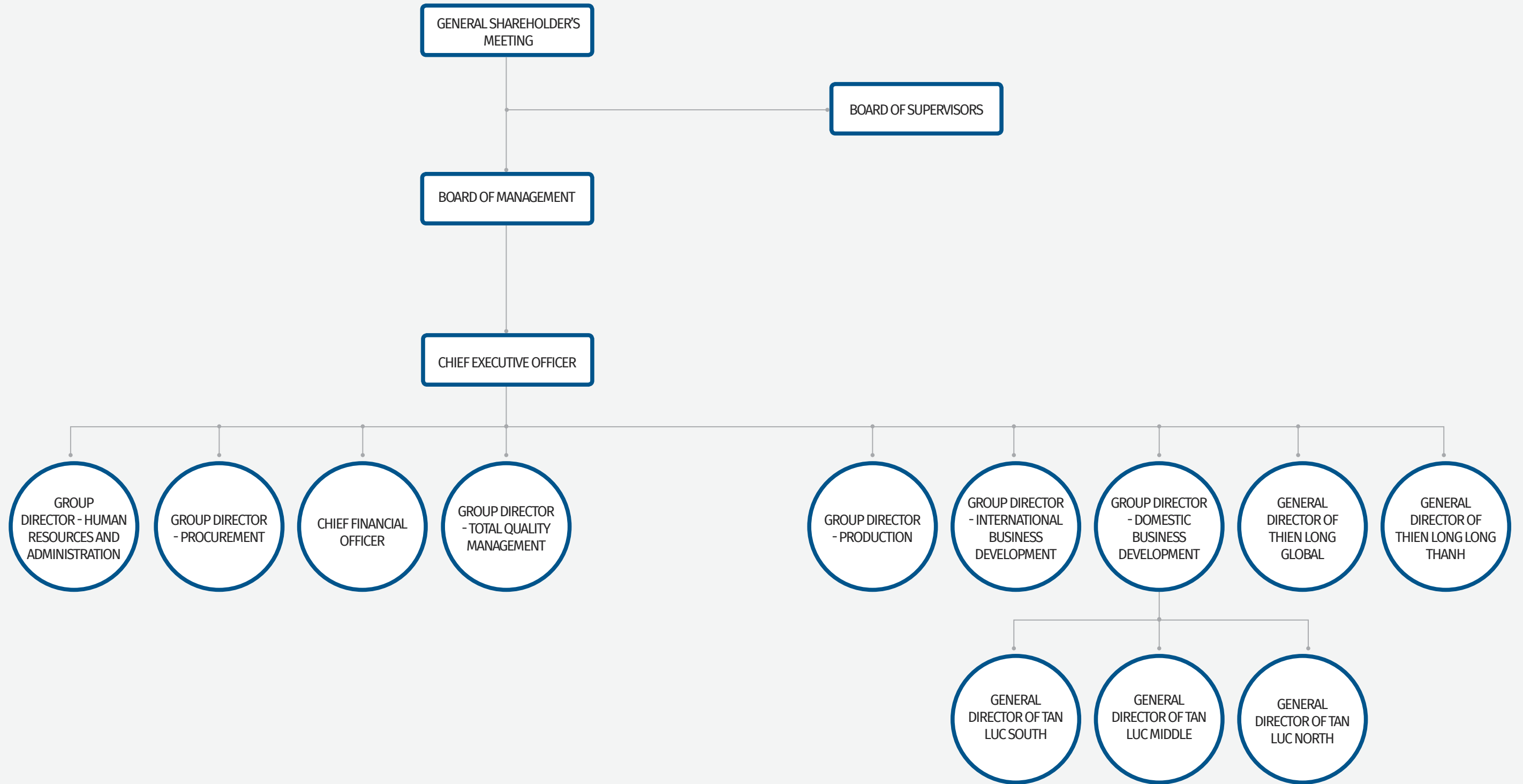
Fair
TREATMENTS

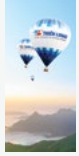
**FAIR TREATMENTS TO CUSTOMERS,
SUPPLIERS AND PARTNERS.**



**CORPORATE GOVERNANCE
REPORT**

- ◆ Organizational structure
- ◆ Introduction of the BOM
- ◆ BOM's report on Thien Long's operations in 2017
- ◆ Risk management
- ◆ Introduction of the BOS
- ◆ Activities and Report of the BOS
- ◆ Share information and history of chartered capital increase
- ◆ Share transactions of internal shareholders and related parties





Mr. **CO GIA THO**
Chairman

Mr. Co Gia Tho founded Thien Long in 1981 and has been staying with the Company since then. Concentrating on core business, Thien Long, under Mr. Co Gia Tho's leadership, grew up from a small family business to become the Number One stationery manufacturer in Vietnam and a market leader in the region, with more than 5,100 billion VND market capitalization, 3,445 employees and 2,497.4 billion VND revenue in 2017.

Mr. Co Gia Tho is also holding the position of Chairman of the BOM of Thien Long An Think Investment Joint Stock Company, which owns 51.66% of Thien Long Group.



Mr. **TRAN KIM THANH**
Vice Chairman/Independent Member

Mr. Tran Kim Thanh participated into the BOM from 2008, and held the position of Vice Chairman from 2009.

He has 40 year experience of management and strategy formation in the field of foods. Mr. Thanh is also the Chairman of KIDO Group, Chairman of KIDO Real Estate Joint Stock Company, Chairman of Vietnam Vegetable Oils Industry Corporation (Vocarimex), CEO of KIDO Investment Company Limited, Chairman of KIDO Frozen Foods Joint Stock Company and Chairman of PPK One Member Company Limited.



Mr. **TRAN LE NGUYEN**
Independent Member

Mr. Tran Le Nguyen has been a member of the BOM since 2008.

Mr. Nguyen has over 30 years of experience in the confectionery industry. He is also the Vice Chairman and CEO of KIDO Group, Member of the BOM of KIDO Real Estate Joint Stock Company, Member of the BOM of Vietnam Vegetable Oils Industry Corporation (Vocarimex), Chairman of Tuong An Vegetable Oil Joint Stock Company, and Chairman of Viet Dragon Securities Joint Stock Company.



Mr. **HUYNH VAN THIEN**
Independent Member

Mr. Thien has been a member of the BOM since 2008.

He is a management expert with more than 30 years of experience in senior management positions of large companies and groups such as: Vietnam Lubricants and Chemicals Joint Stock Company (Vilube), Viet Capital Asset Management Company (VCAM), Euro Auto (BMW). He is also the Chairman of Viet Land Capital and a Member of the BOM of Viet Land Corp.



Ms. **TRAN THAI NHU**
Member

Ms. Tran Thai Nhu has been a member of the BOM since 2008.

She used to serve as Assistant to CEO of the Company, General Director of Thien Long Long Thanh and Advisor to the Board of Directors of Thien Long Group. She is also a member of the BOM of Thien Long An Think Investment Joint Stock Company.



Ms. **CO NGAN BINH**
Member

Ms. Co Ngan Binh has been a member of the BOM since 2008.

Ms. Binh has been working for the Company for over 35 years, and has held various positions at Thien Long since its foundation. She had 10 years holding the position as Production Manager of Thien Long Ballpoint Pen Factory. She then served as Assistant to the Director, Quality Control Manager, Assistant to CEO and Head of Basic Construction Department of Thien Long. She is also a Member of the BOM of Thien Long An Think Investment Joint Stock Company.



Ms. **CO CAM NGUYET**
Member

Ms. Co Cam Nguyen has served as a member of the BOM since 2008.

Ms. Nguyet joined Thien Long in 1993. She has been in charge of investment and investor relations for many years, and served as Head of the Investor Relations Committee (under the BOM) in February 2017. Ms. Nguyet is also a member of the BOM of Thien Long An Think Investment Joint Stock Company.



Mr. **TRAN VAN HUNG**
Independent Member

Mr. Tran Van Hung participated into the BOM as an independent member in 2013.

Mr. Hung has been with Thien Long for more than 20 years in management and advisory positions. He was the CEO of the Company from 1993 to 2006. He was then General Director of Thien Long North Joint Stock Company, Advisor to the Board of Directors, Head of Supervisory Board, Head of Internal Audit Department of Thien Long Group.

ACTIVITIES OF THE ANNUAL GENERAL SHAREHOLDER'S MEETING

In 2017, Thien Long organized 02 AGMs, including:

- ★ The AGM for the 2016 fiscal year was organized on 16/05/2017; and
- ★ The Extraordinary General Meeting was organized in form of collecting shareholder's opinions in writing on 12/09/2017 in order to approve share issuance plan in accordance with the Employee's Stock Ownership Programme (ESOP), and amend the Charter, list additional shares on the Ho Chi Minh Stock Exchange.

Thien Long's BOM fully complied with current regulations about notice, sending invitation, right of attending, right of voting... in order to ensure maximum benefits for shareholders.

ACTIVITIES OF THE BOARD OF MANAGEMENT IN 2017

The BOM consists of 08 members, including 04 independent members. The BOM has a diversified professional background as well as experience, and many members have extensive experience in Thien Long's business activities and are seasoned experts on the financial market. This has enabled the BOM to operate professionally, efficiently and timely to provide appropriate strategic orientations and support BOD.

The BOM has always focused on implementing and operating appropriately within functions, duties, rights and authorities in accordance with Thien Long's Charter and Internal Regulations as well as Government's Decree No. 71/2017/ND-CP and related legal regulations.

In 2017, the BOM regularly monitored, inspected the implementation of tasks and objectives assigned for the BOD, and provided orientations, guidance and solutions to support the BOD on managing the Group's business activities. The BOM's independent members collaborated with other BOM's members in advising, guiding and working out appropriate strategies to enable Thien Long to grow stably and sustainably.



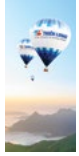


In the past year, the BOM set high priority in orienting the Group's business strategy for the new period, while rearranging the organizational structure and personnel to maximize operational efficiency. Specifically:

- ★ Agreed to change the vision, mission and core values, strategic objectives to fit the Group's new stage of development.
 - ★ Established 04 committees under the BOM including: Restructuring, HR and Remuneration Committee, Audit Committee, Investor Relations Committee, and Investment and Development Policy Committee. These committees are responsible for consulting, advising and deploying strategic orientations for the BOM, and representing the BOM to enhance the role of supervising and managing the Group's activities independently.
- The committees' personnel were selected by the BOM with a diversity and relevance of the expertise and experience, who can contribute positively to the committee's efficiency.
- ★ Promulgated the Company's Governance Regulations with updated contents, complying with legal regulations and meeting international governance best practices.
 - ★ Approved and supervised the implementation of Nam Thien Long Factory expansion project, which would help improve the production capacity and meet increasing demand of the market.
- ★ Appointed new CEO, Group Director - Finance & Accounting, Chief Accountant, Marketing Director, IT Director, Technology Director, R&D Director, and Production Director; strengthened the decentralization, continued to improve the BOD's initiative and creativity.
 - ★ With the purpose of motivation, the BOM proposed to the AGM and was approved to implement the ESOP for eligible employees.

In 2017, given the dynamic business activities and many organizational rearrangements, the BOM promoted opinion exchanges and discussions to work out timely, appropriate decisions and strategies. The BOM had total 22 meetings in the past year with 31 Resolutions/Decisions issued, including:

No.	Number of Resolution/ Decision	Date	Contents approved
1	01/2017/NQ - HDQT	09/01/2017	Appointed Ms. Tran Phuong Nga as Assistant to the Chairman
2	02/2017/NQ - HDQT	09/01/2017	Appointed Mr. Trinh Van Hao as Marketing Director
3	03/2017/NQ - HDQT	09/01/2017	Appointed Mr. Nguyen Duc Hanh as IT Director
4	04/2017/NQ - HDQT	09/01/2017	Approved the investment project to expand Thien Long factory
5	05/2017/NQ - HDQT	09/01/2017	Promulgated Governance Regulations of the Company
6	06/2017/NQ - HDQT	20/02/2017	Approved the resignation of Mr. Vo Van Thanh Nghia from the CEO position and labor contract termination effective from 23/02/2017
7	07/2017/NQ - HDQT	27/02/2017	Approved the resignation of Mr. Vo Van Thanh Nghia from the position of BOM Member
8	08/2017/NQ - HDQT	27/02/2017	Dismissed the position of Group Director of Finance - Accounting cum Chief Accountant of Mr. Ho Ngoc Canh from 24/02/2017
9	09/2017/NQ - HDQT	27/02/2017	Appointed Ms. Tran Phuong Nga as Chief Financial Officer cum Chief Accountant and Assistant to the Chairman
10	10/2017/NQ - HDQT	27/02/2017	Established 03 committees directly under the BOM: » Restructuring, HR and Remuneration Committee: Mr. Huynh Van Thien is the Head, Mr. Co Gia Tho is Member » Audit Committee: Mr. Tran Van Hung is the Head » Investor Relations Committee: Ms. Co Cam Nguyet is the Head
11	11/2017/NQ - HDQT	03/05/2017	Appointed Mr. Nguyen Dinh Tam as the CEO with the tenure from 03/05/2017 to 02/05/2020
12	12/2017/NQ - HDQT	03/05/2017	Appointed Mr. Nguyen Ngoc Nhon as the Chief Accountant effective from 03/05/2017
13	13/2017/NQ - HDQT	03/05/2017	Ms. Tran Phuong Nga resigned from the concurrent position of Chief Accountant from 03/05/2017
14	14/2017/NQ - HDQT	03/05/2017	Established the Development and Investment Policy Committee under the BOM, with Mr. Co Gia Tho as the Head and Members including Mr. Tran Kim Thanh, Mr. Tran Le Nguyen, Mr. Nguyen Dinh Tam, Ms. Tran Phuong Nga
15	15/2017/NQ - HDQT	09/05/2017	Appointed Ms. Tran Phuong Nga as a Member of the Investor Relations Committee
16	16/2017/NQ - HDQT	24/05/2017	Approved the election of Mr. Co Gia Tho as Chairman and Mr. Tran Kim Thanh as Vice Chairman of the BOM
17	17/2017/NQ - HDQT	24/05/2017	Approved the selection of Deloitte Vietnam Co., Ltd as auditor of the Company's financial statements for 2017
18	18/2017/NQ - HDQT	30/05/2017	Approved to deploy the plan of issuing shares to increase capital from owners' equity
19	19/2017/NQ - HDQT	16/06/2017	Approved the section of the record dates for: » Paying the second cash dividend for 2016 » Issuing shares to increase capital from owners' equity » Collecting shareholder's opinions in writing



ACTIVITIES OF THE BOARD OF MANAGEMENT IN 2017 (Continued)

No	Number of Resolution/ Decision	Date	Contents approved
20	20/2017/NQ - HDQT	10/07/2017	Approved the amendment of Investment Certificate: » Location of the project » Objectives and scale of the project » Total investment capital » Operating duration » Implementation schedule
21	21/2017/NQ - HDQT	11/07/2017	Approved the amendment of the Company's Governance Regulations to conform with the Charter of organization and operation. Agreed to change the vision, mission of the Company Agreed to change the core values, strategic objectives of the Company
22	22/2017/NQ - HDQT	11/07/2017	Approved the collection of shareholder's opinions in writing to amend the ESOP
23	23/2017/NQ - HDQT	02/08/2017	Approved the charter capital increase following the issuance of shares to increase capital from owner's equity, and amendment of the Company's Charter regarding the charter capital
24	24/2017/NQ - HDQT	19/09/2017	Approved the implementation of procedures and documentation related to the ESOP
25	25/2017/NQ - HDQT	19/09/2017	Approved the assessment and selection criterion, principles of price determination, list of employees participating in the ESOP
26	26/2017/NQ - HDQT	19/09/2017	Approved the Plan of using the capital from issuance of ESOP shares
27	27/2017/NQ - HDQT	04/10/2017	Appointed Technology Director
28	28/2017/NQ - HDQT	04/10/2017	Appointed R&D Director
29	29/2017/NQ - HDQT	04/10/2017	Appointed Production Director
30	30/2017/NQ - HDQT	15/11/2017	Approved the Charter capital increase following the issuance of ESOP shares, amendment of the Company's Charter on charter capital
31	31/2017/NQ - HDQT	05/12/2017	Approved the first dividend payment for 2017 in cash

With the goal of constantly improving the corporate governance quality, in addition to the application of Governance Regulations in January 2017, the Company has been enrolling corporate governance training courses for members of the BOM, BOS, BOD and the Company's Secretary.

SUPERVISION OF THE BOARD OF DIRECTORS' PERFORMANCE

THE BOM FOCUSED ON STRATEGIC ISSUES, AND SUPERVISED, SUPPORTED THE BOD ON MANAGEMENT ACTIVITIES IN ACCORDANCE WITH THIEN LONG'S GOVERNANCE REGULATIONS.

The BOM attended BOD's meetings, reviewed reports, gave timely guidance and created favorable conditions for business operations and management activities.

By regularly supervising the BOD's management activities, the BOM oriented closely, supervised and supported implementation of the AGM and BOM's resolutions and decisions. As a result, in 2017, the BOD effectively managed the operations and implemented the AGM and BOM's resolutions and decisions, and successfully completed the 2017 targets as approved by the AGM.

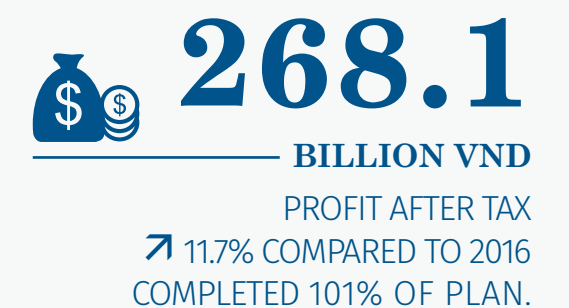
EVALUATION OF THE GROUP'S OPERATIONS IN 2017

In 2017, the global economy had a strong recovery with GDP growth of 3%, according to an estimate from the International Monetary Fund (IMF), which was significantly higher than the 2.4% growth of 2016.

Vietnam also achieved the most impressive results in recent years, with GDP growth in 2017 reached 6.81%. The year's CPI was well controlled at 3.53%, lower than assigned target of 4%. Trade surplus was recorded at 2.92 billion USD and foreign exchange reserves increased to a record of 51.5 billion USD, hiked by 12.5 billion USD compared to 2016 year-end balance, the USD/VND exchange rate remained stable throughout the year.

With the trend of economic recovery, the oil price had also jumped to an average of over 60 USD/barrel in 2017. The strong recovery of oil prices pushed up plastic resin prices, especially in last quarters of the year, and associated with a number of other factors, had led to a sharp increase in Thien Long's production costs.

In spite of many obstacles, the BOM has worked closely with the BOD and staffs to effectively implement many solutions such as production



optimization, more control over raw materials supply, molds, automation in production, cost management... As a result, the Group successfully completed and exceeded targets set by the AGM, specifically:

- » Consolidated net revenue in 2017 increased sharply by 15.5% compared to 2016 to reach 2,497.4 billion VND, exceeded 2% of annual plan assigned by the AGM.
- » Profit after tax reached 268.1 billion VND, up 11.7% over the previous year and completed 101% of annual plan.



**EVALUATION OF THE BOM'S
INDEPENDENT MEMBERS**

Independent members fully participated in the BOM's meetings and exchanged, contributed opinions and consulted on strategic orientations as well as obstacles in supervision and management activities.

In 2017, the domestic economy prospered when macro indicators exceeded the targets, Thien Long's business activities maintained sustainable growth. However, the rise of oil price strongly impacted plastic resin price – an important material of the Group. Some other unfavourable factors brought in challenges to the Group's forecasting and operating activities.

Despite many challenges and difficulties, the BOM and BOD united to work together to achieve assigned orientations, contributing to results as exceeded the plan approved by ASM. Thien Long's management structure has been continuously improved in the past year; obligations with shareholders have been fulfilled in accordance with the law and Charter.

**INVESTOR RELATIONS AND OBLIGATIONS
WITH SHAREHOLDERS**

The BOM is always aware of responsibilities in respect of a large-scale listed company before the investor community. Thien Long is also aware of the importance of investor relations and ensuring transparent governance environment. Investor relations activities positively contribute to building a

good image in investor community, helping improve corporate value.

In recent years, the BOM and BOD have regularly met investors, attended and presented at investor's conferences; proactively provided information to the local and foreign investor community.

Besides continuing to guarantee timely and accurate information disclosure in compliance with current laws, in the coming time, Thien Long will arrange to build and develop communication channels to regularly receive and satisfy investor's increasing information demand.

In 2017, Thien Long paid cash dividend with a total amount of 2,000 VND/share (20% of par value), equivalent to 37.7% of the year's profit after tax, and paid bonus shares with a ratio of 30% of charter capital.

SALARY, REMUNERATION OF THE BOM, BOS AND BOD

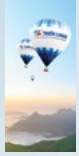
The salary regime for the Management is applied in accordance with the laws and regulations, in harmony with the overall salary policy and annual salary budget of the Company and commensurate with the capability and performance of each member. Bonus and other common welfare payments comply with the personnel policy and Collective Labor Agreement. Salary of the BOD and other managerial executives; remuneration of the BOM and BOS received in 2017 were 31.6 billion VND and presented at Note 34 to the audited Consolidated Financial Statements.

DEVELOPMENT PRIORITIES

IN 2018, THE BOM PLANS TO SUBMIT TO THE AGM FOR APPROVAL OF PLANNED BUSINESS TARGETS AS FOLLOWS: NET REVENUE AT 2,850 BILLION VND, UP 14.1% OVER 2017; PROFIT AFTER TAX AT 290 BILLION VND, UP 8.2%; BONUS SHARE OF 30% OF CHARTER CAPITAL AND CASH DIVIDEND AT 40% OF PROFIT AFTER TAX, EQUIVALENT TO 2,000 VND/SHARE.

IN ORDER TO SUCCESSFULLY IMPLEMENT STRATEGIC OBJECTIVES FOR THE PERIOD OF 2016 - 2020, THE BOM PROMULGATED THE CORPORATE GOVERNANCE REGULATIONS, SET UP THE COMMITTEES AND TOGETHER WITH THE BOD TO FOCUS ON DEVELOPMENT PRIORITIES INCLUDING:





THIEN LONG ALWAYS PAYS GREAT ATTENTION TO RISK MANAGEMENT OF THE ENTIRE BUSINESS ACTIVITIES IN ORDER TO ENSURE OPERATIONAL EFFICIENCY, AS WELL AS SUSTAINABLE DEVELOPMENT IN THE FUTURE.

01 RAW MATERIAL PRICE

02 EXCHANGE RATE

03 COMPETITION

04 TECHNOLOGY

05 PRODUCTION ACTIVITIES AND PRODUCT QUALITY

06 INVESTMENT ACTIVITIES

1. RAW MATERIAL PRICE

Material costs account for a significant proportion of the cost structure, such as plastic (especially PP, PS, AS, ABS), nib, ink, paper, chemicals.... Thien Long's profit is affected by fluctuations on the materials market, especially the oil market.

Risk mitigation measures

- » Proactively forecast, work out market scenarios to have plan for storing raw materials in line with production and business activities.
» Strengthen active control over the source of raw materials (such as ink, nib), to reduce risk of fluctuations on the global market.
» Continue to strengthen the traditional relationship with major global suppliers to capture market developments and obtain best incentives, and limit negative impacts of fluctuations in raw material prices.

2. EXCHANGE RATE

Given the fact that Thien Long still imports many materials such as plastic resins, the Company faces risk of exchange rate fluctuations.

Risk mitigation measures

- » Regularly monitor macroeconomic fluctuations inside and outside the country to proactively forecast the foreign exchange market and develops appropriate response plans.
» Proactively build up the financial plan including investment plan, short-term and long-term cash flow plan.
» Increase foreign reserves through export development, and gradually reduce import rates by concentrating on research and technology transfer to self-produce machinery, gradually control over sources of input materials.

3. COMPETITION

The business environment is constantly changing, competition is increasingly more intense with participation of many both domestic and foreign companies

Risk mitigation measures

- » Regularly do market research and survey in order to properly grasp tastes and changes in customer consumption trends in order to have appropriate response plans.
» Constantly improve the Company's strength, build long-term strategies and plans for each field of business.
» Apply advanced and comprehensive management tools to improve operational efficiency.

4. TECHNOLOGY

Customer's demand is more and more diverse and rigorous about product design and quality. To meet this demand, the application of technology in production becomes an essential requirement, strongly affects the Company's competency.

Risk mitigation measures

- » Invest heavily in research and development department (R & D) and advanced production technology to ensure product quality and diversification of design to meet consumer's needs.
» All the production stages from research and design to testing and quality control... are invested with state-of-the-art technologies and assembly lines.

5. PRODUCTION ACTIVITIES AND PRODUCT QUALITY

Safe and effective production, quality assurance plays a key role in increasing the efficiency, helps Thien Long constantly improve its prestige and enhance its competitive edge.

Risk mitigation measures

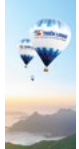
- » All staffs of Thien Long, from the highest level of management to each worker in the factory, are always fully aware of and raise the sense of responsibility in the management and operation of the factories.
» Always have periodical repair and maintenance plans to keep safe and effective production activities.
» Develop strict quality control procedures at all stages from purchasing, production and packaging to distribution.
» Apply effectively and continuously improve the Integrated Management System (Safety - Quality - Environment) according to international standards.

6. INVESTMENT ACTIVITIES

Investment always accompanies development of the Company's business activities. Risks arising from ineffective investment activities will lead to many adverse consequences for capital and business results.

Risk mitigation measures

- » Strictly manage the investment activities right from the stage of project planning and feasibility assessment to avoid unforeseen risks that can affect the business results as well as assets of the Company.
» Major projects must be approved by the Group's Investment Committee, which is analyzed comprehensively based on market demand, competitiveness, business efficiency,... in order to identify related risks and impact level of each factor.



Ms. **NGUYEN THI BICH NGA**
Head of the BOS

Ms. Nguyen Thi Bich Nga has 25 years of working at Thien Long, with 15 years being in charge of Payable Accountant. Since 2010, Ms. Nga has been appointed as the Head of the BOS. Previously, she was a member of the BOS.

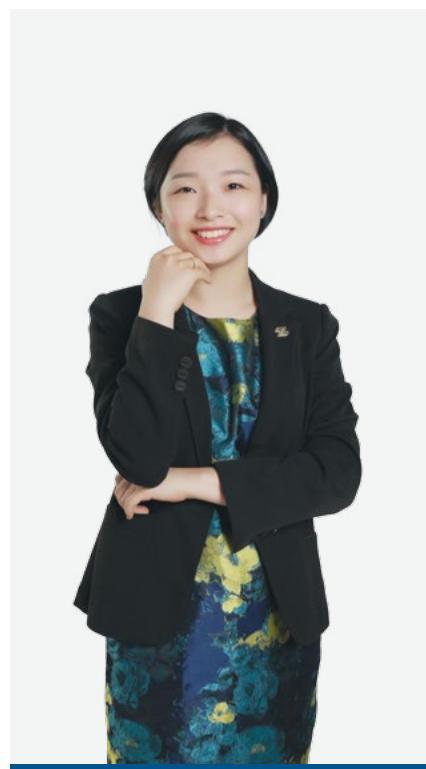
She is also the Chief Accountant of Thien Long An Think Investment Joint Stock Company.



Mr. **DINH DUC HAU**
Member

Mr. Dinh Duc Hau was elected as a member of the BOS in May 2017.

Mr. Hau previously was Assistant to General Director of ACI Vietnam Co., Ltd, Secretary General of the YBA HCMC's Golden Entrepreneurs Club and currently is HR Director of Olympia Education JSC.



Ms. **TA HONG DIEP**
Member

Ms. Ta Hong Diep is currently working at Thien Long An Think Investment JSC. Previously, Ms. Diep worked in Investment Banking Department of HSBC Vietnam and Institutional Clients Department of VNDirect Securities JSC.

Ms. Diep was elected as a member of the BOS in May 2017.

ACTIVITIES OF THE BOARD OF SUPERVISORS IN 2017

The BOS carried out tasks in accordance with the law, the Company's Charter and the plan of inspecting and supervising management and operation of Thien Long. In particular, the following issues were focused in the year:

- ★ Supervised the BOM, BOD in managing and operating production and business activities of Thien Long;
- ★ Examined and supervised the implementation of the AGM's resolutions, BOM's resolutions, compliance and organization of operations in accordance with Thien Long's Charter and regulations and current laws;
- ★ Checked the financial situation and operation of Thien Long's subsidiaries.
- ★ Verified quarterly and annual financial statements;
- ★ Monitored the implementation of Thien Long's production and business plan in 2017.

In 2017, the BOS organized 08 regular and extraordinary meetings in the spirit of independent work and righteousness.

No.	Member of BOS	Position	Date of Starting/ Termination as a member of BOS	Number of meetings attended	% Attendance	Reason for absence
1	Ms. Nguyen Thi Bich Nga	Head of BOS	Starting date of new tenure 16/05/2017	08/08	100%	
2	Mr. Ta Hoang Son	Member of BOS	Date of termination 16/05/2017	03/08	37.5%	No longer a member of BOS
3	Mr. Ly Van Du	Member of BOS	Date of termination 16/05/2017	03/08	37.5%	No longer a member of BOS
4	Mr. Dinh Duc Hau	Member of BOS	Starting date of new tenure 16/05/2017	05/08	62.5%	
5	Ms. Ta Hong Diep	Member of BOS	Starting date of new tenure 16/05/2017	05/08	62.5%	



**RESULTS OF MONITORING THE BUSINESS ACTIVITIES
AND FINANCIAL PERFORMANCE IN 2017**



THE BOS CARRIED OUT TASKS IN ACCORDANCE WITH REGULATIONS OF LAW, THE COMPANY'S CHARTER AND THE PLAN OF INSPECTING AND SUPERVISING THE COMPANY'S MANAGEMENT AND OPERATION.

Financial performance

The BOS acknowledged that figures in 2017 financial statements as audited by Deloitte Vietnam Co., Ltd accurately and reasonably reflected the financial position of Thien Long and complied with current regulations.

In 2017, Vietnam's economic and social environment had many positive improvements. GDP in 2017 reached an impressive growth rate of 6.81%, the highest level in past six years, and the Government reached and exceeded 13/13 planned economic and social targets for the first time.

With right orientations and timely management solutions, Thien Long continued to have a year with many encouraging business results:

- ★ The Group's consolidated net revenue in 2017 increased by 15.5% compared to 2016, to reach 2,497.4 billion VND, completed 102% of the AGM's plan.
- ★ Profit after tax maintained the high growth rate of 11.7% over the previous year to 268.1 billion VND and completed 101% of the AGM's plan.

Investment, R&D and business expansion

In 2017, Thien Long continued to implement the projects which started in late 2016. Specifically, Thien Long completed the construction and expansion of factory, office and warehouse in Tan Tao Industrial Park, Binh Tan District, Ho Chi Minh City, helping to meet the growing demand of market and handle orders faster with guaranteed quality.

Regarding the management of distribution system, Thien Long implemented the Distributor Management System (DMS) nationwide

and all sales staffs are expected to sell through this system in the second quarter of 2018. Applying advanced technology in the distribution helps Thien Long monitor, make statistics and control better sales, inventory, running promotion programmes... For sale staffs, the system assists them in actively managing sales, progress in completing KPIs, inventories ... anytime, anywhere.

In term of e-commerce, Thien Long is in the final stage of preparation before running official e-commerce website, expected to take place in the first half of 2018.

RESULTS OF MONITORING THE BOM, BOD'S MEMBERS AND COORDINATION BETWEEN THE BOS AND THE BOM, BOD

The BOM fully complied with provisions of the Company's Charter and laws. In the past year, the BOM actively conducted, supervised and well supported the BOD in strategic orientation and management of production and business activities of Thien Long.

In the process of running production and business activities, the BOD performed its duties according to regulated functions and authorities, always actively proposed solutions and opinions to the BOM on issues under the jurisdiction. With great effort and expertise, the BOD accomplished well all targets set out in the year.

COORDINATION BETWEEN THE BOS, BOM AND BOD

The BOM, BOD and BOS regularly exchanged, shared information and updated operational situations of Thien Long. The functional relationship between the BOM, BOD and BOS was implemented in accordance with the Enterprise Law and the Company's Charter.

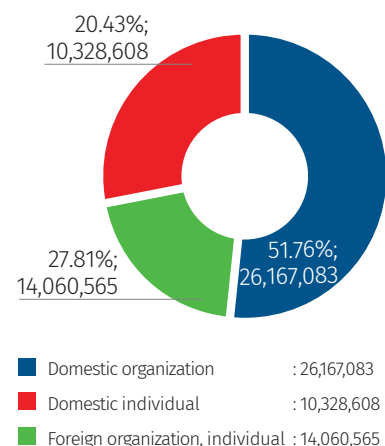
The BOM and BOD always supported and facilitated the BOS to fulfill its duties.



SHAREHOLDER'S STRUCTURE

(As of 31/12/2017)

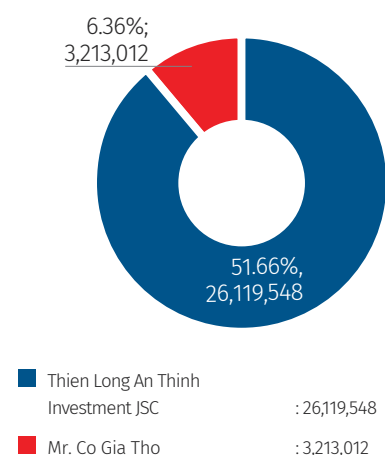
Shareholder	Number of shareholders	Number of shares	Stake
Domestic shareholder	697	36,495,691	72.19%
Organization	28	26,167,083	51.76%
Individual	669	10,328,608	20.43%
Foreign shareholder	70	14,060,565	27.81%
Organization	32	13,961,925	27.61%
Individual	38	98,640	0.20%
Total	767	50,556,256	100.00%



LIST OF SHAREHOLDERS HOLDING OVER 5% OF CHARTER CAPITAL

(As of 31/12/2017)

No.	Shareholder	Number of shares	Stake
1	Thien Long An Thinh Investment JSC (Represented by: Mr. Co Gia Tho)	26,119,548	51.66%
2	Mr. Co Gia Tho	3,213,012	6.36%
Total		29,332,560	58.02%



CHARTER CAPITAL INCREASE HISTORY

Year	Initial charter capital (billion VND)	Charter capital increased (billion VND)	Accumulated charter capital (billion VND)	Form of capital increase
2017	383.1	122.5	505.6	Bonus shares and ESOP shares
2016	294.7	88.4	383.1	Bonus shares
2015	268.0	26.8	294.7	Bonus shares
2014	233.0	35.0	268.0	Share dividend
2013	211.8	21.2	233.0	Share dividend
2012	176.5	35.3	211.8	Share dividend and bonus shares
2011	155.0	21.5	176.5	Public offering
2008	120.0	35.0	155.0	IPO
2006	100.0	20.0	120.0	Share issuance to existing shareholders

No.	Person/Entity performing the transaction	Relationship with internal shareholder	Shares owned at the beginning of 2017		Shares held at the end of 2017		Reason for increase, decrease (buy, sell, transfer, bonus..)
			Number of shares	Stake	Number of shares	Stake	
1	Co Gia Tho	Chairman of BOM	2,471,548	6.45%	3,213,012	6.36%	Bonus shares
2	Tran Thai Nhu	Member of BOM	507,747	1.33%	695,071	1.37%	Bonus shares + buy ESOP shares
3	Co Ngan Binh	Member of BOM	434,148	1.13%	599,392	1.19%	Bonus shares + buy ESOP shares
4	Co Cam Nguyet	Member of BOM	271,342	0.71%	387,744	0.77%	Bonus shares + buy ESOP shares
5	Tran Kim Thanh	Vice Chairman of BOM	0	0	30,000	0.06%	Buy ESOP shares
6	Tran Le Nguyen	Member of BOM	0	0	30,000	0.06%	Buy ESOP shares
7	Huynh Van Thien	Member of BOM	1,088,081	2.84%	30,000	0.06%	Sell, Buy ESOP shares
8	Tran Van Hung	Member of BOM	162,804	0.42%	236,644	0.47%	Bonus shares + buy ESOP shares
9	Nguyen Dinh Tam	CEO	227,547	0.59%	325,810	0.64%	Bonus shares + buy ESOP shares
10	Phan Nhut Phuong	Group Director	275,683	0.72%	382,387	0.76%	Bonus shares + buy ESOP shares
11	Bui Van Huong	Group Director	57,233	0.15%	98,402	0.19%	Bonus shares + buy ESOP shares
12	Nguyen Thuong Viet	Group Director	122,113	0.32%	52,746	0.10%	Sell+ Bonus shares + Buy ESOP shares
13	Tran Trung Hiep	Group Director	29,666	0.08%	62,565	0.12%	Bonus shares + buy ESOP shares
14	Tran Phuong Nga	Group Director	20,963	0.05%	51,251	0.10%	Bonus shares + buy ESOP shares
15	Trinh Van Hao	Director	7	0.00002%	4,509	0.009%	Bonus shares + buy ESOP shares
16	Nguyen Duc Hanh	Director	0	0	4,500	0.009%	Buy ESOP shares
17	Pham Huu Chi	Director	0	0	3,700	0.007%	Buy ESOP shares
18	Diep Bao Tinh	Director	8,247	0.02%	14,421	0.03%	Bonus shares + buy ESOP shares
19	Dinh Quang Hung	Director	0	0	3,700	0.007%	Buy ESOP shares
20	Nguyen Ngoc Nhon	Chief Accountant	35	0.0001%	2,145	0.004%	Bonus shares + buy ESOP shares
21	Nguyen Thi Bich Nga	Head of BOS	27,784	0.07%	46,119	0.09%	Bonus shares + buy ESOP shares
22	Dinh Duc Hau	Member of BOS	0	0	2,500	0.005%	Buy ESOP shares
23	Ta Hong Diep	Member of BOS	0	0	2,500	0.005%	Buy ESOP shares
24	Co Cam Chau	Co Gia Tho	26,048	0.07%	33,862	0.07%	Bonus shares
25	Co Cam Ngoc	Co Gia Tho	186,682	0.49%	242,686	0.48%	Bonus shares
26	Co Gia Duc	Co Gia Tho	108,537	0.28%	141,098	0.28%	Bonus shares
27	Tran My Ken	Tran Thai Nhu	26,048	0.07%	7,862	0.016%	Sell, Bonus shares
28	Tran Xu Tai	Tran Thai Nhu	26,048	0.07%	33,862	0.07%	Bonus shares
29	Tran Quoc Nguyen	Tran Kim Thanh	7	0.00002%	9	0.00001%	Bonus shares
30	Tran Dinh Long	Nguyen Dinh Tam	15	0.00004%	1,219	0.002%	Bonus shares + buy ESOP shares
31	Phan Nhut Toan	Phan Nhut Phuong	2,169	0.006%	2,819	0.006%	Bonus shares
32	Vo Buu Chieu	Nguyen Thuong Viet	3,338	0.008%	4,338	0.009%	Bonus shares
33	Tran Anh Dung	Tran Phuong Nga	1,301	0.003%	1,691	0.003%	Bonus shares
34	Nguyen Duong Phung	Diep Bao Tinh	650	0.002%	845	0.002%	Bonus shares
35	Nguyen Ho Hong Yen	Dinh Quang Hung	0	0	3,100	0.006%	Buy ESOP shares
36	Bui Quang Minh	Nguyen Thi Bich Nga	3,529	0.009%	4,587	0.009%	Bonus shares
37	Thien Long An Thinh Investment JSC	Co Gia Tho	20,091,960	52.44%	26,119,548	51.66%	Bonus shares



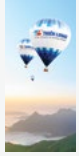
Performance with
FULL DEDICATION

TIRELESS EFFORTS AND FULL DEDICATION IN ALL ACTIVITIES TO MORE AND MORE DEVELOP THE COMPANY.



REPORT OF THE BOARD OF DIRECTORS

- ◆ Introduction of the Board of Directors
- ◆ Operational activities and important projects
- ◆ Financial analysis



Mr. **NGUYEN DINH TAM**
*Chief Executive Officer
cum Group Director of Production*

Mr. Nguyen Dinh Tam has extensive industry experience and possesses in-depth knowledge of key aspects in Thien Long production.

Joining the Company since 1993, Mr. Nguyen Dinh Tam held important positions such as Director of Production Technology, Director of R&D, Group Director of Production, and since February 2013, Chief Operating Director cum Group Director of Production.

In May 2017, Mr. Tam was officially appointed as the Group's CEO.



Mr. **NGUYEN THUONG VIET**
*Group Director of Domestic
Business Development*

Mr. Nguyen Thuong Viet has 20 years working at the Company and has taken important positions in various areas of the Company such as Production Director, Supply Chain Director of Thien Long Global, General Director of Thien Long Long Thanh, General Director of Tan Luc South.

He was appointed as Group Director of Domestic Business Development in April 2012.



Ms. **TRAN PHUONG NGA**
*Chief Financial Officer
cum Assistant to the Chairman*

Ms. Tran Phuong previously held key management positions in fields of accounting, banking, financial consultancy, investment fund management... at multinational companies in both Vietnam and UK.

Ms. Nga joined Thien Long in 2012 and was appointed as Chief Financial Officer in February 2017.



Mr. **BUI VAN HUONG**
*Group Director of Human Resources
cum Group Director of Total Quality Management*

Mr. Bui Van Huong has many years of management experience at multinational corporations in Vietnam such as Production Manager at Escatec Electronics Vietnam, Quality Management Director at Nitto Denko Vietnam...

He joined Thien Long in 2007 as Group Director of Total Quality Management. From September 2008 to present, he has been holding the position of Group Director of Human Resources cum Group Director of Total Quality Management.



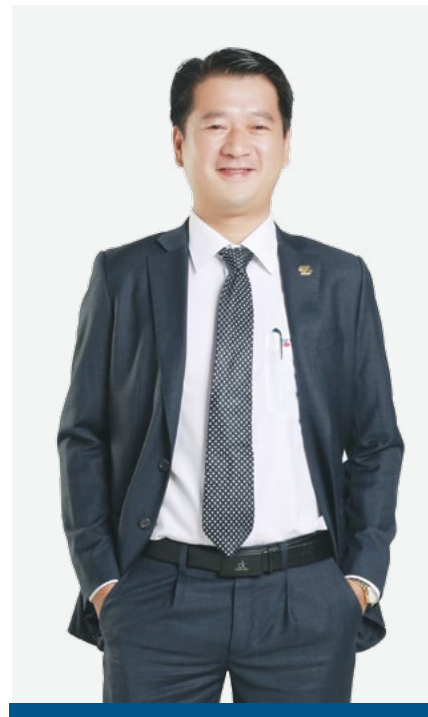
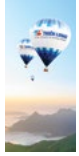
Mr. **PHAN NHUT PHUONG**
Group Director of Procurement

Mr. Phan Nhut Phuong has been working at Thien Long for over 20 years and had extensive experience in supply chain management. He held the position of Deputy Sales Manager from 1998 to 2001. He was later promoted to Director of Supply Chain from 2002 to 2006.

He was appointed as Group Director of Supply Chain in 2006. From 2008 till now, he has been taking the position of Group Director of Procurement.

Changes in Organizational Structure and Management in 2017

- ★ Established 04 committees under the BOM, including: Restructuring, HR and Remuneration, Audit, Investor Relations and Investment & Development Policy.
- ★ Appointed Mr. Nguyen Dinh Tam as Chief Executive Officer effective from 03/05/2017 to 02/05/2020.
- ★ Appointed Ms. Tran Phuong Nga as Chief Financial Officer from 27/02/2017 and Mr. Nguyen Ngoc Nhon as Chief Accountant from 03/05/2017.



Mr. **TRAN TRUNG HIEP**
*Group Director of International
Business Development*

Mr. Tran Trung Hiep has many years of experience in the field of business development. He joined Thien Long in 2005 as Director of Thien Long's Hanoi Branch.

He was appointed to the position of Domestic Sales Director, Head of Thien Long's Representative Office in China, and has been serving as Group Director of International Business Development since 2012.



Mr. **TRUONG ANH HAO**
General Director of Thien Long Global

Mr. Truong Anh Hao joined Thien Long in 1997, and since 2008 has been appointed to the position of General Director of Thien Long Global, which is a member company with key distribution network of the Group. He has extensive experience in field of business development in Vietnam.



Mr. **TA QUANG THIEN**
General Director of Thien Long Long Thanh

Mr. Ta Quang Thien is the General Director of Thien Long Long Thanh from 2012 to present. Prior to that, Mr. Thien had 16 years of working at Thien Long at key positions such as Director of Finance and Accounting cum Chief Accountant of Thien Long Group, Chief Accountant of Thien Long Global, Deputy General Director in charge of Finance and Accounting of Thien Long Long Thanh.



Mr. **HUYNH DUC NGHIA**
General Director of Tan Luc South

Mr. Huynh Duc Nghia joined Thien Long in 1999. He was in charge of the Company's business in Da Nang, Nha Trang and Hai Phong. Mr. Nghia then served as General Director of Tan Luc West, Deputy General Director of Tan Luc South, and has become the General Director of Tan Luc South since 2016.



Mr. **NGUYEN DUONG TRUNG HAU**
General Director of Tan Luc Middle

Mr. Nguyen Duong Trung Hau has over-10-year experience of working for Thien Long. Mr. Hau started as Sales Manager of the Company, then served as Regional Director of Thien Long Global and Branch Director of Tan Luc South. He has been the General Director of Tan Luc Middle in Da Nang since the beginning of 2016.



Mr. **DANG THANH CANH**
General Director of Tan Luc North

Mr. Dang Thanh Canh joined Thien Long in 1999 and held the position of General Director of Tan Luc North from November 2010.

Previously, he was Director of Nha Trang Branch, Director of Hanoi Branch and Northern 1 Sales Director of Thien Long Global.

Mr. **NGUYEN NGOC NHON**
Chief Accountant

Mr. Nguyen Ngoc Nhon joined Thien Long in April 2017. Mr. Nhon is holding the position of Chief Accountant with more than 20 years of experience in finance – accounting field.

Mr. **DINH QUANG HUNG**
Production Director

Mr. Dinh Quang Hung has been working at Thien Long since March 2008 and held the position of Director of Production from October 2017. Mr. Hung had multi-year experience in manufacturing areas at Biti's and Biti's.

Mr. **PHAM HUU CHI**
R&D Director

Mr. Pham Huu Chi was appointed for the position of Director of R& D in October 2017. Mr. Chi has been with Thien Long for more than 17 years in the following positions: Manager of Design Department, Manager of Writing instruments R&D Department.

Mr. **NGUYEN DUC HANH**
IT Director

Mr. Nguyen Duc Hanh joined Thien Long in 2011 and is currently serving as Director of Information Technology. Previously, he held IT management positions at KPMG Vietnam, Dong Tam Group, Biti's.

Mr. **DIEP BAO TINH**
Technology Director

Mr. Diep Bao Tinh has been with Thien Long for more than 19 years, in which more than 15 years in management positions of product, automation and maintenance department, Machinery Manufacturing Workshop and Assistant to Group Director of Production.

Mr. **TRINH VAN HAO**
Marketing Director

Mr. Trinh Van Hao has been working for Thien Long since 2000. With many years of experience in marketing area, Mr. Hao has taken important positions such as Brand Manager, Marketing Operation Manager and Marketing Manager, and was appointed for the position of Director of Marketing from January 2017.



8,542.08

M²

TOTAL AREA
EXPANSION OF THE WORKSHOP
OFFICE AND WAREHOUSE,
AT NAM THIEN LONG FACTORY
IN 2017

73.5%

AUTOMATION RATE IN
FACTORIES IN LATE 2017

260

TONS

THE TOTAL AMOUNT
OF INK PRODUCED
BY THIEN LONG
IN 2017

PRODUCTION CAPACITY ENHANCEMENT AND ACTIVE CONTROL OVER RAW MATERIALS SUPPLY

2017 IMPLEMENTATION

EXPANDED, ENHANCED CAPACITY OF THE FACTORY

In 2017, the Company completed construction and expansion of the workshop, office and warehouse at Nam Thien Long Factory (Tan Tao IP, HCMC) with a total area of 8,542.08 m². The factory capacity after expansion is expected to meet market demand growth and timely delivery of orders with high quality products.

APPLIED EXTENSIVE AND COMPREHENSIVE AUTOMATION PROCESS

In 2017, Thien Long's Automation Department continued to research, apply extensive and comprehensive automation process in all stages of production: filling, pouring, blending to printing, assembling, checking and packaging... With many breakthroughs, automation rate in Thien Long's factories significantly improved from 70.3% in 2016 to 73.5% in late 2017. Therefore, the Group's productivity has been dramatically improved.

ACTIVE CONTROL OVER RAW MATERIALS SUPPLY

With the strategy of gradually having active control over raw materials supply, from 2008, Thien Long has started to apply ink production technology from German experts with types of ink for: colored marker, permanent marker, highlighter, and self-develop ink such as ink for fountain pen, fineliners, rollerball pen... In 2012, Thien Long continued to receive technology transfer of manufacturing ink for ballpoint pen, gel pen and washable colored marker. By 2017, the total amount of ink produced by Thien Long reached 260 tons of various types, with an average growth rate of 20-25% per year.

THIEN LONG CURRENTLY MEETS 100% OF THE DEMAND OF INK FOR FOUNTAIN PEN, FINELINER, COLORED MARKER, ROLLERBALL PEN, PERMANENT MARKER, HIGHLIGHTER AND 25% OF TOTAL INK DEMAND FOR BALLPOINT PEN, GEL PEN.



2018 ORIENTATIONS

01

In line with the growth of business scale, the Group will continue to standardize, optimize internal processes, governance policies and ERP system that should be consistent across all operational areas and applicable to all member companies.

02

Continue to invest in mold production, equipment and machinery in line with schedule, required capacity; optimize the efficiency of capital and assets, while meeting the growth demand in the coming years.

03

Continue to improve quality, reduce production costs and gradually apply automation technology.

04

Implement necessary projects to expand value chain, proactively control raw materials supply and improve competitive advantages.



RESEARCH AND DEVELOPMENT (R&D)



2017 IMPLEMENTATION

In 2017, in addition to continuously improving the quality of current products and diversifying design, R&D activities was focused on:

- » Developing products with outstanding features, different from competitors.
- » Developing products with copyright photos from Walt Disney: Familiar characters in popular animations such as Mickey Mouse, Elsa and Anna, Snow White, Cinderella, Beauty and the Beast, Cars Kingdom.
- » Researching and developing the product line of fountain pen with Free Ink System.
- » Developing more colours for the product line of colored crayons, helping children color many different paintings.

Some new products successfully developed in 2017 included:



FTC-08

Professional ink cartridge, easy and convenient to use. The "FREE INK SYSTEM" helps the ink out regularly, not smudge and dry quickly.



BIZ-04

High-class signing pen for managers and entrepreneurs, with luxurious design with elaborate 18K gold plated details.



GEL-031

Pen nib is produced using advanced two-ball technology for smooth writing, regular and continuous inking, creating competitive advantages over other common gel pens.



HANDMADE GLUE G-016

High quality, non-toxic adhesives and stick hardly on many materials such as paper, wood, plastic, ceramics, glass, stone, ...



ACRYLIC COLOUR ACR-C01

Colours can be used in professional painting and on many materials such as glass, plastic, wood, canvas, ...



PRODUCT SETS WITH DISNEY'S COPYRIGHT IMAGES

Thien Long is currently the only partner in Vietnam stationery industry to be allowed to use Disney cartoon characters such as: Mickey Mouse, Donald Duck, Frozen Queen Elsa, Snow White Princess,...



RESEARCH AND DEVELOPMENT (R&D) (Continued)

2018 ORIENTATIONS

- ★ R&D activities continue to make new products that are valuable, differentiated and highly competitive.
- ★ Focus on promoting BIZNER premium product line, develop a variety of products with safety and environmental protection orientations. For art supplies, to develop more new colours and special colours, to create product differentiations.
- ★ To promote the product line of office supplies, for creating comfort in working.
- ★ R&D resources will be spent on: human resources, facilities, specialized machinery and softwares for R&D activities, in order to have good and strong resources for R&D of new products.
- ★ To cooperate with leading international design and research specialists to shorten the R&D process and create differentiated products.
- ★ To focus on developing technology products, in line with the general development trend of the world.
- ★ To continue to promote “innovation, creativity” activities to maintain the creative spirit of R&D staff and create a rich and varied source of ideas to serve as the basis for development of Thien Long’s new products.

ORGANIZATIONAL STRUCTURE AND HUMAN RESOURCES

2017 IMPLEMENTATION

Rearranged the organizational structure of the Company, appointed new positions to suit the expansion and development in the future.

2018 ORIENTATIONS

Implement talent attraction policy, strengthen the training and coaching to constantly improve employee’s capability in the new context.

DEPLOY HUMAN RESOURCES MANAGEMENT SOFTWARE

With the desire to apply information technology solutions in human resource management, minimize the time consumed by manual processes, the Management decided to implement the project “Building Human Resources Management Software”.

The project is divided into 2 phases:

- » Phase 1 is expected to be completed by July 2018 with the following modules: personnel management, payroll management, cafeteria management, employee portal.
- » Phase 2 is expected to be completed by January 2019 with the following modules: recruitment, training, staff assessment and staff development path.

THE PROJECT WILL HELP MINIMIZE THE TIME SPENT ON PAPERWORK, ASSIST IN THE ASSESSMENT, TRAINING AND DEVELOPMENT OF HUMAN RESOURCES, AND IMPROVE PROFESSIONALISM IN HUMAN RESOURCE MANAGEMENT.

DEVELOPMENT OF DOMESTIC DISTRIBUTION SYSTEM

2017 IMPLEMENTATION

Thien Long continued to develop the distribution system in the following directions:

01

Re-arranged and optimized the efficiency of traditional distribution channel (GT), especially developed and upgraded the distributor system in a professional way to ensure growth of volume, product structure as well as sale revenue.

02

Enhanced the modern distribution channel (MT) by investing in counters, product structures appropriately, to meet objective of quick development of the modern distribution channel nationwide.

03

Invested in development of warehouse system to meet increasing consumption volume, timely supplying products to distribution channels and reaching consumers with more than 60,000 POS, across 63 provinces/cities in the country.





DEVELOPMENT OF DOMESTIC DISTRIBUTION SYSTEM (Continued)

DISTRIBUTOR MANAGEMENT SYSTEM (DMS)

IN 2017, THIEN LONG DEPLOYED THE DISTRIBUTOR MANAGEMENT SYSTEM (DMS), PILOTED AT SOME DISTRIBUTORS FROM THE QUARTER 3 AND FULLY DEPLOYED TO ALL DISTRIBUTORS THROUGHOUT THE SYSTEM FROM QUARTER 4.

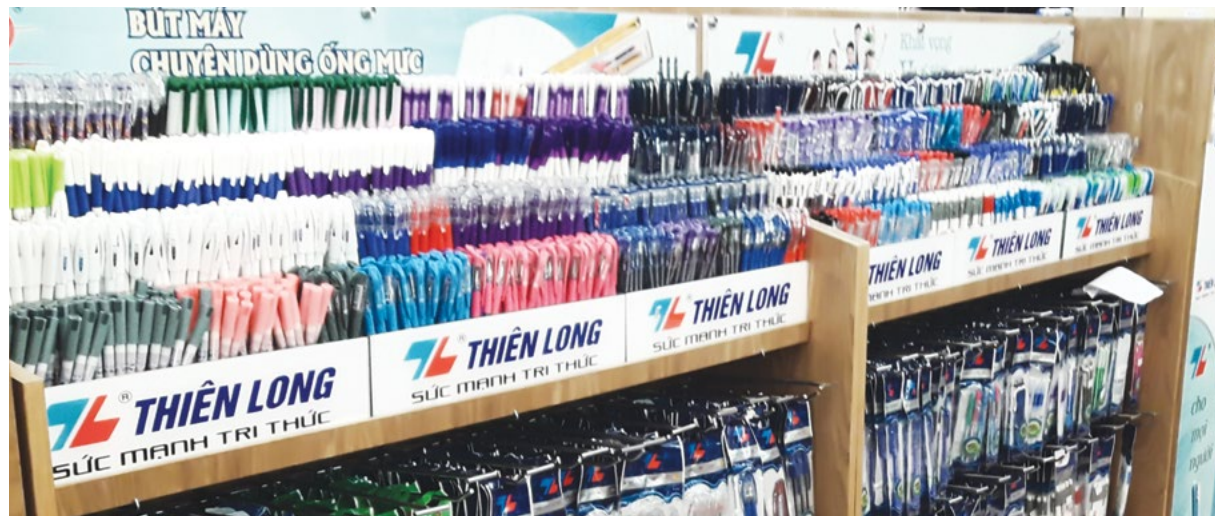
The DMS system helped increase performance of the sales team and improved profitability, reflected in the following aspects:

Effective cost management: DMS system helps manage the information across from the Group to distributors, employees and sales supervisors; from sales policies, promotions, trade promotion, inventory. The DMS system also helps analyze the data accurately, thus assisting the Management to monitor and forecast for quick and timely decision making. The automation of the sales process also minimizes errors, resulting in cost and time saving for partners and the Company when operating the sales process.

Measurement of sales effectiveness: Thanks to the support of DMS, the Company has a clear

understanding of the situation of sales approach on each point of sale throughout the country, as well as the structure of each product deployed on the point of sale system manage, measure the productivity and working time of the team, personnel appropriate for each area from which to evaluate which employees work effectively, which sales channels are bringing high sales and which POS sells good.

Enhancing sales effectiveness and discovering new sales opportunities: With diversified product portfolio, product range and constantly expanding, a transparent and scientific management system like DMS helps employees minimize order processing time, improve customer service quality. Sales managers will accurately determine the objectives set for each employee, for each store and each product code, thereby setting appropriate KPIs for growth. In addition, the DMS system helps the Sales Department identify opportunities for each product that the POS is missing and also new POS that products has not covered. The system also creates new product deployment logging on the customer system, which helps to evaluate and deploy new products more effectively.



2018 ORIENTATIONS

01

The strategy of new product development will go hand in hand and actively support the strategy of developing new distribution channels.

02

Continue to explore the retail distribution system through development of new POS and increase number and quality of Thien Long's sales staff at the distributor.

03

Effectively apply the DMS to support the sale and improve the quality of strategic planning.

DISTRIBUTOR MANAGEMENT SYSTEM (DMS)

- » Periodically organize training courses for sales staff and distributors to increase efficiency of using the system, promote the application in sales management and strategic planning.
- » Periodically review the operation of the system for appropriate improvements.
- » Assessment of new needs to upgrade, timely response to market trends.



DEVELOPMENT OF DOMESTIC DISTRIBUTION SYSTEM (Continued)



BUILD E-COMMERCE CHANNEL (www.flexoffice.com)

WITH THE CURRENT 4.0 REVOLUTION, E-COMMERCE CHANNEL IS AN INEVITABLE TREND TO IMPROVE BUSINESS EFFICIENCY AND PROMOTE PRODUCTS AND BRAND NAMES

The e-commerce website flexoffice.com is built in order to provide products to a wide range of customers, from pupils, students, white-collar customers, mass customers; from premium to common products. E-commerce channel promises to bring success for Thien Long in the future based on the following factors:

Appropriate orientations: flexoffice.com is set up with the desire to bring convenience to customers in need for stationery, school supplies, art supplies, can easily access and quickly choose to buy needed products. In addition, flexoffice.com is keen to change the traditional behaviours in shopping stationery, giving customers a prestigious and reliable online portal for educational and stationery products. Moreover, flexoffice.com aims to become Vietnam's leading e-commerce marketplace specializing in office supplies, school supplies, art supplies and all education related products.

Practical values to customers: flexoffice.com is loyal with its core values in order to become consumer's top choice: (1) Rich and diverse in product portfolio, (2) Safe and secure payment, (3) Fast delivery within 48 hours, (4) Advanced technology platform facilitating fast and convenient transaction.

Strong foundation for development: Based on distribution network nationwide with more than 120 distributors, 2 warehouses in the North and South, which are operated by trading companies based in Ho Chi Minh City, Da Nang, Hanoi, Thien Long has a strong foundation in building and developing e-commerce activities. In addition, the Distribution Management System (DMS) was officially operated enabling Thien Long to have many advantages to improve the quality of online sales to meet the needs of customers across the country.

PROMOTE PRESENCE IN EXPORT MARKETS

2017 IMPLEMENTATION

In 2017, export activities continued to be invested by the Company. The export revenue maintained at over 327.7 billion VND, accounting for 13.1% of the Group's total consolidated revenue.

Thailand market recorded a revenue of over 5.5 billion VND, significantly grew by 241% over 2016. Although modest in terms of figures, it showed the efficiency and laying the foundation for the Company to continue to expand and explore successfully this market in the near future. In Indonesia, 2017 revenue (first year of market participation) reached 3.6 billion VND and is expected to grow sharply to 14 billion VND in 2018, with strongly enhanced personnel. Other markets in Southeast Asia continued to grow, typically

 **327.7**
BILLION VND
THE EXPORT REVENUE
ACCOUNTING FOR 13%
TOTAL REVENUE

Myanmar (nearly 65%), the Philippines (nearly 150%) and Cambodia (over 60%)...

The European markets saw more and more presence of FlexOffice and Colokit-branded products, especially in Eastern Europe region such as Czech Republic, Bulgaria, Hungary... and will be expanded in the future.

2018 ORIENTATIONS

- ★ Continue to focus on boosting export revenue growth for FlexOffice and Colokit-branded products in existing markets.
- ★ Continue to seek and expand to new export markets.
- ★ Consolidate the position and boost the revenue in potential markets such as the Philippines, Thailand, Indonesia...
- ★ Pursue the goal of becoming a leading stationery group through promoting the presence in large and difficult markets such as Japan, Korea; boost the export to European markets (Germany, France, Czech Republic, Romania, Norway ...) and countries in other continents of the world such as Africa (Kenya, South Africa ...) or Oceania..
- ★ Do research and gradually enter the US market.
- ★ Continue to implement promotion and gratitude activities such as customer's conferences, distributor's conferences, sales promotions, travelling tours for loyal customers...
- ★ Continue to implement marketing activities and charity programmes in existing markets to improve the brand awareness and image of FlexOffice and Colokit.





**PROMOTE PRESENCE
IN EXPORT MARKETS** (Continued)



**MARKETING
AND ADVERTISEMENT**

2017 IMPLEMENTATION

Some outstanding marketing and advertisement activities of Thien Long in 2017 included:

- 01** A series of 267 “Journey of Knowledge” sales support programmes in 27 provinces/cities.
- 02** A series of 14 “Using innovative visual materials” workshops for kindergarten teachers.
- 03** Product promotion activities during the 2016-2017 back-to-school season with many innovations.
- 04** Deployment of signboards at POS nationwide and billboards in big cities.
- 05** Sales conferences.

2018 ORIENTATIONS

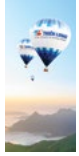
In 2018, marketing and advertisement activities to promote products and brand names will be continued to be enhanced, contributing actively to the market expansion, sales growth. Many diversified and creative programs will be deployed, with innovation in the design to promote products, support display shelving at both MT and GT points of sale...



267
SALES SUPPORT
PROGRAMMES
"JOURNEY OF KNOWLEDGE"
IN 27 PROVINCES/CITIES.



14
WORKSHOP
PROGRAMMES
"USING INNOVATIVE
VISUAL MATERIALS"
FOR KINDERGARTEN
TEACHERS.



**MARKETING
AND ADVERTISEMENT** (Continued)

**PRODUCT
PROMOTION
ACTIVITIES DURING
THE 2016-2017
BACK-TO-SCHOOL
SEASON WITH MANY
INNOVATIONS.**



COLOKIT HAS ORGANIZED
THE PROGRAMME
**“COLOKIT TO GO TO
SCHOOL WITH KIDS”**
WITH MANY EXCITING
ACTIVITIES TO RAISE
THE EXCITEMENT FOR
KINDERGARTEN PUPILS AT
THE BEGINNING OF 2017-2018
SCHOOL YEAR.



**DEPLOYMENT OF SIGNBOARDS
AT POS NATIONWIDE,
AND BILLBOARDS
IN BIG CITIES.**





**MARKETING
AND ADVERTISEMENT** (Continued)



SALES CONFERENCES.



**EXPANSION
OF VALUE CHAIN**

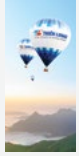
STRATEGICALLY MOVING FURTHER TOWARDS PROFESSIONALISM AND AUTOMATED PRODUCTION WITH THE FOLLOWING FOCUS:

- ★ Minimizing manual production processes, further standardizing product quality, improve productivity, increasing the factory's capacity.
- ★ Focusing on R&D activities for development of new mold and machinery, accelerating automation in all production stages, gradually achieving full automation in the entire production process.
- ★ Phasing out old machinery, replace them with state-of-the-art technologies and focus on the technological processes in order to save operating labours, space and energy consumption.
- ★ Continuously improving and developing advanced technologies; gradually standardizing machine structures and clusters at leading industry standards such as those in Korea, Japan...

GRADUALLY SELF-PROVIDING MATERIALS, CONTINUING TO IMPROVE INK MANUFACTURING TECHNOLOGY.

TO CAPITALIZE THE STRENGTH OF THE COMPANY'S DISTRIBUTION SYSTEM TO EXPAND THE TRADING PRODUCT PORTFOLIO, INCLUDING OTHER CUSTOMER GOODS THAN THE TRADITIONAL ONES. THIEN LONG'S RECENT MARKET TESTS SHOWS THAT THIS EXPANSION IS ABOUT TO BRING IN POSITIVE RESULTS. THEREFORE, THIEN LONG IS CONFIDENT TO ACCELERATE THIS DISTRIBUTION FIELD IN THE COMING TIME.





	Billion VND						YoY growth rate (%)
	2012	2013	2014	2015	2016	2017	
Net revenue	1,216.3	1,406.2	1,613.6	1,883.7	2,162.3	2,497.4	15.5%
Costs of goods sold	758.0	888.8	1,017.8	1,157.5	1,316.0	1,563.9	18.8%
Gross profit	458.3	517.4	595.8	726.2	846.3	933.5	10.3%
Financial income	8.4	9.7	11.2	17.6	20.4	18.7	-8.5%
Financial expenses	40.4	25.3	17.4	19.1	16.3	12.1	-25.5%
In which: Interest expenses	39.8	22.6	14.9	11.1	10.7	9.5	-11.2%
Selling expenses	156.3	191.6	242.0	285.6	309.8	371.4	19.9%
General and administrative expenses	137.9	146.9	162.5	188.5	238.9	248.4	4.0%
Operating profit	132.1	163.3	185.1	250.6	301.7	320.3	6.2%
Other income	7.5	12.5	10.3	3.4	6.5	15.0	131.8%
Other expenses	3.9	10.3	3.9	4.7	1.8	0.7	-63.4%
Profit (loss) from other activities	3.6	2.2	6.4	(1.4)	4.6	14.3	208.5%
Profit before tax	135.7	165.5	191.5	249.2	306.4	334.6	9.2%
Current corporate income tax expense	44.7	43.6	48.7	58.1	65.9	68.2	3.6%
Deferred corporate income tax expense	(9.1)	5.3	(4.7)	3.2	0.4	(1.7)	-317.4%
Profit after tax	100.2	116.6	147.4	187.9	240.1	268.1	11.7%
Profit after tax of the Group's shareholders	100.2	116.6	147.4	187.9	240.1	268.1	11.7%

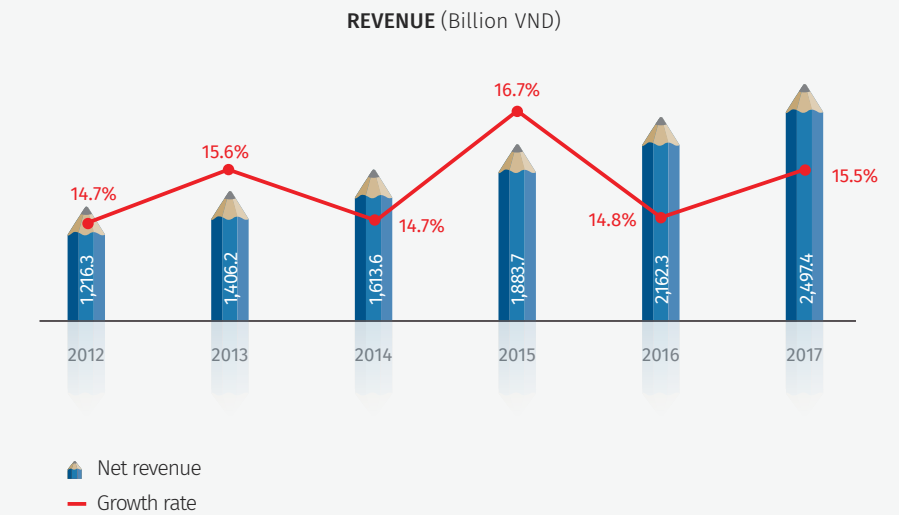
The Group's consolidated revenue in 2017 increased by 15.5% compared to 2016 amounting to 2,497.4 billion VND, exceeded 2% of the assigned plan.

Office Supplies' revenue increased sharply by 23.2% compared to previous year, while School Supplies' revenue increased by 13.3%, Writing Instruments increased by 11.3%. Art Supplies decreased by 17.2% compared to 2016 due to the drop of orders from US partners.

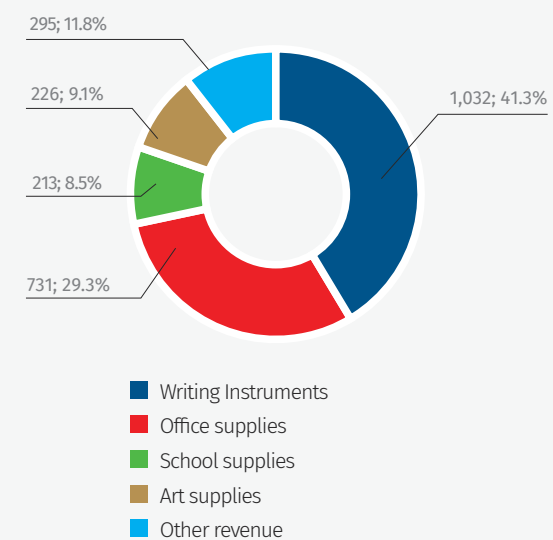
Breaking down the product's structure, Writing instruments' revenue still accounted for the largest share with 1,032 billion VND (or 41.3% of total revenue, down slightly from 42.9% in 2016), followed by Office Supplies with 29.3% (increased sharply compared to 27.4% in 2016), and School Supplies and Art Supplies each accounted for around 9%.

2,497.4
BILLION VND

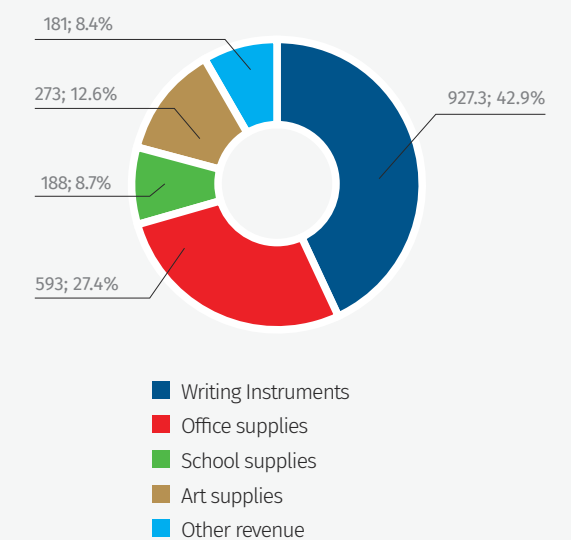
CONSOLIDATED REVENUE IN 2017
 ↑ 15.5% COMPARED TO 2016
 ↑ 2% OF THE ASSIGNED PLAN.



2017 REVENUE STRUCTURE (Billion VND ; %)



2016 REVENUE STRUCTURE (Billion VND ; %)

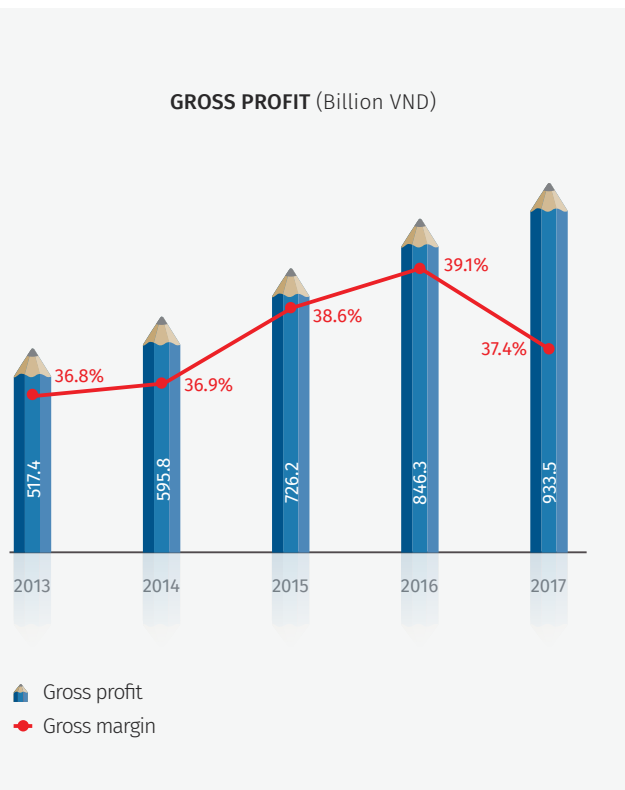


In 2017, revenue from the domestic market reached 2,169.7 billion VND, accounting for 87% of total revenue, and export revenue was recorded at 327.7 billion VND, accounting for 13% of total revenue of Thien Long.



933.5
BILLION VND

GROSS PROFIT IN 2017
↑ 10.3% COMPARED TO 2016



Raw materials price increased sharply, but effective management helped gross margin only slightly decreased from 39.1% to 37.4%.

Thien Long's 2017 total gross profit was recorded at 933.5 billion VND, grew by 10.3% compared to 2016, lower than the revenue growth of 15.5%. The gross margin also fell from 39.1% in 2016 to 37.4%. In 2017, there were some factors that led to the increase in costs of goods sold, specifically:

- 1 The sharp recovery of oil price in 2017 pushed up plastic resin price, especially in the last quarters of the year.
- 2 Paper, packaging and many other raw materials saw a price surge in the year.
- 3 At the same time, with the Group's long-term development strategy, investments in equipment, construction and expansion of factory also led to slight increase in 2017 depreciation costs up to 49.8 billion VND compared to 44.3 billion VND in 2016.

Although the raw materials cost increased sharply, the production optimization, proactive control over input materials supply (in-house ink reached 260 tons, increased by 20-25% per year; mold production met 95% of demand ...), advanced machinery and equipment (rate of automation in production increased from 70.3% in 2016 to 73.5%), effective cost management... helped gross margin maintain at 37.4%, lower than the 2016 margin of 39.1%.

Profit after tax reached 268.1 billion VND, increased by 11.7% compared to 2016

In 2017, Thien Long's profit after tax maintained high growth rate of 11.7%, equivalent to 268.1 billion VND and completed 101% of target set by the AGM. Profit margin decreased slightly, but remained at high level of 10.7% in 2017.

This was resulted from the Management's endless efforts in effectively managing costs, optimizing operations and capital resources.

268.1
BILLION VND

PROFIT AFTER TAX IN 2017
↑ 11.7% COMPARED TO 2016 &
COMPLETED 101% COMPARED TO PLAN



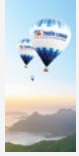
Total expenses in 2017 increased by 11.8% over the previous year, lower than revenue growth rate of 15.5%. Two major operating expenses which were Selling expenses and General and administrative expenses increased by 19.9% and 4% respectively.

Selling expenses increased mainly due to Thien Long's investment in both domestic and overseas distribution systems. Meanwhile, personnel and organizational rearrangement, managerial optimization through deployment of ERP SAP system helped the General and administrative expenses only increased slightly in despite of the Company's expanded scale.

Remarkably, it could be seen that total expenses in 2017 accounted for 25.3% of net revenue, decreased sharply from 26.1% in comparison with 2016. General and administrative expenses dropped to only 9.9% of net revenue, while selling expenses were kept at 14.9% in the context of revenue growth and many marketing and sales support activities.

Item	2012	2013	2014	2015	2016	2017
Selling expenses/Net revenue	12.8%	13.6%	15.0%	15.2%	14.3%	14.9%
General and administrative expenses/Net revenue	11.3%	10.4%	10.1%	10.0%	11.0%	9.9%
Financial expenses/Net revenue	3.3%	1.8%	1.1%	1.0%	0.8%	0.5%
Total expenses/Net revenue	27.5%	25.9%	26.1%	26.2%	26.1%	25.3%

Item (Billion VND)	2012	2013	2014	2015	2016	2017	Increase/Decrease
Financial expenses	40.4	25.3	17.4	19.1	16.3	12.1	-25.5%
Selling expenses	156.3	191.6	242.0	285.6	309.8	371.4	19.9%
General and administrative expenses	137.9	146.9	162.5	188.5	238.9	248.4	4.0%
Total expenses	334.6	363.8	421.9	493.2	565.0	631.9	11.8%



ASSETS AND RESOURCES

Item (Billion VND)	2012	2013	2014	2015	2016	2017		
						Amount	Increase/Decrease	% Total assets
Total assets	962.6	1,009.2	1,108.2	1,293.0	1,384.3	1,568.5	13.3%	100.0%
Long-term assets	312.3	274.8	269.8	334.7	359.2	476.5	32.7%	30.4%
Short-term assets	650.3	734.4	838.4	958.2	1,025.1	1,092.0	6.5%	69.6%
Liabilities	410.8	379.6	376.0	471.4	460.1	508.6	10.5%	32.4%
Short-term liabilities	384.6	349.2	339.6	404.6	413.1	474.6	14.9%	30.3%
Long-term liabilities	26.2	30.4	36.4	66.7	47.0	34.0	-27.7%	2.2%
Owner's equity	551.8	629.6	732.2	821.6	924.2	1,060.0	14.7%	67.6%
Total resources	962.6	1,009.2	1,108.2	1,293.0	1,384.3	1,568.5	13.3%	100.0%

1,568.5
BILLION VND

TOTAL ASSETS IN 2017
↑ 13.3% COMPARED TO 2016

ASSETS

AS AT THE END OF 2017, THIEN LONG'S TOTAL ASSETS AMOUNTED TO 1,568.5 BILLION VND, INCREASED BY 13.3% COMPARED TO 2016. ASSET'S STRUCTURE ALSO HAD A SHIFT WHEN LONG-TERM ASSETS REACHED 476.5 BILLION VND AND ACCOUNTED FOR 30.4% OF TOTAL ASSETS, MEANWHILE, SHORT-TERM ASSETS DECREASED SLIGHTLY FROM 74.1% IN 2016 TO NEARLY 69.6%, EQUIVALENT TO 1,092 BILLION VND.

Long-term assets reached 476.5 billion VND, increased sharply by 32.7% compared to 2016, with a major increase in fixed assets.

Thien Long expanded Nam Thien Long Factory (Tan Tao Industrial Park, Binh Tan District, HCMC) with a total area of more than 8,542.08 m², increased capacity to meet the market needs. Besides, Thien Long invested in other projects to expand production capacity, proactively control the raw materials supply.



1,092
BILLION VND

SHORT-TERM ASSETS
↑ 6.5% COMPARED TO 2016

Short-term assets increased by 6.5% compared to 2016 to reach 1,092 billion VND, mainly in: Inventories (517.2 billion VND), Cash and cash equivalents (353.9 billion VND) and Short-term receivables (204.9 billion VND).

Inventories increased by 12.3% due to the expansion of production, as well as the stockpiling of raw materials due to rapid increase in material prices in 2017. Short-term receivables increased by 67.2% compared to 2016, as Thien Long continued to expand its customer portfolio and revenue growth in the past year. Despite of the rapid increase, receivables were still managed strictly when provision for bad debts still decreased to only 0.8 billion VND.

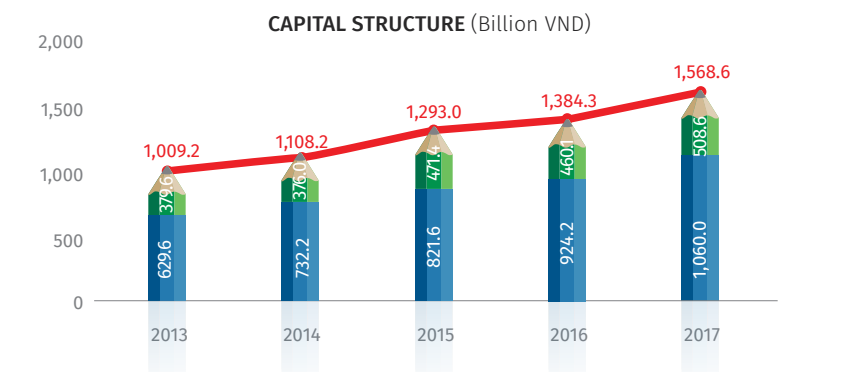
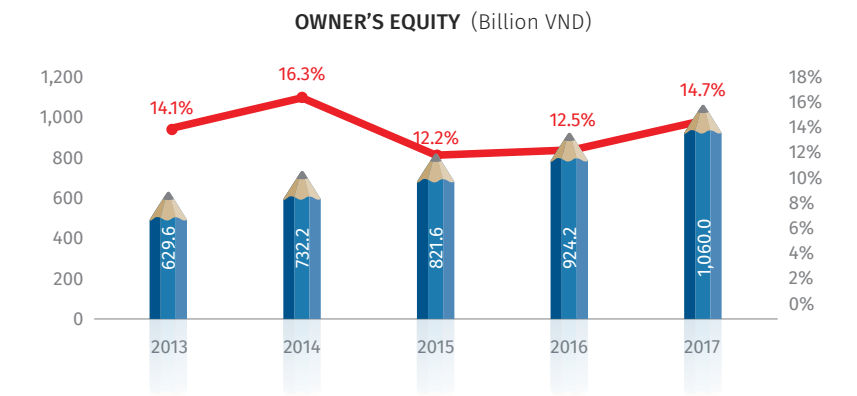
RESOURCES

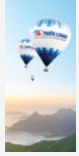
1,060
BILLION VND

OWNER'S EQUITY
↑ 14.7% COMPARED TO 2016

Capital structure did not change much in 2017. Liabilities accounted for 32.4% of total resources with nearly 508.6 billion VND, while the owner's equity accounted for 67.6%, equivalent to nearly 1,060 billion VND.

In 2017, the owner's equity increased by 14.7% following the issuance of 750,000 ESOP shares and positive performance helped increase the retained earnings by more than 113 billion VND. At the end of 2017, the retained earnings reached more than 400 billion VND.





Liabilities were recorded at 508.6 billion VND, increased slightly by 10.5% compared to 2016. In despite of the increase in fixed assets investment, thanks to positive business performance and capital from the additional issuance of shares, the Company's interest-bearing debts decreased by 13.7% compared to 2016, standing at 166 billion VND, mainly loans for working capital of 149.8 billion VND.

166

BILLION VND

INTEREST-BEARING DEBTS
↓ 13.7% COMPARED TO 2016

FINANCIAL RATIOS AND CASH FLOW ANALYSIS

Item	Unit	2012	2013	2014	2015	2016	2017
1. Liquidity							
Short-term ratio (current)	Time	1.7	2.1	2.5	2.4	2.5	2.3
Quick ratio	Time	0.6	0.8	1.2	1.3	1.4	1.2
Cash ratio	Time	0.4	0.5	0.9	1.1	1.0	0.7
2. Efficiency							
Days of sales outstanding	Day	18.6	19.8	19.8	17.9	18.8	20.1
Days of inventory on hand	Day	216.9	180.5	157.9	133.2	122.2	114.1
Days payable outstanding	Day	25.6	20.2	22.1	25.5	30.5	32.6
Total assets turnover	Time	1.3	1.4	1.5	1.6	1.6	1.7
3. Profitability							
Gross profit margin	%	37.7%	36.8%	36.9%	38.6%	39.1%	37.4%
Operating profit margin	%	10.9%	11.6%	11.5%	13.3%	14.0%	12.8%
Net profit margin	%	8.2%	8.3%	9.1%	10.0%	11.1%	10.7%
Return on Average Equity (ROEA)	%	19.5%	19.7%	21.6%	24.2%	27.5%	27.0%
Return on Average Assets (ROAA)	%	10.5%	11.8%	13.9%	15.6%	17.9%	18.2%
4. Capital structure							
Total liabilities / Total assets	%	42.7%	37.6%	33.9%	36.5%	33.2%	32.4%
Total liabilities / Owner's equity	%	74.5%	60.3%	51.4%	57.4%	49.8%	48.0%

Cash flows (Billion VND)	2012	2013	2014	2015	2016	2017
Net cash flow from operating activities	195.8	79.4	219.1	151.0	292.9	120.4
Net cash flow from investing activities	(37.8)	(9.4)	(15.5)	(32.9)	(118.4)	(129.6)
Net cash flow from financing activities	(87.5)	(44.8)	(62.8)	(8.9)	(176.4)	(61.4)
Cash and cash equivalents at the end of the period	151.3	176.4	317.2	426.4	424.4	353.9

In 2017, liquidity ratios fell slightly compared to 2016. Although inventories increased by 12.3%, the average days of inventory on hand decreased by 8 days compared to the previous year, indicating better ability to circulate goods/services in the year. Meanwhile, the total assets turnover increased slightly compared to the previous year to reach nearly 1.7 times.

The increase in raw material costs led to a drop in the gross profit margin ratio, the operating profit and profit margin both slightly decreased

compared to 2016. Although issuing more shares in the year, Thien Long's ROE remained high at around 27%, while ROA rose to more than 18.2%, showing continued improvement in the performance.

The operating cash flow continued to remain positively at over 120.4 billion VND. The cash balance at the end of the year decreased mainly due to: disbursement of 146 billion VND for the expansion of Nam Thien Long factory and machinery replacement, debt repayment of 26.3 billion VND and dividend payment of 57.5 billion VND.





CONSIDERING THE HUMAN AS
KEY ELEMENT, JOINING HANDS TO
BUILD A SUSTAINABLY THRIVING
THIEN LONG COMMUNITY,
AND CONTRIBUTING TO
SOCIAL DEVELOPMENT WITH
THE COMPASSION AND
HUMANISM.



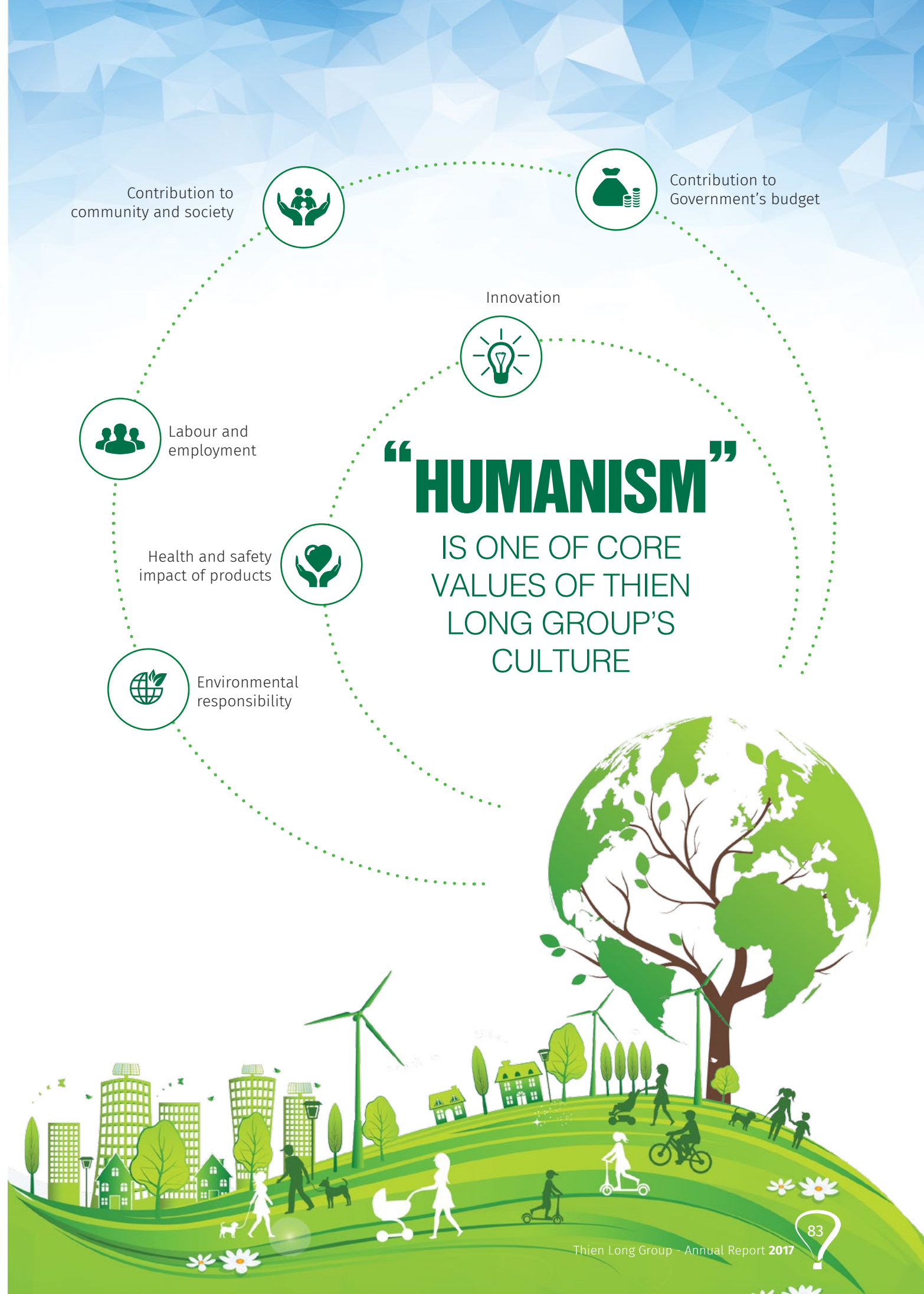
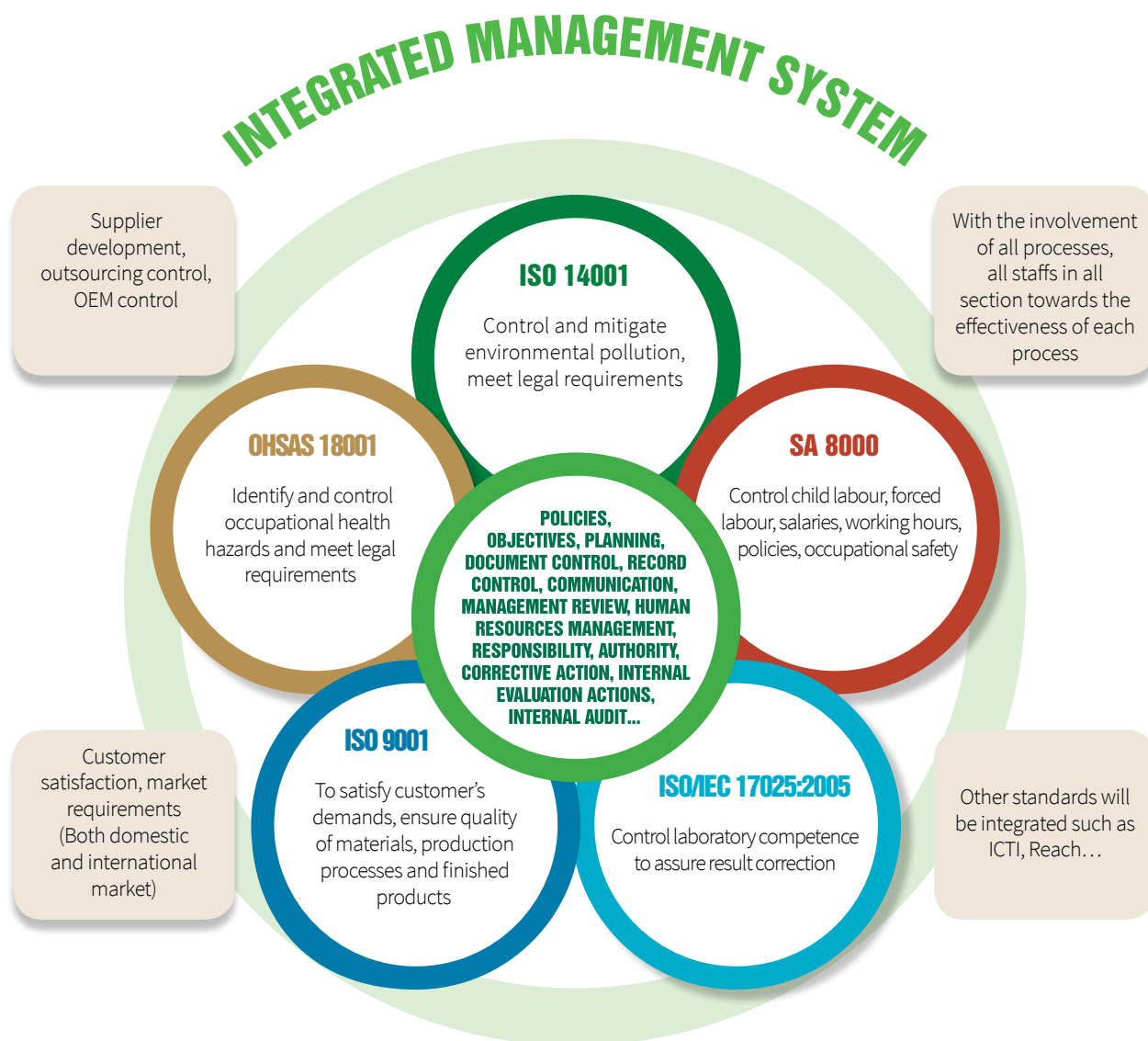
Sharing with
HUMANISM

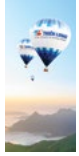
**SUSTAINABLE DEVELOPMENT
REPORT**

- ◆ Safety in production ◆ Health and safety impacts of products
- ◆ Environmental responsibility ◆ Labour and employment
- ◆ Contribution to community and society ◆ Contribution to Government's budget



THIEN LONG IS OPERATING EFFECTIVELY THE INTEGRATED MANAGEMENT SYSTEM IN ACCORDANCE WITH INTERNATIONAL STANDARDS, INCLUDING: QUALITY MANAGEMENT SYSTEM - ISO 9001: 2008, ENVIRONMENTAL MANAGEMENT SYSTEM - ISO 14001: 2004, SOCIAL ACCOUNTABILITY MANAGEMENT SYSTEM - SA 8000: 2014, OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM - OHSAS 18001: 2007, LABORATORY MANAGEMENT SYSTEM - ISO/IEC 1725: 2005, AND ICTI CERTIFICATION FOR SOCIAL ACCOUNTABILITY IN THE CHILDREN TOY INDUSTRY.





SINCE THE ESTABLISHMENT, THIEN LONG ALWAYS PUT THE GREEN REQUIREMENTS AS ITS FIRST PRIORITY WHEN APPLYING THE ENVIRONMENT-FRIENDLY SEWAGE TREATMENT SYSTEM, AND ENERGY AND MATERIAL-SAVING MACHINERY SYSTEM.

As a manufacturing company, Thien Long is aware that there are always many high-risk factors, therefore, safety is one of the top tasks in the management of the Company.

In the past year, Thien Long continued to maintain many measures to ensure safety in production and business activities, including:



Unceasingly promoted the construction, improvement of procedures, strengthened monitoring and inspection activities at factories, warehouses. Therefore, errors could be timely detected and the right direction to overcome could be found, helping ensure absolute safety in production and business activities.

Regularly organized safety training courses, to raise awareness and knowledge and skills for all employees.

Strictly carried out maintenance and repair activities to ensure safety in production and operation.

Maintained the registration, inspection and insurance as prescribed.

Implemented Emergency Response and STOP program effectively.

Strengthened the network of Safety and Hygiene officers in the whole Company.

Thanks to the systematic and effective measures, there was no significant accident in 2017. Thien Long always ensures the safety of workers, property as well as community, thereby increases the efficiency and prestige of the Company.



THIEN LONG APPLIES A STRICT QUALITY MANAGEMENT SYSTEM AT ALL STAGES, FROM INSPECTING RAW MATERIALS TO QUALITY ASSURANCE ON EACH STAGE OF TECHNICAL MANUFACTURING AND QUALITY CONTROL BEFORE DISTRIBUTION.

Thien Long's products fully meet the latest international safety standards, including the US standards (ASTM D4236, ASTM F963, CPSIA, TPCH), EU standards (EN71/3 and EB71/9, ISO 11540) and Vietnam's safety standards such as QCVN03-2009/BKHCN. Specifically, in accordance with these standards, the products must meet the following conditions:

- ★ Do not contain toxic heavy metals
- ★ Do not contain harmful organic chemicals
- ★ Recipe formulation must ensure the safety for users





THE COMPANY HAS TAKEN MEASURES TO MINIMIZE POLLUTION, USE RESOURCES, MATERIALS AND ENERGY IN THE MOST EFFICIENT WAY AND CUT UNNECESSARY COSTS DUE TO IMPROPER USE.



STRICT MANAGEMENT OF RAW MATERIALS

Thien Long is managing the environmental responsibility through 4 key groups of measure:

- ★ Effectively apply the environmental management system in accordance with ISO 14001: 2004
- ★ Comply with the law on environmental protection
- ★ Save raw materials, energy and water resources
- ★ Control and treat sewage, wastes, perform environmental monitoring periodically to have appropriate solutions

In addition to solutions that have been implemented throughout the operational history, in February 2017, report on environmental impact assessment of the project to expand Nam Thien Long Factory's capacity was approved. At the beginning of 2018, Thien Long plans to upgrade the environmental management system to ISO 14001: 2015.

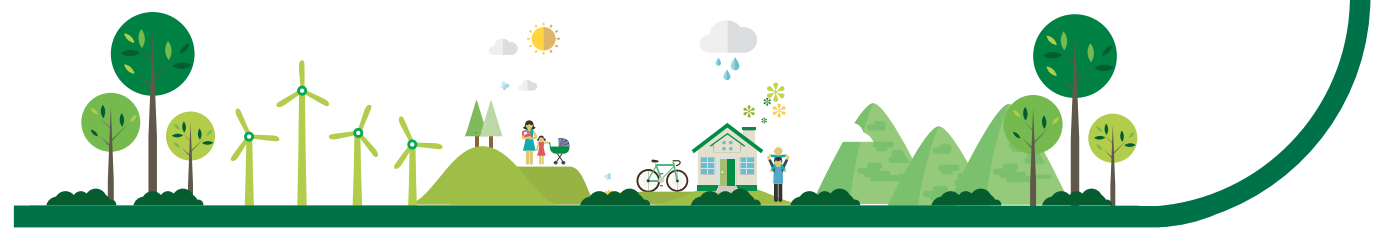
With improvements strengthened from 2014, many environmental protection and measures for efficient use of energy and materials have been widely applied, bringing practical benefits to Thien Long and contributing to minimize negative impacts on the environment.

In addition, Thien Long invested in the solar panels system, which was put into operation in February 2018.


ELECTRICITY, WATER USED IN 2017

The year 2017	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Electricity (KWh)	1,399,761	1,749,006	1,846,077	1,675,782	6,670,626
Water (m ³)	10,227	11,022	12,413	13,740	47,402

MATERIALS RECYCLING






3,445
 TOTAL EMPLOYEES
 OF THIEN LONG
 AS AT 31/12/2017


17.1%
 TOTAL EMPLOYEES
 HAD UNIVERSITY'S DEGREE,
 MASTER DEGREE

AT THIEN LONG, PEOPLE ARE CONSIDERED VALUABLE ASSETS, THE KEY FACTOR TO DETERMINE THE SUSTAINABLE DEVELOPMENT OF THE COMPANY. THROUGHOUT THE JOURNEY OF MORE THAN 35 YEARS, THIEN LONG HAS BUILT UP A TEAM OF HIGHLY QUALIFIED TECHNICIANS, SKILLED AND ENTHUSIASTIC STAFFS WHO ARE COMMITTED TO THE COMPANY'S LONG-TERM DEVELOPMENT.



With the importance of human resources, Thien Long's personnel policy is designed to turn human resources into a special advantage, playing a decisive role in successfully implementing the business plans. The personnel policies are built based on provisions of the law, which ensure transparency and creating motivations for employees.

specially attended to by the Company. The Company annually spent considerable budget to carry out many training courses for different levels, thereby, the Company built up the succession team, to meet the human resources needs for the Company's development. In 2017, Thien Long organized more than 100 training courses (internal and outsourcing) with a cost of more than 2 billion VND.

At Thien Long, the salary system is built based on contribution of the job position, level of qualifications and skills required to do the job, income level is ensured to match the competency and stay competitive in the market. In addition to the monthly salary, employees are entitled to performance-based salary.

Moreover, Thien Long also pay attention to the physical and mental health of employees with regular health checks, annual trips, mid-shift meals, uniforms and labor protection means, sport and entertainment events, teambuilding events, gift-giving on the occasions of Mid-Autumn Festival, Lunar New Year, International Women's Day... to bring in motivation and internal solidarity.

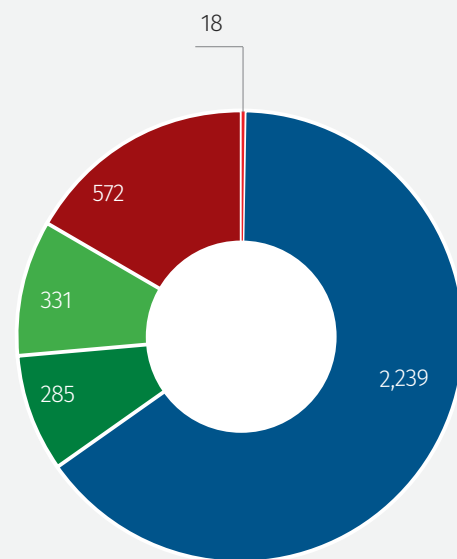
In addition to the salary policy, Thien Long also apply bonus policy with 13th and 14th month salary at the end of the year, national holidays bonus, exceed-profit-target bonus and awards for significant contributions towards continuous improvements.

Annually, Thien Long evaluates the capacity and performance of employees through a system of qualitative and quantitative indicators in a scientific, fair and transparent manner. This is the basis for salary increase, promotion and appointment of personnel. At the same time, the BOM also has the opportunity to receive feedback from employees at all levels, which can then provide appropriate management policies.

In addition to the salary and bonus policy, training, human resources development is also

QUALIFICATIONS STRUCTURE (person)

Qualifications	Number (person)
General labour	2,239
Intermediate degree	285
College's degree	331
University's degree	572
Master degree	18
Total	3,445



- General labour : 2,239
- Intermediate degree : 285
- College's degree : 331
- University's degree : 572
- Master degree : 18

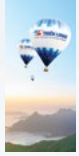


CONTRIBUTION TO COMMUNITY AND SOCIETY

In 2017, Thien Long's social activities continued to make outstanding impressions, contributing to affirm the principle "Thien Long – The Power of Knowledge ". With 03 major programmes namely: University Entrance Exam Support, Sharing with Teachers and Young Talents for Education, Thien Long directly supported target groups in the education such as pupils/ students, teachers and young talents.

With these programmes, Thien Long not only asserted the desire for education contribution, but also turned that desire into action with positive impacts on the society.





Chia sẻ cùng thầy cô

SHARING WITH TEACHERS

“SHARING WITH TEACHERS” IS THE PROGRAMME CO-ORGANIZED BY THIEN LONG ON AN ANNUAL BASIS TO SEND GRATEFUL THANKS TO TEACHERS WHO ARE DEDICATED TO THEIR PROFESSION, THEIR HARD WORK AND THEIR DEDICATION TO THE COUNTRY’S EDUCATION.



In the third year of organization, “Sharing with Teachers” conveyed touching stories about the silent efforts of border guards who were teaching, eradicating illiteracy ... in border areas.

The image of green rank-bearing “teachers” giving rice to pupils, carrying stones for school building, setting up scholarship programmes... received a lot of sympathy and sharing from society. “Sharing with Teachers 2017” enforced Vietnamese tradition of being honored to teachers.



2017 UNIVERSITY ENTRANCE EXAM SUPPORT

THE YEAR 2017 MARKED THE 16TH YEAR MILESTONE THAT THIEN LONG ACCOMPANIED THE “UNIVERSITY ENTRANCE EXAM SUPPORT” PROGRAMME. DURING THE LAST 16 YEARS, THE PROGRAMME HAS BEEN GIVING THE STRONG HANDS FOR MANY GENERATIONS OF CANDIDATES AND PARENTS IN VIETNAM, LEAVING A BOLD IMPRESSION IN THE SOCIETY.

This year, the programme continued to support in security at examination areas, consultancy, procedures guide... Notably, in 2017, the programme timely supported students in specially difficult circumstances during the exam days. With many practical and meaningful activities, “University Entrance Exam Support 2017” continued to make good impressions in society and strongly disseminated profound human values.





>10 BILLION
VND

SUPPORT FOR EDUCATION,
STUDY ENCOURAGEMENT,
HUMANITARIAN CHARITIES
SUPPORTING PEOPLE UNDER
DIFFICULT SITUATIONS
IN NATURAL
DISASTER AREAS.



YOUNG TALENTS FOR EDUCATION

THE YEAR 2017 IS THE SECOND YEAR THIEN LONG GROUP CO-ORGANIZED THE PROGRAMME “YOUNG TALENTS FOR EDUCATION”. THE PROGRAMME WAS AN OPPORTUNITY FOR YOUNG TALENTS UNDER THE AGE OF 35 TO CONTRIBUTE THEIR WORKS, INITIATIVES FOR THE COUNTRY’S EDUCATION.

In 2017, “Young Talents for Education” programme received 329 initiatives. From these works, the experts selected 03 outstanding ones with highly practical values to award 100 million VND/work. Regarding the quality of the works, the experts said that this year’s outstanding point is that most of the works were applying new technology in teaching, contributing to solve many difficult “problems” of the country’s education.

Along with the search for good ideas, “Young Talents for Education” also actively supported the application in the real life.

Thien Long has always been conceiving its responsibility by always complying with the regulations on tax declaration and payment, thereby partly redistributing back to the community and society.

Total tax paid to the Government’s budget in 2017 reached 217.2 billion VND, increased by 5.8% compared to the previous year.

Types of tax (Billion VND)	2016	2017	YoY Changes (%)
Value added tax	100.2	101.6	1.4%
Import tax	20.5	19	-7.3%
Corporate income tax	63.8	69.2	8.5%
Personal income tax	20.9	27.4	31.1%
Others	0.0	0.0	-
Total	205.4	217.2	5.8%

Integrity

COMMITMENT

BEHAVING HONESTLY,
TRANSPARENTLY IN ALL
ACTIVITIES AND TRANSACTIONS.



CONSOLIDATED FINANCIAL STATEMENTS

- ◆ Statement of the Board of Management
- ◆ Independent auditors' report
- ◆ Consolidated balance sheet
- ◆ Consolidated income statement
- ◆ Consolidated cash flow statement
- ◆ Notes to the consolidated financial statements

STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Thien Long Group Corporation (the “Company”) and its subsidiaries (collectively referred to as the “Group”) presents this report together with the Group’s consolidated financial statements for the year ended 31 December 2017.

THE BOARD OF DIRECTORS, BOARD OF SUPERVISORS, BOARD OF MANAGEMENT AND OTHER MANAGEMENT PERSONNEL

The members of the Board of Directors, Board of Supervisors, Board of Management and other Management Personnel of the Group who held office during the year and to the date of this report are as follows:

Board of Directors

Mr. Co Gia Tho	Chairman
Mr. Tran Kim Thanh	Vice Chairman
Mr. Tran Le Nguyen	Member
Mr. Huynh Van Thien	Member
Ms. Tran Thai Nhu	Member
Ms. Co Ngan Binh	Member
Ms. Co Cam Nguyet	Member
Mr. Tran Van Hung	Member
Mr. Vo Van Thanh Nghia	Member (resigned on 21 February 2017)

Board of Supervisors

Ms. Nguyen Thi Bich Nga	Head
Mr. Dinh Duc Hau	Member (appointed on 16 May 2017)
Ms. Ta Hong Diep	Member (appointed on 16 May 2017)
Mr. Ly Van Du	Member (resigned on 16 May 2017)
Mr. Ta Hoang Son	Member (resigned on 16 May 2017)

Board of Management

Mr. Nguyen Dinh Tam	Chief Executive Officer (appointed on 3 May 2017)
Mr. Vo Van Thanh Nghia	Chief Executive Officer (resigned on 20 February 2017)
Mr. Bui Van Huong	Deputy General Director
Mr. Phan Nhut Phuong	Deputy General Director
Mr. Nguyen Thuong Viet	Deputy General Director
Mr. Tran Trung Hiep	Deputy General Director
Ms. Tran Phuong Nga	Deputy General Director (appointed on 24 February 2017)
Mr. Ho Ngoc Canh	Deputy General Director (resigned on 24 February 2017)

Other Management Personnel

Mr. Nguyen Ngoc Nhon	Chief Accountant
Mr. Dinh Quang Hung	Production Director
Mr. Pham Huu Chi	R&D Director
Mr. Nguyen Duc Hanh	IT Director
Mr. Diep Bao Tinh	Engineering Technology Director
Mr. Trinh Van Hao	Marketing Director

LEGAL REPRESENTATIVE

The legal representative during the year and to the date of these consolidated financial statements is Mr. Co Gia Tho. Mr. Nguyen Dinh Tam is authorised to sign the consolidated financial statements for the year ended 31 December 2017.

THE BOARD OF MANAGEMENT’ STATEMENT OF RESPONSIBILITY

The Board of Management is responsible for preparing the consolidated financial statements which give a true and fair view of the financial position of the Group as at 31 December 2017 and of its results and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these consolidated financial statements, the Board of Management is required to:

- » select suitable accounting policies and then apply them consistently;
- » make judgments and estimates that are reasonable and prudent;
- » state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- » prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and
- » design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimise errors and frauds.

The Board of Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Group and that the consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of Management is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Management confirms that the Group has complied with the above requirements in preparing these consolidated financial statements.

For and on behalf of the Board of Management,



NGUYEN DINH TAM
Chief Executive Officer

30 March 2018

Tat

INDEPENDENT AUDITORS' REPORT

**To: The Shareholders
The Board of Directors, Board of Supervisors and Board of Management
Thien Long Group Corporation**

We have audited the accompanying consolidated financial statements of Thien Long Group Corporation (the "Company") and its subsidiaries (the Company and its subsidiaries are referred to as the "Group"), prepared on 30 March 2018 as set out from page 5 to page 28, which comprise the consolidated balance sheet as at 31 December 2017, the consolidated income statement and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

BOARD OF MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated 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 requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Group's preparation and fair presentation of the consolidated 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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 29 March 2017.



NGUYEN MINH THAO

Audit Partner

Audit Practising Registration Certificate

No. 1902-2018-001-1

**BRANCH OF DELOITTE VIETNAM
COMPANY LIMITED**

30 March 2018

Ho Chi Minh City, Vietnam

VONG MY THANH

Auditor

Audit Practising Registration Certificate

No. 3460-2015-001-1

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		1,091,968,239,964	1,025,111,080,529
I. Cash and cash equivalents	110	4	353,869,383,127	424,423,331,022
1. Cash	111		82,869,383,127	123,423,331,022
2. Cash equivalents	112		271,000,000,000	301,000,000,000
III. Short-term receivables	130		204,875,546,879	122,515,004,880
1. Short-term trade receivables	131	5	176,481,251,100	99,079,216,936
2. Short-term advances to suppliers	132	6	22,626,965,303	18,774,948,627
3. Other short-term receivables	136	7	6,594,563,494	5,550,973,630
4. Provision for short-term doubtful debts	137		(827,233,018)	(890,134,313)
IV. Inventories	140		517,175,529,421	460,697,931,983
1. Inventories	141	8	534,007,886,465	478,811,442,319
2. Provision for devaluation of inventories	149	8	(16,832,357,044)	(18,113,510,336)
V. Other short-term assets	150		16,047,780,537	17,474,812,644
1. Short-term prepayments	151	9	10,153,542,137	8,251,259,433
2. Value added tax deductibles	152		4,141,178,180	7,470,492,991
3. Taxes and other receivables from the State budget	153	16	1,753,060,220	1,753,060,220
B. NON-CURRENT ASSETS	200		476,548,476,472	359,201,386,196
I. Long-term receivables	210		2,002,464,375	2,053,755,852
1. Other long-term receivables	216	7	2,002,464,375	2,053,755,852
II. Fixed assets	220		359,509,747,304	289,918,854,187
1. Tangible fixed assets	221	10	273,323,647,755	200,871,576,769
- Cost	222		645,023,141,721	532,701,823,372
- Accumulated depreciation	223		(371,699,493,966)	(331,830,246,603)
2. Intangible assets	227	11	86,186,099,549	89,047,277,418
- Cost	228		115,656,610,948	112,648,407,893
- Accumulated amortisation	229		(29,470,511,399)	(23,601,130,475)
III. Long-term assets in progress	240		48,211,169,387	8,309,739,078
1. Construction in progress	242	12	48,211,169,387	8,309,739,078
IV. Long-term financial investments	250	13	19,694,488,391	19,835,883,107
1. Equity investment in other entities	253		30,685,000,000	30,685,000,000
2. Provision for impairment of long-term financial investments	254		(10,990,511,609)	(10,849,116,893)
V. Other long-term assets	260		47,130,607,015	39,083,153,972
1. Long-term prepayments	261	9	21,207,669,563	14,861,839,365
2. Deferred tax assets	262	14	25,922,937,452	24,221,314,607
TOTAL ASSETS (270=100+200)	270		1,568,516,716,436	1,384,312,466,725

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		508,561,941,187	460,086,007,616
I. Current liabilities	310		474,574,740,460	413,093,993,826
1. Short-term trade payables	311	15	147,749,949,303	131,879,671,529
2. Short-term advances from customers	312		1,295,677,775	7,660,650,263
3. Taxes and amounts payable to the State budget	313	16	13,573,962,561	11,734,745,719
4. Payables to employees	314		14,759,439,048	14,449,860,321
5. Short-term accrued expenses	315	17	66,837,241,960	53,220,112,617
6. Other current payables	319	18	56,465,313,682	4,386,022,605
7. Short-term loans	320	20	160,974,445,870	171,584,405,449
8. Bonus and welfare funds	322	23	12,918,710,261	18,178,525,323
II. Long-term liabilities	330		33,987,200,727	46,992,013,790
1. Long-term other payables	337		54,500,000	141,717,970
2. Long-term loans	338	21	5,059,232,137	20,808,564,711
3. Long-term provisions	342	19	28,873,468,590	26,041,731,109
D. EQUITY	400		1,059,954,775,249	924,226,459,109
I. Owners' equity	410	22	1,059,954,775,249	924,226,459,109
1. Owners' contributed capital	411		505,562,560,000	383,126,720,000
- Ordinary shares carrying voting rights	411a		505,562,560,000	383,126,720,000
2. Share premium	412		28,281,183,000	128,217,023,000
3. Investment and development fund	418		125,884,643,498	97,075,895,498
4. Retained earnings	421		400,226,388,751	315,806,820,611
- Retained earnings accumulated to the prior year end	421a		204,635,269,491	153,617,482,353
- Retained earnings of the current year	421b		195,591,119,260	162,189,338,258
TOTAL RESOURCES (440=300+400)			1,568,516,716,436	1,384,312,466,725


PHAM THI GIANG
 Preparer


NGUYEN NGOC NON
 Chief Accountant


NGUYEN DINH TAM
 Chief Executive Officer
 30 March 2018

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2017

		Unit: VND	
ITEMS	Codes Notes	Current year	Prior year
1. Gross revenue from goods sold	01 26	2,520,900,957,811	2,180,202,835,116
2. Deductions	02 26	23,500,239,936	17,886,928,878
3. Net revenue from goods sold (10=01-02)	10 26	2,497,400,717,875	2,162,315,906,238
4. Cost of sales	11	1,563,850,760,815	1,315,991,880,972
5. Gross profit from goods sold (20=10-11)	20	933,549,957,060	846,324,025,266
6. Financial income	21 28	18,669,699,664	20,405,977,867
7. Financial expenses	22 29	12,149,140,252	16,302,234,359
In which: Interest expense	23 29	9,500,290,007	10,697,412,010
8. Selling expenses	25 30	371,405,879,821	309,782,396,478
9. General and administration expenses	26 30	248,369,871,852	238,920,077,749
10. Operating Profit (30=20+(21-22)-(25+26))	30	320,294,764,799	301,725,294,547
11. Other income	31 31	14,976,961,586	6,460,309,364
12. Other expenses	32 31	666,120,533	1,821,984,864
13. Profit from other activities (40=31-32)	40 31	14,310,841,053	4,638,324,500
14. Accounting profit before tax (50=30+40)	50	334,605,605,852	306,363,619,047
15. Current corporate income tax expense	51 32	68,249,146,618	65,883,045,149
16. Deferred corporate tax (income)/ expense	52 14	(1,701,622,845)	407,674,877
17. Net profit after corporate income tax (60=50-51-52)	60	268,058,082,079	240,072,899,021
Attributable to:			
The Parent Company's shareholders	61	268,058,082,079	240,072,899,021
18. Basic earnings per share	70 33	4,833	4,242

PHAM THI GIANG
Preparer

NGUYEN NGOC NHON
Chief Accountant

NGUYEN DINH TAM
Chief Executive Officer
30 March 2018



The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2017

		Unit: VND	
ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	334,605,605,852	306,363,619,047
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	49,798,331,415	44,323,662,660
Provisions	03	1,629,077,611	(9,242,721,037)
Foreign exchange loss arising from translating foreign currency items	04	32,228,235	547,778,398
Gain from investing activities	05	(16,289,299,176)	(16,154,393,112)
Interest expense	06	9,500,290,007	10,697,412,010
3. Operating profit before movements in working capital	08	379,276,233,944	336,535,357,966
Changes in receivables	09	(78,789,029,547)	(23,364,463,090)
Changes in inventories	10	(55,196,444,146)	(31,581,065,498)
Changes in payables	11	12,954,485,568	52,953,921,709
Changes in prepaid expenses	12	(8,001,816,747)	63,471,294,940
Interest paid	14	(9,502,315,767)	(10,858,150,706)
Corporate income tax paid	15	(69,215,627,013)	(63,781,053,222)
Other cash outflows	17	(51,118,157,000)	(30,468,272,965)
Net cash generated by operating activities	20	120,407,329,292	292,907,569,134
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets	21	(146,128,176,279)	(135,038,349,499)
2. Proceeds from sale, disposal of fixed assets	22	1,852,033,119	1,272,116,663
3. Interest, dividends and profits received	27	14,676,870,688	15,328,330,255
Net cash used in investing activities	30	(129,599,272,472)	(118,437,902,581)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from share issue	31	22,500,000,000	-
2. Proceeds from borrowings	33	550,564,264,097	602,933,842,572
3. Repayment of borrowings	34	(576,920,673,014)	(654,127,263,813)
4. Dividends paid	36	(57,508,258,525)	(125,206,631,250)
Net cash used in financing activities	40	(61,364,667,442)	(176,400,052,491)
Net decrease in cash (50=20+30+40)	50	(70,556,610,622)	(1,930,385,938)
Cash and cash equivalents at the beginning of the year	60	424,423,331,022	426,351,225,090
Effects of changes in foreign exchange rates	61	2,662,727	2,491,870
Cash and cash equivalents at the end of the year (70=50+60+61)	70	353,869,383,127	424,423,331,022

PHAM THI GIANG
Preparer

NGUYEN NGOC NHON
Chief Accountant

NGUYEN DINH TAM
Chief Executive Officer
30 March 2018



The accompanying notes are an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the consolidated financial statements

1. GENERAL INFORMATION

Structure of ownership

Thien Long Group Corporation was incorporated in Vietnam as a joint stock company under the Business Registration Certificate No. 4103003187 dated 14 March 2005 issued by the Department of Planning and Investment of Ho Chi Minh City, as amended. According to the 14th amended Business Registration Certificate dated 8 December 2017, the Company's charter capital is VND 505,562,560,000.

The Company's shares were listed on Ho Chi Minh Stock Exchange with "TLG" code in accordance with Decision No. 20/QĐ-SGDHCM dated 2 February 2010 issued by the Ho Chi Minh Stock Exchange.

Major shareholders of the Company are Thien Long An Think Investment Corporation owning 51.66% and Mr. Co Gia Tho owning 6.36% of share capital of the Company.

The Company's head office is located at Lot 6-8-10-12, Road No. 3, Tan Tao Industrial Park, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City, Vietnam.

The number of employees of the Group as at 31 December 2017 was 3,445 (as at 31 December 2016: 3,210).

Operating industry and principal activities

The Group's operating industry are to manufacture and sell stationaries products, class room equipment.

The principal activities are to manufacture and trade stationaries products, class room equipment, plastic teaching instruments, plastic household appliances, printing stamps and performing screen – printing and pressing on packaging and products.

Normal production and business cycle

The Group's normal production and business cycle is carried out for a time period of 12 months or less.

The Group's structure

As at 31 December 2017, the Company's subsidiaries were as follows:

	Place of registration and operation	Portion of ownership interest (%)	Portion of voting power held (%)	Principal activities
Thien Long Long Thanh Manufacturing and Trading Company Limited	Dong Nai Province	100%	100%	Manufacturing and trading stationery
Thien Long Global Trading and Service One Member Company Limited	Ho Chi Minh City	100%	100%	Trading stationery
Tan Luc South Trading and Service One Member Company Limited	Ho Chi Minh City	100%	100%	Trading stationery
Tan Luc North Trading and Service One Member Company Limited	Hanoi City	100%	100%	Trading stationery
Tan Luc Middle Trading and Service One Member Company Limited	Da Nang City	100%	100%	Trading stationery

Disclosure of comparative information in the consolidated financial statements

Comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2016.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Financial year

The Group's financial year begins on 1 January and ends on 31 December.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Group in the preparation of these consolidated financial statements, are as follows:

Estimates

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Board of Management's best knowledge, actual results may differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) up to balance sheet date each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company.

Intragroup transactions and balances are eliminated in full on consolidation.

Business combinations

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the year of acquisition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments, which are highly liquid, readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial investments

Held-to-maturity investments

Held-to-maturity investments comprise investments that the Group has the positive intent or ability to hold to maturity, including term deposits and other held-to-maturity investments.

Held-to-maturity investments are recognised on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognised in the income statement on accrual basis. Pre-acquisition interest is deducted from the cost of such investments at the acquisition date.

Held-to-maturity investments are measured at cost less provision.

Equity investments in other entities

Equity investments in other entities represent the Group's investments in ordinary shares of the entities over which the Group has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment.

Provision for impairment of investment

Provisions for impairment of held-to-maturity investment and equity investment in other entities are made in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance on "Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods and construction works at enterprises", Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations.

Receivables

Receivables represent the amounts recoverable from customers or other debtors, including trade receivables, advance to suppliers and other receivables. Receivables are stated at book value less provision for doubtful debts.

Provision for doubtful debts is when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises cost of purchases and other directly attributable expenses. In the case of manufactured products, cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for devaluation of inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives, as follows:

	Years
Buildings and structures	3 - 25
Machinery and equipment	3 - 7
Motor vehicles	6 - 8
Office equipment	2 - 7
Other assets	3 - 4

Gain or loss resulting from sales and disposals of tangible fixed assets is the difference between proceeds from sales or disposals of assets and their residual values and is recognised in the consolidated income statement.

Intangible assets and amortisation

Intangible assets represent land use rights, computer software, copyrights, patents and other intangible assets that are stated at cost less accumulated amortisation.

Definite land use rights are amortised using the straight-line method over the terms indicated in the land use right certificate. Indefinite land use rights are carried at cost and not amortised under prevailing regulations.

Other intangible assets are amortised using the straight-line method over their estimated useful lives, as follows:

	Years
Computer software	3 - 10
Copyrights, patents	3
Other assets	3

Operating lease

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the relevant lease.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepayments comprise prepaid land rental, costs of small tools, supplies and spare parts issued for consumption, advertising expenditures and insurance cost. These expenditures have been capitalised and are allocated to the consolidated income statement using the straight-line method in accordance with the current prevailing accounting regulations.

The prepaid land rental represents the unamortised balance of advance payment made in accordance with lease contract signed with Sonadezi Long Thanh Joint Stock Company on 6 February 2007 for a period of 46 years. Such prepaid rental is recognised as long-term prepayments for allocation to the consolidated income statement over the remaining lease period according to Circular 45/2013/TT-BTC.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Board of Management's best estimate of the expenditure required to settle the obligation as at the balance sheet date.

The severance pay to employee is accrued at the end of each reporting period for all employees who have been in service for more than 12 months up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting period following the average of the 6 consecutive months nearest to the date of the financial statements. Any increase to the accrued amount will be charged to the consolidated income statement.

This accrued severance pay is used to settle the severance allowance to be paid to employees upon termination of their labour contract following Article 48 of the Labour Code.

Revenue recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer, usually upon the delivery of the goods. Specifically, revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:

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

Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Dividend income from investments is recognised when the Group's right to receive payment has been established.

Borrowing costs

Borrowing costs are recognised in the consolidated income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs".

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the consolidated income statement.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable income for the year. Taxable income differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable income and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are applied in accordance with the prevailing tax laws in Vietnam.

Dividends distribution and funds appropriation

Profit after tax is available for appropriate to shareholders after approval in the Annual General Shareholders Meeting, and after making appropriate to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Group maintains the following funds which are appropriated from profit after tax as proposed by the Board of Directors and subject to approval by shareholders at the Annual General Shareholders Meeting.

- » Investment and development fund is set aside for use in the Group's expansion of its operation or of in-depth investments.
- » Bonus and welfare fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the consolidated balance sheet.

4. CASH AND CASH EQUIVALENTS

	VND	
	Closing balance	Opening balance
Cash on hand	2,264,992,175	2,998,295,642
Bank demand deposits	80,604,390,952	120,425,035,380
Cash equivalents (*)	271,000,000,000	301,000,000,000
	353,869,383,127	424,423,331,022

(*) Cash equivalents represent the time deposits at commercial banks with maturity of no more than 3 months and earn interest at the applicable rate.

5. SHORT-TERM TRADE RECEIVABLES

	VND	
	Closing balance	Opening balance
Crayola LLC	294,534,082	7,283,298,565
Other customers	176,186,717,018	91,795,918,371
	176,481,251,100	99,079,216,936

As noted further in Note 20, the Group has pledged its certain trade receivables to secure banking facilities granted to the Group.

6. SHORT-TERM ADVANCE TO SUPPLIERS

	VND	
	Closing balance	Opening balance
Dokumental GmbH & Co. KG Schreibfarben	4,148,582,583	1,644,113,615
DKSH Vietnam Company Limited	2,443,759,668	2,958,689,401
Fuya Company Limited	1,508,240,598	1,885,441,813
SIS International Co., Ltd.	45,354,000	3,745,626,323
Others	14,481,028,454	8,541,077,475
	22,626,965,303	18,774,948,627

7. OTHER RECEIVABLES

	VND	
	Closing balance	Opening balance
a. Short-term		
Advance to employees	795,220,373	1,972,280,459
Accrual of interest income	1,273,455,556	1,305,569,445
Deposits	393,885,840	623,580,752
Other receivables	4,132,001,725	1,649,542,974
	6,594,563,494	5,550,973,630
b. Long-term		
Deposits	2,002,464,375	2,053,755,852
	2,002,464,375	2,053,755,852

8. INVENTORIES

	VND			
	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
Goods in transit	33,955,675,164	-	26,857,480,690	-
Raw materials	194,408,807,454	(8,284,057,100)	170,671,063,119	(11,928,923,001)
Tools and supplies	1,958,549,959	-	2,314,278,398	-
Work in progress	48,154,856,058	(523,256,271)	43,650,355,281	(757,984,595)
Finished goods	179,002,061,354	(5,682,723,970)	167,631,102,808	(1,497,573,992)
Merchandises	76,527,936,476	(2,342,319,703)	67,687,162,023	(3,929,028,748)
	534,007,886,465	(16,832,357,044)	478,811,442,319	(18,113,510,336)

As noted further in Note 20, the Group has pledged part of its inventories to secure banking facilities granted to the Group.

Movements in the provision for devaluation of inventories during the current year and prior year were as follows:

	VND	
	Current year	Prior year
Opening balance	(18,113,510,336)	(26,935,996,433)
Additional provision	(8,246,148,776)	(11,605,880,607)
Reversal of provision	9,527,302,068	20,428,366,704
Closing balance	(16,832,357,044)	(18,113,510,336)

9. PREPAYMENTS

	VND	
	Closing balance	Opening balance
a. Short-term		
Advertising and promotion expenses	6,442,210,771	5,272,184,485
Tools and supplies	954,371,928	929,303,561
Health and asset insurance	743,223,247	570,414,438
Rental fee	376,062,264	166,537,445
Others	1,637,673,927	1,312,819,504
	10,153,542,137	8,251,259,433
b. Long-term		
Land rental fee (*)	11,556,740,491	11,886,148,771
Tools and supplies	6,788,913,017	2,438,863,647
Others	2,862,016,055	536,826,947
	21,207,669,563	14,861,839,365

(*) Prepaid land rental fee represents the unamortised balance of the land rental payments as stated in Note 3.

As noted further in Note 20, the Group has pledged land use right of land rental to secure banking facilities granted to the Group.

10. INCREASE, DECREASE TANGIBLE FIXED ASSETS

	VND					
	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Other assets	Total
COST						
Opening balance	136,880,932,299	227,548,245,761	36,205,541,859	13,617,151,832	118,449,951,621	532,701,823,372
Additions	198,385,000	36,743,738,951	7,227,845,184	1,213,737,324	5,617,402,337	51,001,108,796
Transfer from construction in progress	53,646,821,702	4,470,121,707	-	-	6,797,667,069	64,914,610,478
Other adjustments	-	1,660,634,515	-	-	-	1,660,634,515
Disposals	-	(2,124,680,839)	(2,929,830,309)	(42,581,818)	(157,942,474)	(5,255,035,440)
Closing balance	190,726,139,001	268,298,060,095	40,503,556,734	14,788,307,338	130,707,078,553	645,023,141,721
ACCUMULATED DEPRECIATION						
Opening balance	47,099,299,408	153,888,596,040	18,057,860,783	10,823,523,522	101,960,966,850	331,830,246,603
Charge for the year	6,091,605,658	24,227,498,001	4,719,853,602	2,325,544,277	9,815,107,026	47,179,608,564
Reclassifications	-	(26,635,167)	(51,666,667)	78,301,834	-	-
Other adjustments	-	(2,262,816,503)	-	-	-	(2,262,816,503)
Disposals	-	(1,917,190,097)	(2,929,830,309)	(42,581,818)	(157,942,474)	(5,047,544,698)
Closing balance	53,190,905,066	173,909,452,274	19,796,217,409	13,184,787,815	111,618,131,402	371,699,493,966
NET BOOK VALUE						
Opening balance	89,781,632,891	73,659,649,721	18,147,681,076	2,793,628,310	16,488,984,771	200,871,576,769
Closing balance	137,535,233,935	94,388,607,821	20,707,339,325	1,603,519,523	19,088,947,151	273,323,647,755
<i>In which:</i>						
<i>Pledged as loan security (Note 20 and 21)</i>	45,744,206,164	37,357,577,442	-	-	2,711,287,278	85,813,070,884

As at 31 December 2017, the cost of tangible fixed assets included VND 192,590,520,654 (as at 31 December 2016: VND 183,658,667,703) of assets which have been fully depreciated but are still in use.

11. INCREASE, DECREASE INTANGIBLE ASSETS

		VND				
		Land use rights	Computer software	Copyrights, patents	Other assets	Total
COST						
Opening balance		69,735,975,067	42,429,454,426	367,000,000	115,978,400	112,648,407,893
Additions		-	3,008,203,055	-	-	3,008,203,055
Closing balance		69,735,975,067	45,437,657,481	367,000,000	115,978,400	115,656,610,948
ACCUMULATED AMORTISATION						
Opening balance		1,175,864,496	21,942,287,579	367,000,000	115,978,400	23,601,130,475
Charge for the year		-	5,869,380,924	-	-	5,869,380,924
Closing balance		1,175,864,496	27,811,668,503	367,000,000	115,978,400	29,470,511,399
NET BOOK VALUE						
Opening balance		68,560,110,571	20,487,166,847	-	-	89,047,277,418
Closing balance		68,560,110,571	17,625,988,978	-	-	86,186,099,549
<i>In which:</i>						
<i>Pledged as loan security (Note 20)</i>						
		8,671,760,504	-	-	-	8,671,760,504

As at 31 December 2017, the cost of intangible assets included VND 6,147,359,633 (as at 31 December 2016: VND 6,147,359,633) of assets which have been fully amortised but are still in use.

12. CONSTRUCTION IN PROGRESS

		VND	
		Closing balance	Opening balance
Moulds under installation		7,748,113,019	5,287,403,431
Equipment under installation		26,423,848,596	2,889,281,102
Others		14,039,207,772	133,054,545
		48,211,169,387	8,309,739,078

13. LONG-TERM FINANCIAL INVESTMENTS

		VND	
		Closing balance	Opening balance
Other long-term investments			
Kinh Do Land Corporation		25,000,000,000	25,000,000,000
Saigon Securities Investment Fund A2		3,565,000,000	3,565,000,000
Brilliant Chip Joint Stock Company		1,520,000,000	1,520,000,000
Printing No,7 Joint Stock Company		600,000,000	600,000,000
		30,685,000,000	30,685,000,000

Provision for long-term investments

		VND	
		Closing balance	Opening balance
Kinh Do Land Corporation		(6,855,154,406)	(6,759,200,000)
Saigon Securities Investment Fund A2		(3,565,000,000)	(3,565,000,000)
Brilliant Chip Joint Stock Company		(570,357,203)	(524,916,893)
		(10,990,511,609)	(10,849,116,893)
Net long-term investments		19,694,488,391	19,835,883,107

Changes in the provision for long-term investments during the current year and prior year were as follows:

		VND	
		Current year	Prior year
Opening balance		(10,849,116,893)	(10,515,189,376)
Provision for the year		(141,394,716)	(333,927,517)
Closing balance		(10,990,511,609)	(10,849,116,893)

14. DEFERRED TAX ASSETS

The following are the major deferred tax liabilities and assets recognised by the Group, and the movements thereon, during the year and the previous year:

						VND
	Unrealised profit	Accrued expenses	Provisions	Allocated expenses	Foreign exchange difference	Total
Prior year's opening balance	11,922,929,343	2,777,488,419	9,047,890,011	862,876,000	17,805,711	24,628,989,484
Credit/(charge) to profit for the year	881,481,628	(1,278,324,707)	(71,673,621)	108,154,994	(47,313,171)	(407,674,877)
Current year's opening balance	12,804,410,971	1,499,163,712	8,976,216,390	971,030,994	(29,507,460)	24,221,314,607
Credit/(charge) to profit for the year	1,475,240,405	348,585,712	498,319,696	(617,367,751)	(3,155,217)	1,701,622,845
Current year's closing balance	14,279,651,376	1,847,749,424	9,474,536,086	353,663,243	(32,662,677)	25,922,937,452

15. SHORT-TERM TRADE PAYABLES

	VND	
	Closing balance	Opening balance
Teibow Co., Ltd,	19,859,449,400	4,993,857,800
Other suppliers	127,890,499,903	126,885,813,729
	147,749,949,303	131,879,671,529

16. TAXES AND OTHER RECEIVABLES/PAYABLES TO THE STATE BUDGET

	VND			
	Opening balance	Payable during the year	Paid during the year	Closing balance
a, Receivables	1,753,060,220	-	-	1,753,060,220
Corporate income tax	1,753,060,220	-	-	1,753,060,220
b, Payables				
Value added tax	612,608,052	105,570,969,778	(101,640,664,823)	4,542,913,007
Import tax	23,048,266	19,049,395,866	(19,057,163,482)	15,280,650
Corporate income tax	8,820,469,004	68,249,146,618	(69,215,627,013)	7,853,988,609
Personal income tax	2,255,911,811	26,381,030,120	(27,475,161,636)	1,161,780,295
Others	22,708,586	-	(22,708,586)	-
	11,734,745,719	219,250,542,382	(217,411,325,540)	13,573,962,561

17. SHORT-TERM ACCRUED EXPENSES

	VND	
	Closing balance	Opening balance
13 th & 14 th month salary and incentive	55,950,575,334	48,910,534,813
Advertisement and marketing expenses	2,072,216,669	438,169,291
Interest expense	314,641,946	316,667,706
SAP maintenance fees	-	1,377,071,993
Others	8,499,808,011	2,177,668,814
	66,837,241,960	53,220,112,617

18. OTHER CURRENT PAYABLES

	VND	
	Closing balance	Opening balance
Dividends	50,597,703,450	80,697,975
Trade union fee	2,239,897,902	1,983,639,420
Others	3,627,712,330	2,321,685,210
	56,465,313,682	4,386,022,605

19. LONG-TERM PROVISIONS

Long-term provisions represent the provision for severance allowance as accounting policy disclosed in Note 3,

20. SHORT-TERM LOANS

	Opening balance		During the year			Closing balance	
	Amount	Amount able to be paid	Increase	Decrease	Amount	Amount able to be paid	
a. Short-term loans							
Bank for Investment and Development of Vietnam JSC - West Saigon Branch	40,366,722,905	40,366,722,905	138,668,578,019	(137,098,032,144)	41,937,268,780	41,937,268,780	
Vietnam Joint Stock Commercial Bank for Industry and Trade - West Saigon Branch	58,462,214,794	58,462,214,794	175,783,576,173	(207,973,972,013)	26,271,818,954	26,271,818,954	
HSBC Bank (Vietnam) Ltd. - Ho Chi Minh Branch	52,750,855,573	52,750,855,573	175,666,162,077	(162,925,892,137)	65,491,125,513	65,491,125,513	
United Overseas Bank Ltd. - Ho Chi Minh Branch	6,526,193,729	6,526,193,729	5,214,308,850	(8,236,111,829)	3,504,390,750	3,504,390,750	
JSC Bank for Foreign Trade of Vietnam - Bien Hoa Branch	8,175,770,848	8,175,770,848	54,305,823,952	(49,793,360,527)	12,688,234,273	12,688,234,273	
b. Current portion of long-term loans (Note 21)	5,302,647,600	5,302,647,600	11,081,607,600	(5,302,647,600)	11,081,607,600	11,081,607,600	
	171,584,405,449	171,584,405,449	560,720,056,671	(571,330,016,250)	160,974,445,870	160,974,445,870	

Short-term loan with Joint Stock Commercial Bank for Investment and Development of Vietnam - West Saigon Branch is obtained to finance for its working capital requirements. The facility bears interest determined specifically in each debit note. The Group used its land use rights, buildings and structures as collaterals for the loan (see Note 9, Note 10 and 11).

Short-term loan with Vietnam Joint Stock Commercial Bank for Industry and Trade - West Saigon Branch is obtained to finance for its working capital. The facility bears interest determined specifically in each debit note. The Group used its land use rights, buildings and structures as collaterals for the loan (see Note 9, Note 10 and 11).

Short-term loan with HSBC Bank (Vietnam) Ltd. - Ho Chi Minh Branch is obtained to finance for its working capital requirements. The facility bears interest determined specifically in each debit note. The Group used its trade receivables, inventories, buildings and structures as collaterals for the loan (see Note 5, 8 and 10).

Short-term loan with United Overseas Bank (Vietnam) - Ho Chi Minh Branch is obtained to finance for its working capital requirements. The facility is unsecured and bears interest determined specifically in each debit note.

Short-term loan with JSC Bank for Foreign Trade of Vietnam - Bien Hoa Branch is obtained to finance for its working capital requirements. The facility bears interest determined specifically in each debit note. The Group used its machinery and equipment as collaterals for the loan (see Note 10).

22. OWNERS' EQUITY

Movement of owners' equity

	Owners' contributed capital	Share premium	Investment and development funds	Retained earnings	Total
Opening balance	294,714,640,000	128,217,023,000	78,290,097,498	320,421,728,974	821,643,489,472
Issuance of new shares	88,412,080,000	-	-	(88,412,080,000)	-
Profit for the year	-	-	-	240,072,899,021	240,072,899,021
Dividends declared	-	-	-	(95,781,680,000)	(95,781,680,000)
Transferred to Investment and development fund	-	-	18,785,798,000	(18,785,798,000)	-
Transferred to Bonus and welfare fund	-	-	-	(35,422,850,384)	(35,422,850,384)
Allowance for the Boards of Directors and Supervisors	-	-	-	(6,285,399,000)	(6,285,399,000)
Current year's opening balance	383,126,720,000	128,217,023,000	97,075,895,498	315,806,820,611	924,226,459,109
Issuance of new shares	122,435,840,000	(99,935,840,000)	-	22,500,000,000	22,500,000,000
Profit for the year	-	-	-	268,058,082,079	268,058,082,079
Dividends declared from 2016's profit after tax	-	-	-	(57,469,008,000)	(57,469,008,000)
Transferred to Investment and development fund from 2016's profit after tax	-	-	28,808,748,000	(50,556,256,000)	(50,556,256,000)
Transferred to Bonus and welfare fund from 2016's profit after tax	-	-	-	(22,393,795,119)	(22,393,795,119)
Transferred to Bonus and welfare fund from 2017's profit after tax	-	-	-	(15,933,506,820)	(15,933,506,820)
Allowance for the Boards of Directors and Supervisors	-	-	-	(8,477,200,000)	(8,477,200,000)
Current year's closing balance	505,562,560,000	28,281,183,000	125,884,643,498	400,226,388,751	1,059,954,775,249

Pursuant to the Annual General Shareholders Meeting's Resolution No. 01/2017/NQ-DHDCD dated 16 May 2017, the Board of Directors Resolution No. 23/2017/NQ-HDQT dated 2 August 2017 relating to the increase of chartered capital since 28 July 2017, the Board of Directors has approved for the share issuance to current shareholders from share premium with the number of 11,493,584 shares. As at 28 July 2017, the Company has successfully issued 11,493,584 shares as aforementioned. Pursuant to Ho Chi Minh Stock Exchange's Decision No. 295/QĐ-SGDHCM dated 11 August 2017, number of additional shares in circulation is 11,493,584, this change becomes effective since 15 August 2017.

Pursuant to the Board of Directors Resolution No. 24/2017/NQ-HDQT dated 19 September 2017 based on General Shareholders Resolution which is approved in writing on 12 September 2017, the Board of Directors has approved the issuance of 750,000 shares with the objective of financing working capital to the Company's selected employees (ESOP). As at 8 November 2017, the Company successfully issued 750,000 shares at par value of VND 10,000 with the selling price of VND 30,000 per share. The Company has fully received capital contribution from the issuance of 750,000 shares as aforementioned and financed working capital in 2017. Pursuant to Ho Chi Minh Stock Exchange's Decision No. 427/QĐ-SGDHCM dated 24 November 2017, number of additional shares in circulation is 750,000, this change becomes effective since 28 November 2017. According to the fourteenth amended Business Registration Certificate dated 8 December 2017, the Company's charter capital is VND 505,562,560,000.

Long-term loan with Vietnam Joint Stock Commercial Bank for Industry and Trade - West Saigon Branch is obtained to finance for its purchase and installation of fixed assets, The facility bears interest rate determined specifically in each debit note, The Group used its machinery and equipment as collaterals for the loan (see Note 10),

Long-term loan with Vietnam Joint Stock Commercial Bank for Industry and Trade - Bien Hoa Branch is obtained to finance for its purchase and installation of fixed assets, The facility bears interest rate determined specifically in each debit note, The Group used its machinery and equipment as collaterals for the loan (see Note 10),

	Opening balance	Closing balance	
	20,808,000	5,059,600	
	(5)	(11)	
	20,808,564,711	5,059,232,137	
	26,111,212,311	16,140,839,737	
	(600)	(11)	
	20,808,564,711	5,059,232,137	
	5,302,647,600	11,081,607,600	
	20,808,564,711	16,140,839,737	

VND

Long-term loans are repayable as follows:

	During the year		Amount able to be paid		
	Increase	Decrease	Amount	Amount	
Vietnam Joint Stock Commercial Bank for Industry and Trade - West Saigon Branch	-	(5,302,647,600)	13,256,628,801	13,256,628,801	
JSC Bank for Foreign Trade of Vietnam - Bien Hoa Branch	925,815,026	(5,593,540,000)	12,854,583,510	12,854,583,510	
	925,815,026	(10,896,187,600)	26,111,212,311	26,111,212,311	

VND

	During the year		Amount able to be paid		
	Increase	Decrease	Amount	Amount	
Vietnam Joint Stock Commercial Bank for Industry and Trade - West Saigon Branch	-	(5,302,647,600)	13,256,628,801	13,256,628,801	
JSC Bank for Foreign Trade of Vietnam - Bien Hoa Branch	925,815,026	(5,593,540,000)	12,854,583,510	12,854,583,510	
	925,815,026	(10,896,187,600)	26,111,212,311	26,111,212,311	

21. LONG-TERM LOANS

22. OWNERS' EQUITY (Continued)

Capital transactions with shareholders and distribution of dividends

Contributed capital

	VND	
	Current year	Prior year
Opening balance	383,126,720,000	294,714,640,000
Additions during the year	122,435,840,000	88,412,080,000
Closing balance	505,562,560,000	383,126,720,000

Dividends

	VND	
	Current year	Prior year
Opening balance	80,697,975	29,505,649,225
Additions during the year	108,025,264,000	95,781,680,000
Payments during the year	(57,508,258,525)	(125,206,631,250)
Closing balance	50,597,703,450	80,697,975

Pursuant to the Board of Directors Resolution No. 31/2017/NQ-HDQT dated 5 December 2017, the Board of Directors has approved the interim declaration of dividends from profit after tax of 2017 of 10% in cash, equivalent to VND 50,556,256,000,

Shares

The Company's number of shares and par value are as follows:

	VND	
	31/12/2017	31/12/2016
Authorised and issued share capital	50,556,256	38,312,672
Shares issued and fully contributed	50,556,256	38,312,672
Par value (VND)	10,000	10,000

All ordinary shares have a par value of VND 10,000. Each share is entitled to one vote at shareholders' meetings. Shareholders are eligible to dividends declared by the Company. Ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

23. BONUS AND WELFARE FUNDS

The funds are established through appropriation from retained earnings upon approval of shareholders at the Company's Annual General Shareholders Meetings ("AGM"). The funds are used to pay bonus and welfare to the Group's employees in accordance with the Group's bonus and welfare policies.

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

	VND	
	Bonus and welfare funds	
Opening balance	18,178,525,323	
Appropriation to the funds (Note 22)	38,327,301,939	
Usage	(43,587,117,001)	
Closing balance	12,918,710,261	

24. OFF BALANCE SHEET ITEMS

Cash and cash equivalents included following foreign currencies:

	Closing balance	Opening balance
United State Dollars (USD)	766,090	1,128,093
Euro (EUR)	17,865	5,386
Chinese Yuan (CNY)	11,208	32,596
Great Britain Pound (GBP)	14,830	448
Singapore Dollars (SGD)	1,425	325
Japanese Yen (JPY)	333,096	28,722
Australia Dollars (AUD)	110	110
Korean Won (KRW)	386,000	386,000
Taiwan Dollars (TWD)	12,570	12,570

25. SEGMENT REPORT

A department is a consolidated identifiable component of the Group that is involved in the provision of related products or services (business divisions) or the provision of products or services within the Group. A specific economic environment (geographic divisions). Each department is at risk and benefits are different from other parts.

The Group's principal activity is the production and sales of stationery. In addition, the business activities of the Group are mainly carried out within the territory of Vietnam. Therefore, the Group's exposure to risk and profitability is unaffected by differences in the Group's production or by the Group's operations in various geographic areas. As a result, the Board of Management recognises that the Group has only one business segment and geographic area, and accordingly no segment information is disclosed.

26. NET REVENUE OF GOODS SOLD

	VND	
	Current year	Prior year
Revenue		
Revenue from selling finished goods	1,836,598,268,292	1,647,194,251,047
Revenue from selling merchandises	684,258,128,571	532,958,338,324
Revenue from services rendered	44,560,948	50,245,745
	2,520,900,957,811	2,180,202,835,116
Sale deductions		
Sales return from finished goods	(17,050,550,481)	(15,660,248,067)
Sales return from merchandises	(3,116,739,550)	(2,226,680,811)
Sales discount	(3,332,949,905)	-
	(23,500,239,936)	(17,886,928,878)
Net revenue		
Net revenue from selling finished goods	1,819,547,717,811	1,631,534,002,980
Net revenue from selling merchandises	677,808,439,116	530,731,657,513
Net revenue from services rendered	44,560,948	50,245,745
	2,497,400,717,875	2,162,315,906,238

27. PRODUCTION AND OPERATION COST BY NATURE

	VND	
	Current year	Prior year
Raw materials and consumables	729,433,788,314	657,120,873,852
Staff cost	594,586,699,097	511,497,132,218
Depreciation and amortisation	53,048,989,488	44,931,358,367
Out-sourced services and other expenses	296,566,313,412	274,526,764,267
	1,673,635,790,311	1,488,076,128,704

28. FINANCIAL INCOME

	VND	
	Current year	Prior year
Interest income	14,479,756,799	15,237,496,132
Foreign exchange gain	4,024,942,865	5,018,478,735
Dividends received	165,000,000	150,003,000
	18,669,699,664	20,405,977,867

29. FINANCIAL EXPENSES

	VND	
	Current year	Prior year
Interest expense	9,500,290,007	10,697,412,010
Foreign exchange loss	2,126,083,900	4,882,246,689
Provision for impairment of investment	141,394,716	333,927,517
Others	381,371,629	388,648,143
	12,149,140,252	16,302,234,359

30. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	VND	
	Current year	Prior year
Selling expenses		
Staff cost	204,000,085,129	170,655,537,197
Marketing and trade fair expenses	83,967,032,535	64,937,312,601
Depreciation and amortisation	963,394,796	1,315,642,859
Others	82,475,367,361	72,873,903,821
	371,405,879,821	309,782,396,478
General and administration expenses		
Staff cost	170,718,432,668	153,951,390,657
Out-sourced services	46,693,752,025	49,449,916,136
Depreciation and amortisation	16,710,760,054	16,308,901,725
Others	14,246,927,105	19,209,869,231
	248,369,871,852	238,920,077,749

31. OTHER PROFIT

	VND	
	Current year	Prior year
Other income		
Compensation received from damaged materials	1,665,799,866	1,523,452,260
Gains from disposal of fixed assets	1,644,542,377	766,893,980
Others	11,666,619,343	4,169,963,124
	14,976,961,586	6,460,309,364
Other expenses		
Others	666,120,533	1,821,984,864
	666,120,533	1,821,984,864
Other profit	14,310,841,053	4,638,324,500

32. CORPORATE INCOME TAX EXPENSE

Current corporate income tax expense

	VND	
	Current year	Prior year
Current corporate income tax expense		
- Corporate income tax based on taxable income in the current year	67,749,656,246	63,789,869,862
- Adjustments for corporate income tax expenses in previous years to the current year	499,490,372	2,093,175,287
Total current corporate income tax expense	68,249,146,618	65,883,045,149

The current corporate income tax expense for the year was computed as follows:

	VND	
	Current year	Prior year
Profit before tax Adjustments for taxable income	334,605,605,852	306,363,619,047
Add back:	25,976,053,876	33,259,499,843
Non-deductible expenses	14,086,561,033	15,668,728,300
Change in accrued expenses	1,435,471,460	-
Difference of provision between Labour Code and corporate income tax regulation	2,831,737,481	3,262,358,809
Change in provision for long-term investment	95,954,406	4,156,437,387
Losses in subsidiaries	150,127,467	5,829,343,519
Change in unrealised profit	7,376,202,029	4,342,631,828
Less:	(3,478,544,879)	(13,507,395,987)
Change in accrued expenses	-	(3,238,111,653)
Allocated expense	(1,972,659,333)	(2,341,720,667)
Dividend received	(165,000,000)	(150,003,000)
Change in provision of doubtful debts	(154,103,623)	(209,544,395)
Change in provision for obsolete inventories	(1,171,537,737)	(7,327,845,046)
Unrealised foreign exchange difference of cash and receivables	(15,244,186)	(240,171,226)
Current year's taxable income	357,103,114,849	326,115,722,903
Tax loss carried forward	(6,597,979,361)	(2,239,071,913)
Taxable income	350,505,135,488	323,876,650,990
Corporate income tax based on taxable income in the current year	68,654,797,384	64,381,146,064
Tax deduction	(905,141,138)	(591,276,202)
Current corporate income tax expenses	67,749,656,246	63,789,869,862

The Group is obliged to pay corporate income tax at the rate of 20% of its taxable income (2016: 20%), except for Thien Long Long Thanh Manufacturing and Trading Company Limited ("TLLT") as presented below.

TLLT is obliged to pay corporate income tax at the rate of 15% of its taxable income for twelve (12) first years and normal tax rate for the following years. TLLT is entitled to a corporate income tax exemption for three (03) years from the first taxable profit-making year (2010) and a reduction of 50% for the following seven (07) years.

The Group is permitted to carry the tax losses to the following year for offset against taxable income for five consecutive years from the year in which the loss was incurred. At the end of the financial year, the Group had the aggregate estimated losses of its subsidiaries of VND 11,301,397,875 (as at 31 December 2016: VND 19,422,990,119), which may be used to offset them with taxable income arising in the future.

32. CORPORATE INCOME TAX EXPENSE (Continued)

The Group's tax losses carried forward are due under the following schedule:

Year	Losses can be carried to year	Tax losses	Tax losses carried as at 31 December 2017	Not permitted to carry	Outstanding amount as at 31 December 2017
2012	2017(*)	1,326,912,915	(1,326,912,915)	-	-
2013	2018(*)	346,827,435	(346,827,435)	-	-
2015	2020(*)	11,919,906,250	(6,597,979,361)	-	5,321,926,889
2016	2021	5,829,343,519	-	-	5,829,343,519
2017	2022	150,127,467	-	-	150,127,467
		19,573,117,586	(8,271,719,711)	-	11,301,397,875

(*) Tax losses based on tax finalisation minutes.

Tax losses of the subsidiaries are not yet finalised by the local tax authorities at the date of the consolidated financial statements.

As at 31 December 2017, deferred tax assets have not been recognised for the remaining cumulative tax losses is VND 11,301,397,875 from subsidiaries because it is not possible to estimate future taxable income.

Tax amounts reported in the consolidated financial statements has not been finalised yet. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts being reported in the consolidated financial statements is subject to changes upon tax finalisation.

33. BASIC EARNINGS PER SHARE

a. Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare funds by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Group and held as treasury shares.

Basic earnings per share is calculated as below:

	VND	
	Current year	Prior year
Profit after corporate income tax	268,058,082,079	240,072,899,021
Less: Bonus and welfare fund (*)	(26,805,808,208)	(28,808,747,883)
Profit after corporate income tax belong to shareholders of ordinary shares	241,252,273,871	211,264,151,138
Weighted average of outstanding shares in circulation (shares) (**)	49,917,215	49,806,256
Basic earning per share (VND/share)	4,833	4,242

(*) Bonus and welfare funds are provision by 10% consolidated profit after tax base on Annual General Meeting minute of 2016 dated 16 May 2017.

(**) Average number of outstanding shares in circulation for year ended 31 December 2017 and 31 December 2016 are adjusted to reflect the issuance of 11,493,584 new shares to increase chartered capital from share premium and the issuance of 750,000 new shares under ESOP program. Therefore, basic earnings per share for year ended 31 December 2016 was restated from 5,514 VND/share to 4,242 VND/share.

b. Diluted earnings per share

The Group does not have potentially dilutive ordinary shares.

34. RELATED PARTY TRANSACTIONS AND BALANCES

List of related party:

Related party	Relationship
Thien Long An Think Investment Corporation	Main shareholder

During the year, the Group entered into the following significant transactions with related parties:

	VND	
	Current year	Prior year
Dividend declared		
Thien Long An Think Investment Corporation	56,257,488,000	65,685,254,000

Related party balances at the consolidated balance sheet date were as follows:

	VND	
	Current year	Prior year
Other short-term payables		
Thien Long An Think Investment Corporation	26,119,548,000	-


Salary paid to the Company's Board of Management and other Management Personnel, allowance paid to the Company's Boards of Directors and Supervisors during the year was VND 31,589,326,211.

35. SUPPLEMENTAL DISCLOSURES OF CONSOLIDATED CASH FLOW STATEMENT

Supplemental non-cash disclosures

Cash outflows for purchases of fixed assets and construction in progress during the year exclude an amount of VND 15,375,312,425 (2016: VND 3,419,681,481) representing an addition in fixed assets and construction in progress during the year that has not yet been paid. Consequently, changes in accounts payable have been adjusted by the same amount.

Dividend paid during the year excluded an amount of VND 50,597,703,450 (2016: VND 80,697,975) representing the amount of dividend declared but not yet paid. Consequently, changes in accounts payable have been adjusted by the same amount.



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Preparer



NGUYEN NGOC NHON
Chief Accountant



NGUYEN DINH TAM
Chief Executive Officer

30 March 2018



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