



BUSINESS EXPANSION SUSTAINABLE DEVELOPMENT

Annual report 2018

CONTENTS

List of abbreviations	02
2018 financial highlights	04
General information	06
Strategic objectives for the period 2016 - 2020	06
Vision - Mission - Core values	07
Chairman's message	08
INTRODUCTION ABOUT THIEN LONG GROUP	
History and development milestones	12
Scopes of business	14
Distribution system	15
Subsidiaries	16
Typical awards	18
Typical products	20
Production technology	24
Share information and charter capital increase history	26
Organizational structure	28
Board of Directors	30
Board of Supervisors	34
Board of Managements	35
CORPORATE GOVERNANCE REPORT	
BOD's report on Thien Long's operations in 2018	42
Risk management	46
Activities and report of the Board of Supervisors	48
Share transaction of internal shareholders and related parties	50
REPORT OF THE BOARD OF MANagements	
Operational activities and important projects	54
Financial performance	70
SUSTAINABLE DEVELOPMENT REPORT	
Sustainable development message	76
Overview of sustainable development report	78
2018 sustainable development index	79
Integrated management system	80
Economic matters	82
Environmental matters	84
Social matters	86
FINANCIAL STATEMENTS	
Statement of the board of management	97
Independent auditor's report	99
Consolidated balance sheet	100
Consolidated income statement	102
Consolidated cash flow statement	103
Notes to the consolidated financial statements	104



LIST OF ABBREVIATIONS

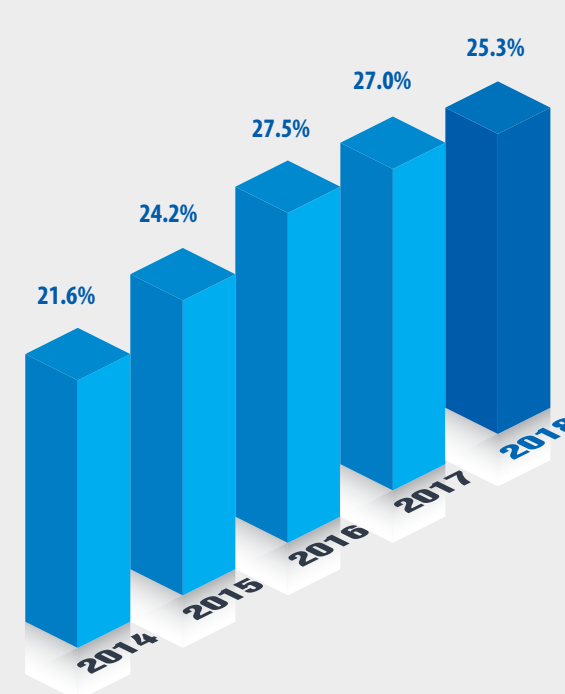
AGM	: Annual General Meeting of Shareholders
BOM	: Board of Management
BOD	: Board of Directors
BOS	: Board of Supervisors
DMS	: Distributor Management System
GT	: General Trade
MT	: Modern Trade
POS	: Point of sales
Ltd.	: Limited Company
JSC	: Joint Stock Company
R&D	: Research & Development

The Company/The Group/Thien Long/TLG: Thien Long Group Corporation

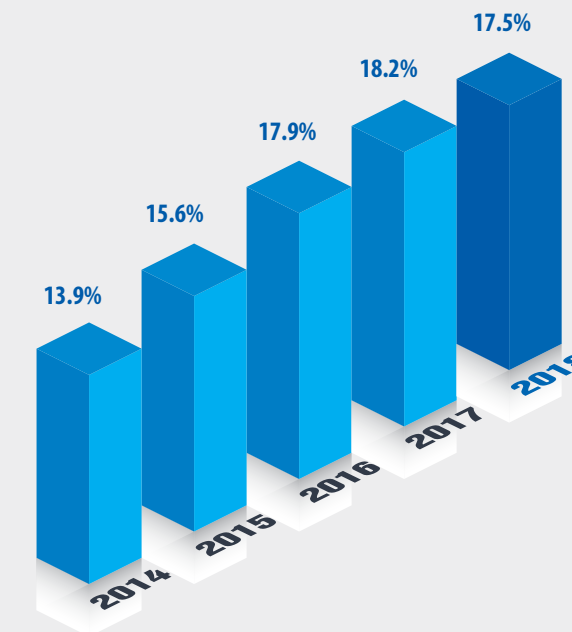
Unit: VND billion

	2014	2015	2016	2017	2018
Net Revenue	1,613.6	1,883.7	2,162.3	2,497.4	2,855.8
Profit after Tax	147.4	187.9	240.1	268.1	294.4
Owner's Equity	732.2	821.6	924.2	1,060.0	1,268.7
Total Assets	1,108.2	1,293.0	1,384.3	1,568.5	1,794.7
ROEA	21.6%	24.2%	27.5%	27.0%	25.3%
ROAA	13.9%	15.6%	17.9%	18.2%	17.5%
Market Capitalization	1,420.0	2,505.1	3,869.6	5,106.2	4,271.9
Cash Dividend	2,000	2,000	3,000	2,000	-
Stock Dividend	10%	30%	30%	30%	-

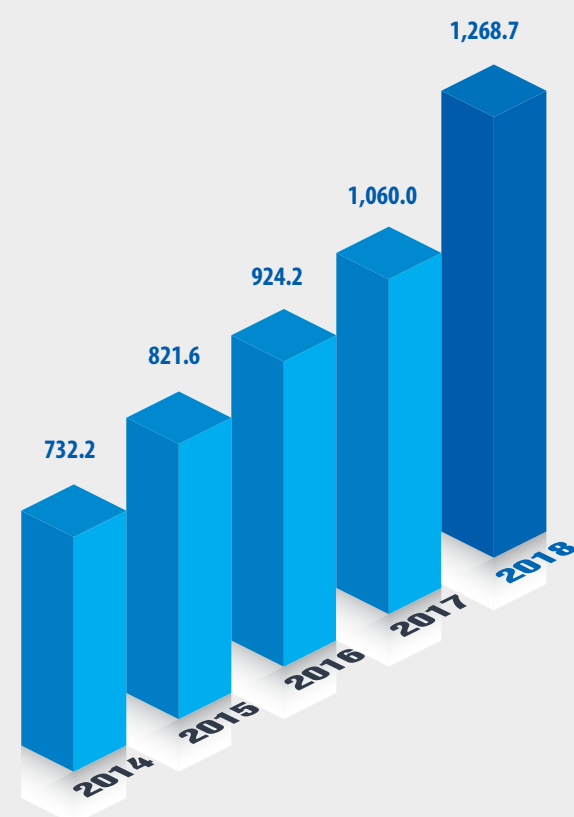
ROEA



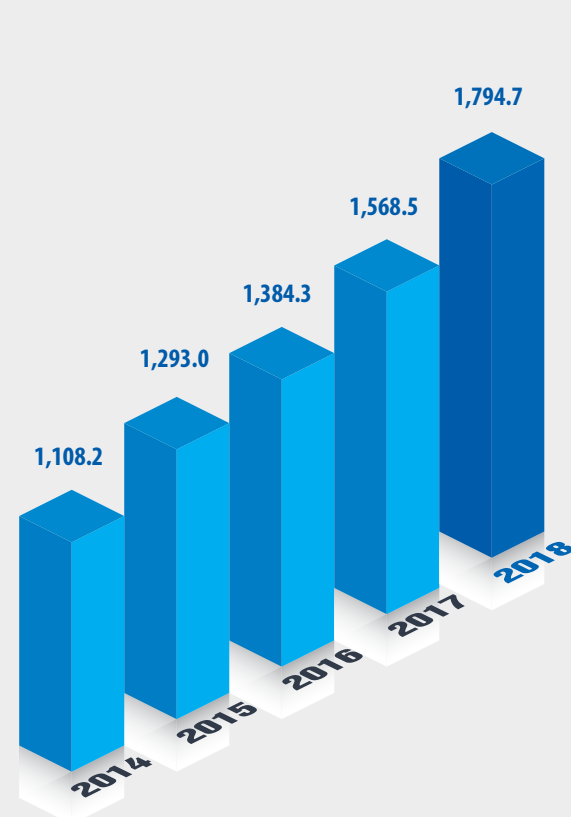
ROAA



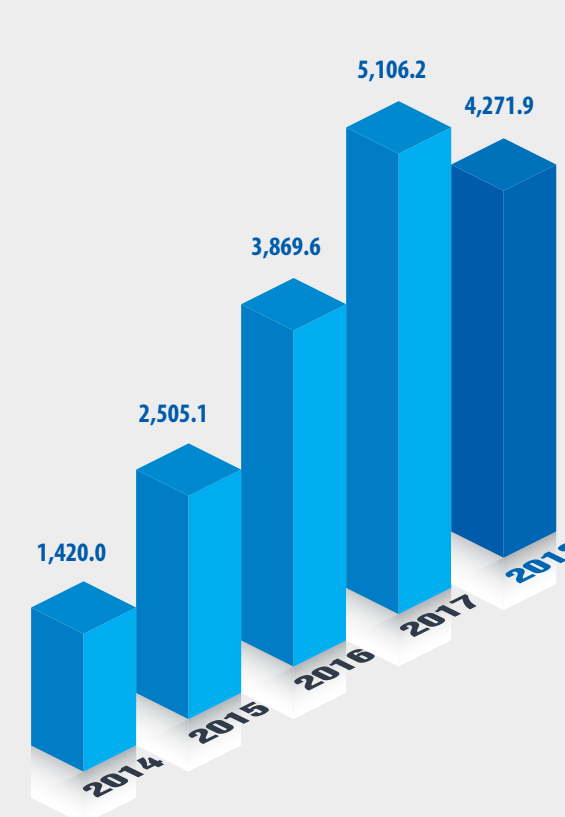
OWNER'S EQUITY (VND BILLION)



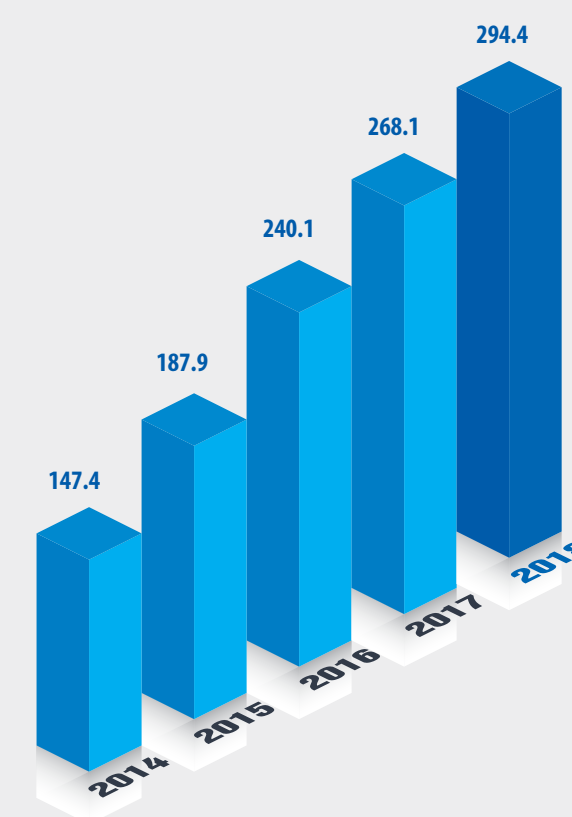
TOTAL ASSETS (VND BILLION)



MARKET CAPITALIZATION (VND BILLION)



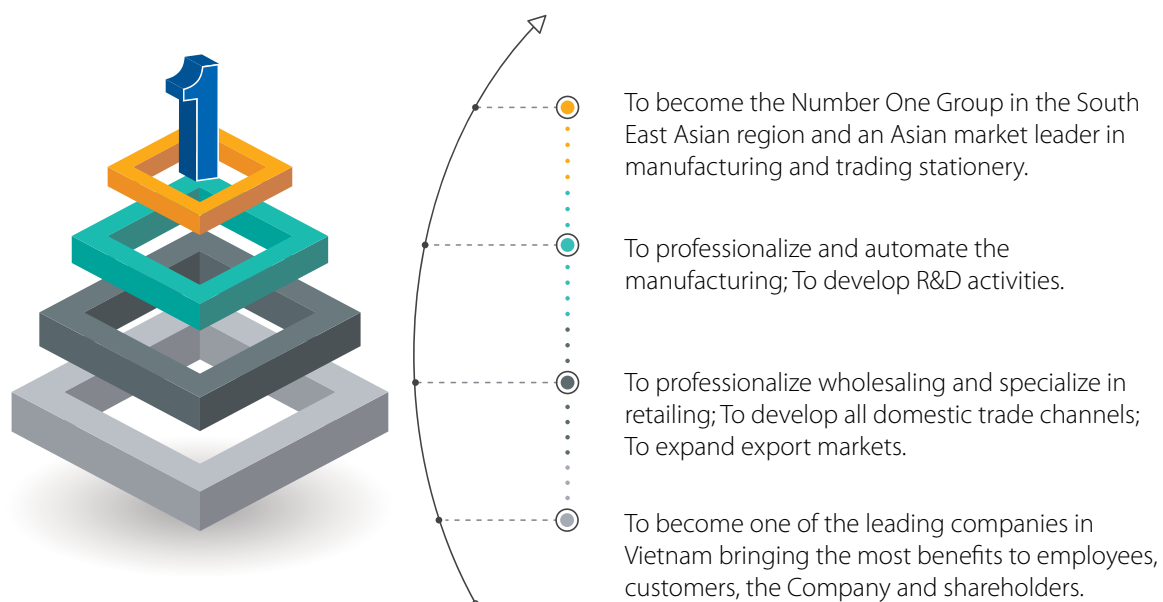
PROFIT AFTER TAX (VND BILLION)



GENERAL INFORMATION

Company name	: THIEN LONG GROUP CORPORATION
Transaction name	: THIEN LONG GROUP
Stock code	: TLG
Chartered capital	: 657,228,530,000 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 15 th amendment registration on 26/09/2018

STRATEGIC OBJECTIVES FOR THE PERIOD 2016 – 2020



VISION - MISSION - CORE VALUES



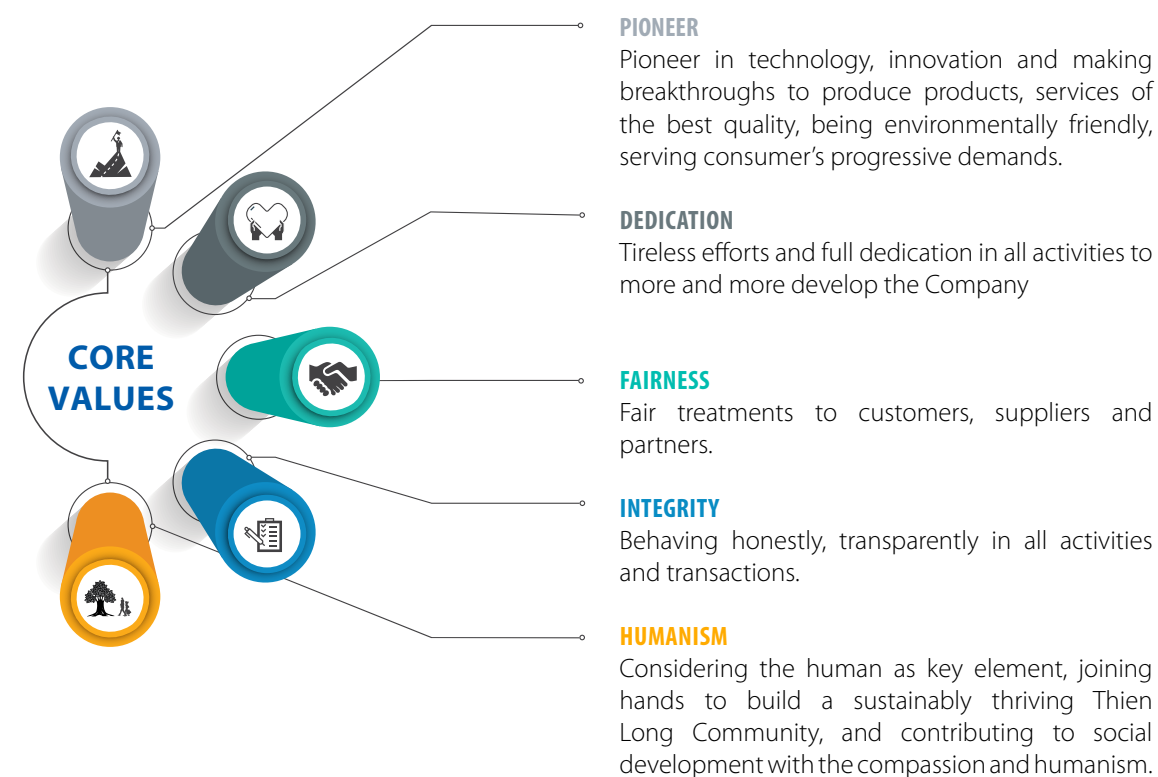
VISION

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.





The Company's leadership continues to complete the leadership structure, corporate governance, cohere the policies of talent attraction, retention and development, enhance decentralization, improve the proactiveness and creativity of BOM to be ready for new ahead development stage of Thien Long.

TOTAL REVENUE
2,855.8
VND BILLION



Dear Shareholders, Partners and all employees,

Vietnam's economy had a successful year in 2018 with high GDP growth rate recorded at 7.08%, inflation controlled within target (3.54%) and trade surplus saw more than USD 7 billion. Vietnam's macroeconomic highlighted positive signs although the world economy experienced various fluctuations in exchange rates, raw material prices and trade war challenges.

Dealing with the commodity price fluctuations, especially plastic, chemicals and packages, Thien Long has continued to improve production capacity, applied persistent and effective approach to proactively control input materials and expanded value chain. Furthermore, the Company deployed a range of core activities in 2018, including promoting product research and development, improving human resource capabilities, continuing to expand distribution network, export markets, strengthening marketing activities and sales support, etc.

Thanks to those efforts, Thien Long has maintained revenue growth rate at 14.3% compared to the previous year and reached the profit margin of over 10%. In 2018, Thien Long also achieved many notable awards, recognizing our enduring efforts to pursue the sustainable development. Some of those awards included National Brand, Top 10 Vietnam Golden Star, Top 50 best performing companies in Vietnam, etc. Thien Long brand has really grown in depth, drawing attentions and winning trust from consumers.

Our success is not only attributed by the great efforts, determination, consensus and engagement of BOD, BOM and all members of Thien Long Family, but also from the valuable support and loyalty of consumers, the cooperation of Suppliers/Partners as well as the trust from Shareholders and Investors.

Looking forward to the goal of becoming the leading stationery manufacturer and supplier in the South East Asia and the Asia market, the Company's leadership continues to (1) complete the leadership

structure, corporate governance, cohere the policies of talent attraction, retention and development, enhance decentralization, improve the proactiveness and creativity of BOM to be ready for new ahead development stage of Thien Long; (2) make investment into business and marketing to bring Thien Long brand and its brand names/brands, including Bizner, TL, FlexOffice, Colokit và Diem 10 to new heights; (3) renovate technologies to strengthen production capacity, introduce products with attractive design, differentiations and premium quality; (4) expand product portfolio and product lines to meet the new demand of consumers; and (5) strengthen and expand cooperation in many fields and maintain a high and stable growth rate in the long term.

We welcome the year 2019 with a joint commitment by all Thien Long employees and the leadership to trying our best to bring you with high quality products, accompanying you in your journey of learning, studying, working and creativity and contributing to improve "The Power of Knowledge" of the humanity as per our mission.

We are looking forward on our journey to the opportunities to cooperate with all local and foreign Shareholders, Investors, Partners, Customers. Together with your support, we will bring Thien Long to a new height and bring sustainable prosperity and engagement to all Employees, Shareholders and Partners of the Company.

Thank you and Best Regards,



CO GIA THỌ
Chairman

EXPAND VALUE CHAIN

With the strategy to become the number one Group in South East Asia and an Asian market leader in stationery business, Thien Long has consolidated and expanded value chain from human resource development, marketing promotion, sales support to product diversification and raw material self-sufficiency, etc.

HUMAN RESOURCE DEVELOPMENT

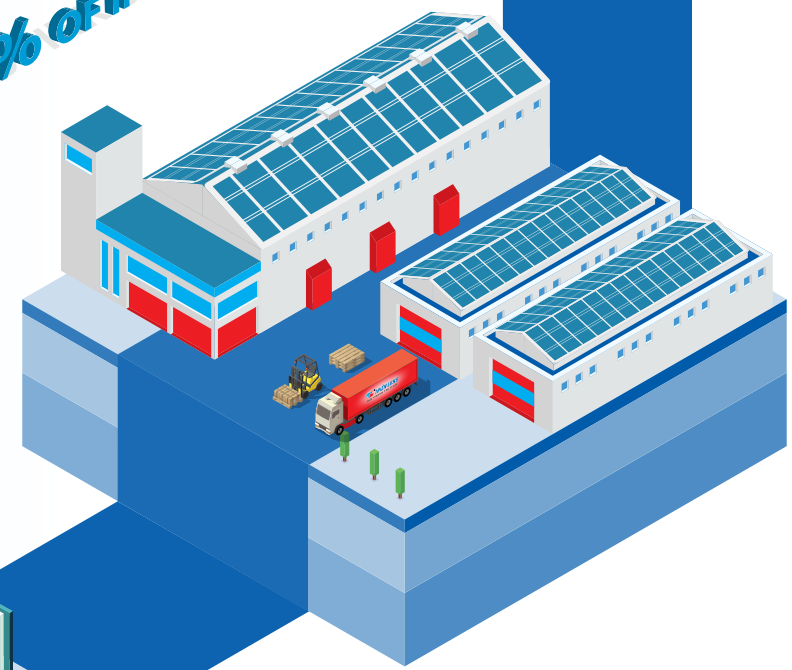


**MARKETING PROMOTION
SALES SUPPORT**



**PRODUCT DIVERSIFICATION
550 PRODUCTS
5 BRAND NAMES**

**FACTORY EXPANSION + 8,542 m²
MEET 95% OF MOLD DEMAND
MEET 55% OF INK DEMAND**



1981

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

1991

Thien Long increasingly expanded the pen markets across the country.

1996

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 equipment.

2000

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

2001

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

2003

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.



2005

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

2006

The Company increased the charter capital to VND 120 billion, established Thien Long Long Thanh JSC with the charter capital of VND 40 billion; and Environmental Management System ISO 14001:2004, Occupational Health and Safety OHSAS 18001, Social Accountability SA 8000, Security Standard CTPAT... were certified

2009

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

2010

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

2012 - 2016

Implemented SAP-ERP system. After dividend and bonus share issuances, the charter capital of Thien Long Group Corporation increased from VND 176.5 billion to VND 383.1 billion.

2007

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

2008

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

2018

Charter capital increased to VND 657.2 billion, completing export map in Southeast Asia.

Launched website FlexOffice.com

2019



SCOPES OF BUSINESS

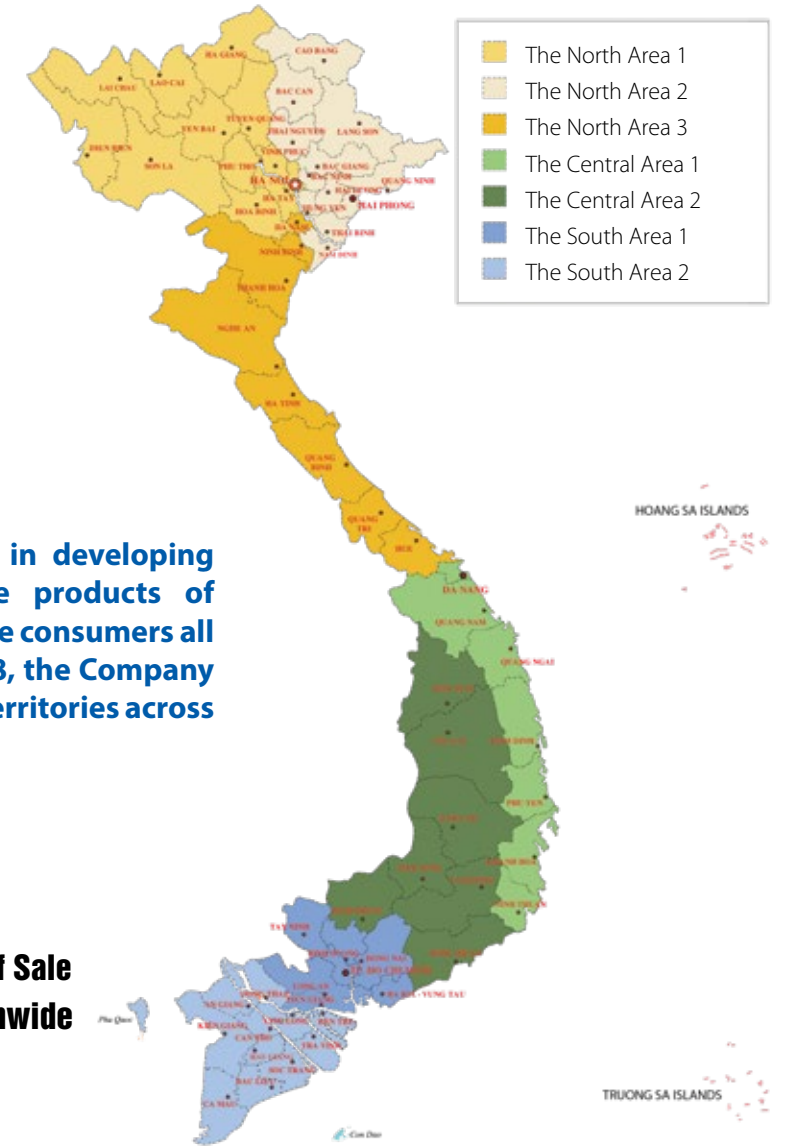
With ample models, high quality, prestigious brands and reasonable prices, Thien Long's products are ready to meet the diverse demands of consumers.

THIEN LONG GROUP SPECIALIZES IN MANUFACTURING AND TRADING OF THESE 4 MAIN PRODUCT LINES:



DISTRIBUTION SYSTEM

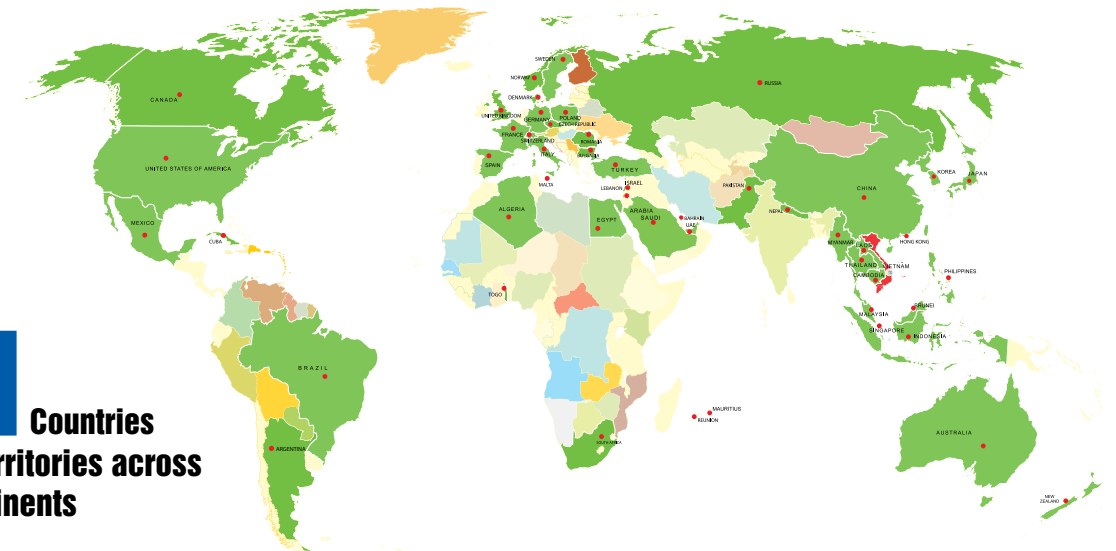
Thien Long has built and continuously expanded the thorough distribution network within the domestic market. Thien Long's products are now available to consumers at more than 65,000 points of sale (POS) across all 63 provinces/cities nationwide, and at almost all commercial centers, chain stores, bookstores, convenience stores,... and also distributed via channels such as online, direct sale to schools, businesses (B2B), supermarkets...

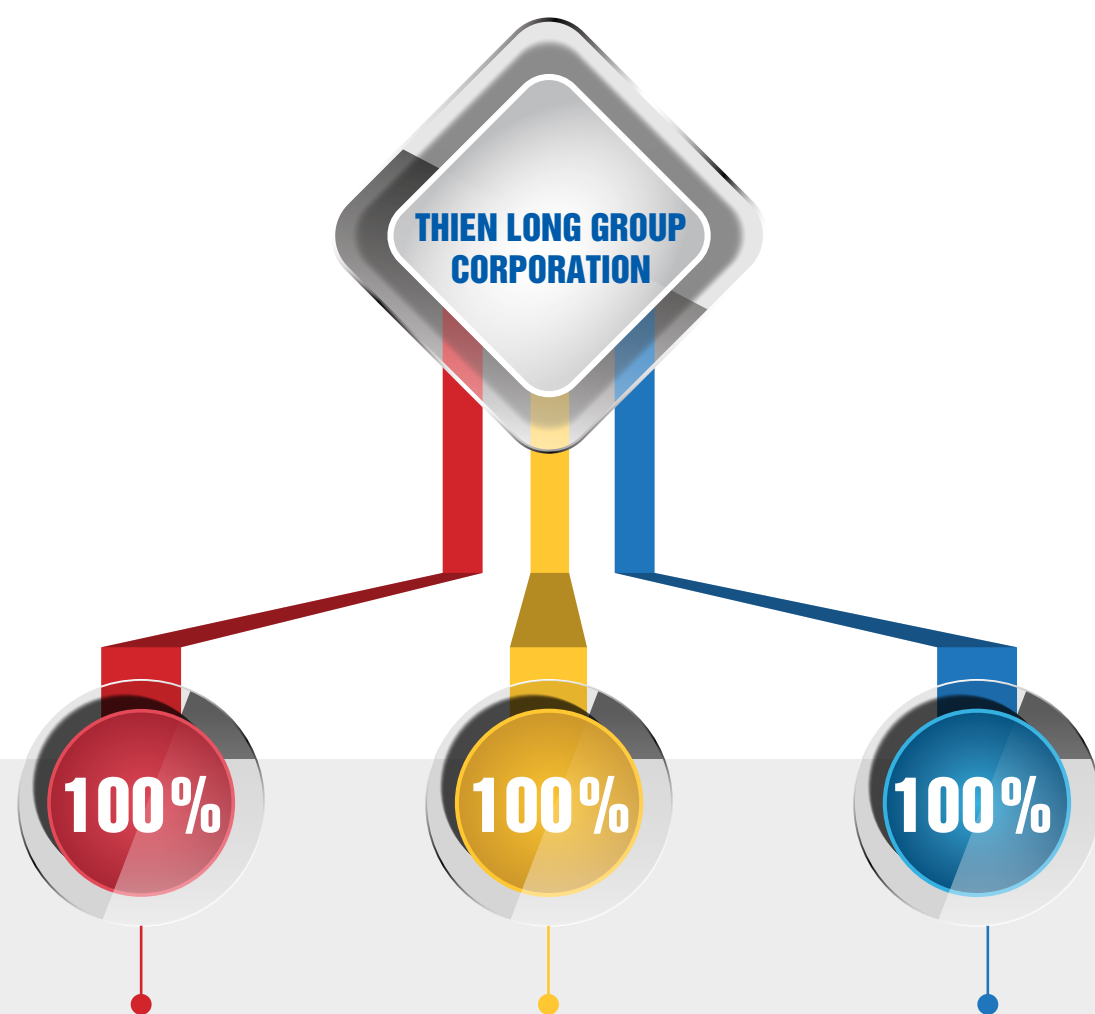


Thien Long continuously invests in developing export markets and brings the products of FlexOffice and Colokit brands to the consumers all over the world. By the end of 2018, the Company has exported to 61 countries and territories across 6 continents.

65,000 Points of Sale across all 63 provinces/cities nationwide

61 Countries and territories across 6 continents





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 with the charter capital of VND 80 billion and is 100% owned by the Group. 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 GLOBAL TRADING AND SERVICE ONE MEMBER COMPANY LIMITED

Thien Long Global has the charter capital of VND 40 billion, 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 focuses 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 and diversify the product portfolio.
- (3) Development and trading of other consumer goods.

List of subsidiaries (the Group does not have affiliate companies)

No.	Company Name	Business segments	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	38, Gamuda Gardens 2-5 Street, C2 - Gamuda Gardens New Urban Zone, Tran Phu Ward, Hoang Mai District, Ha Noi	40 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%

In 2018, Thien Long increased the charter capital of Tan Luc North Trading and Service One Member Company Limited from VND 20 billion to VND 40 billion.

Revenues excluded internal transactions

Tan Luc Chain: Approximately VND 750 billion, increasing more than 16.4% compared to 2017.

Thien Long Global: Approximately VND 1,650 billion, increasing about 10% compared to 2017.

Production output

Thien Long Long Thanh: over 320 million products, increasing more than 20% compared to 2017.

 **TYPICAL AWARDS**

1 **Top 50 Best performing companies in Vietnam**
(2013 - 2018) organized by Nhip Cau Dau Tu Magazine.

2 **Top 50 Best Vietnamese listed companies**
(2013 - 2018) voted by Forbes Vietnam.

3 **“Vietnamese High-Quality Goods”**
(1997 - 2018) awarded by High Quality Vietnamese Goods Business Association.

4 The Enterprise having products with **“National Brand”**
(2016 - 2018) awarded by the Ministry of Industry and Trade.

5 **“Vietnam Golden Star”**
(2003 - 2018) awarded by Vietnam Young Entrepreneurs Association.

6 **“Typical enterprise of Ho Chi Minh City”**
(2015 - 2018) awarded by Ho Chi Minh City People’s Committee.

7 **Environment Award**
(2006 - 2018) by Ho Chi Minh City People’s Committee.

8 **Top 40 stationery companies with highest revenue growth rate in the world**
(2016 - 2018) recognized by Plimsoll.

9 **The world’s best trading partner of stationery industry**
(2016 - 2018) recognized by Plimsoll.

10 **Thien Long gained highest revenue growth rate in the Southeast Asian region in stationery industry in 2018,**
recognized by Plimsoll.





công việc hanh thông

WRITING INSTRUMENTS AND STATIONERIES (TL)

Thien Long's writing instruments and stationeries (TL brand name) includes traditional product lines such as ballpoint pens, gel pens, rollerball pens, fineliners, etc. This is the long-standing product category of the Group from early days of establishment and currently leading the domestic market with more than 60% of market share.

Besides writing instruments, in 2018, TL brand name had many other stationeries such as tapes, button covers, whiteboard markers, permanent markers, correction pens, student notebooks, pencils, pencil sharpeners, erasers, compasses, rulers, etc.

TL products get trust from most of Vietnamese people thank to its quality, reasonable price and easy-to-use.

Leading the domestic market with more than **60%** of market share.



PREMIUM PRODUCTS (BIZNER)

Premium Products category (Bizner brand name) includes typical products such as: premium ballpoint pens (BIZ-01, BIZ-04, BIZ-05), premium fountain pens (BIZ-FT01, BIZ-FT02), premium rollerball pens (BIZ-RB01), premium pencils (BIZ-PC01, BIZ-P01, BIZ-P02...).

During the year, to provide customers with more choices, Bizner has launched a range of products such as BIZ-09 ballpoint pens, BIZ-168 rollerball pens, BIZ-WB01 whiteboard markers, BIZ-PM01 permanent markers, etc.

With target customers who are businessmen and high-income consumers, the product lines of Bizner are invested in creative and R&D activities to have luxurious design and being delicate in each detail. Therefore, these products have got a good impression in big events such as Mekong Connect and Vietnam CEO Summit.



OFFICE SUPPLIES (FLEXOFFICE)

Office Supplies (FlexOffice brand name) include products serving white-collar customers such as: office paper, pens of various kinds, stationeries, folders, adhesive tapes, glues and other office supplies. Office supplies category contributed significantly to the Group's business with 30% of total revenue.

In addition, Thien Long has launched its trading website at www.FlexOffice.com, which enables the customers to approach and buy the products under FlexOffice brand name and others easily and quickly.

The Office Supplies have successfully built customers trust thanks to not only their high quality and utility but also professional selling services from offline to online channel.





SCHOOL SUPPLIES (DIEM 10)

School Supplies (Diem 10 brand name) serving the students of all levels with a range of products suitable to each learning program such as boards, chalks, rulers, compasses, pencils, erasers, glues, scissors, notebooks, etc. and special products such as fountain pens for handwriting training, fountain pens with cartridge, dustless chalks, etc. are preferred by many pupils and parents.

In 2018, Diem 10 launched many school supplies were demonstrated by Disney cartoon character images and received the enthusiastic support from the students. As a result, Thien Long has gained increasing revenue from this product line.

On the other hand, Diem 10 always pursues the standards of product safety, non-toxicity and health protection for students.



ART SUPPLIES (COLOKIT)

Colokit is the brand name that represents Thien Long's Art Supplies, including products serving the arts, creative activities of children such as: colored crayons, oil pastels, colored pencils, colored fiber pens, colored plastic crayons, watercolors, modelling doughs, coloring books.

With brand positioning strategy of "Smart color", Thien Long has developed several products under Colokit brand name with a particular mark. The children will satisfy with interesting color world, enabling them to approach and receive knowledge in a better and smarter manner via the products. Accordingly, in 2018, Colokit introduced unique products such as smart 4D coloring notebooks, modelling doughs, Jumbo crayons, Gold and Silver color of crayons, etc. that received the positive support from the consumers.

Colokit products are trusted and welcomed by the children and parents thanks to quality assurance and beautiful designs, especially complying the safety and non-toxic standards of Europe and United States of America.





PROMOTING IN-HOUSE INNOVATION

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

Advanced technology is applied in mold production, especially mold structure design, processing stages and automatic plastic injection process to enable semi-product manufacturing to be more effective and gain higher productivity. In 2018, the Company self-produced more than 95% of demand for new molds.

In addition, engineers have researched mold to produce semi-products in various forms such as injecting multi plastic components on one semi-product at once has been deployed to reduce the number of details in a finished product and diversify models.

Semi-products production machinery is also invested with advanced technologies, imported from industrial countries such as plastic injection machine from Japan, helped optimize production processes, improve product quality. The rearrangement, 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 75.3% compared to 73.5% by the end of 2017. Thien Long accelerates the process of automation in production from plastic injecting, pouring, assembling stage to printing, testing and packaging.

AUTOMATION RATE REACHED

75.3%

In order to improve the productivity and product quality, Thien long uses state-of-the-art technologies throughout the process of designing, manufacturing, quality control and testing of quality and safety of products.

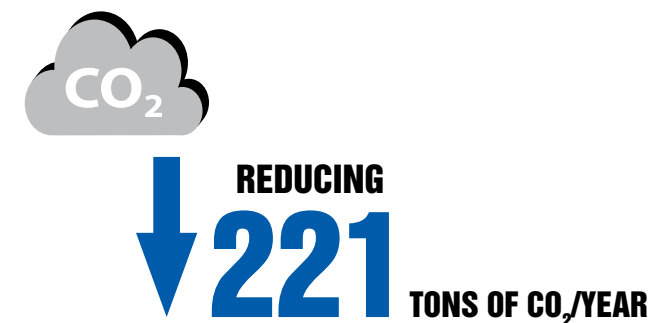


PURSUIING GREEN TECHNOLOGY

Since the inception, Thien Long has placed the GREEN requirements as its first priority when applying a environment friendly sewage treatment system that does not pollute environment and production system with energy and material savings.

The solar panel system with capacity of 198.4 Kwp went into operation since February 2018. This solar power system creates approximately 334,272 Kwh/year (average 27,856 Kwh/month), considerably saving power expenses and reducing about 221 tons of CO₂ emission per year, contributing to environmental protection and green economic development.

GREEN technology is also represented by products that are safe for users. Thien Long products meet all international safety standards, such as US standards (ASTM D - 4236, ASTM F-963, CPSIA, TPCH, AP Seal), European standards (EN 71/1,2,3, EN 71/9, REACH) and Vietnamese standards on safety such as QCVN03-2009/ BKHCN.



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 suppliers'side, checking input materials, assuring quality of each production stage, controlling finished good quality and handling storage and display of products at warehouses, and all points of sales.

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

- ◆ Quality Management System - **ISO 9001:2015**
- ◆ Environmental Management System - **ISO 14001:2015**
- ◆ Social Accountability System - **SA 8000:2014**
- ◆ Occupational Health and Safety Management System - **OHSAS 18001:2007**
- ◆ Laboratory Management System - **ISO 17025:2017**
- ◆ International Council of Toy Industries - **ICTI**

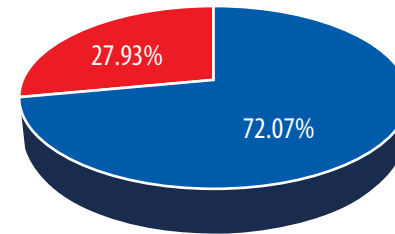
The effective use of above integrated systems helps Thien Long's Management demonstrate the strong commitment to always maintain and ensure effectiveness of management and quality on each product delivered to consumers, especially the health and safety of consumers as well as employees.

SHARE INFORMATION AND CHARTER CAPITAL INCREASE HISTORY

SHAREHOLDER'S STRUCTURE

(As at 16/10/2018)

Shareholder	Number of shareholders	Number of shares	Percent
Domestic shareholder			
Organization	30	34,025,217	51.77%
Individual	768	13,343,546	20.30%
Foreign shareholder			
Organization	32	18,257,308	27.78%
Individual	40	96,782	0.15%
Total	870	65,722,853	100.00%

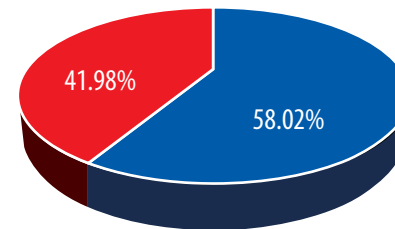


■ Domestic shareholder
■ Foreign shareholder

LIST OF SHAREHOLDERS HOLDING OVER 5% OF CHARTER CAPITAL

(As at 16/10/2018)

No.	Shareholder	Number of shares	Percent
1	Thien Long An Think Investment JSC (Represented by: Mr. Co Gia Tho)	33,955,412	51.66%
2	Mr. Co Gia Tho	4,176,915	6.36%
Total		38,132,327	58.02%

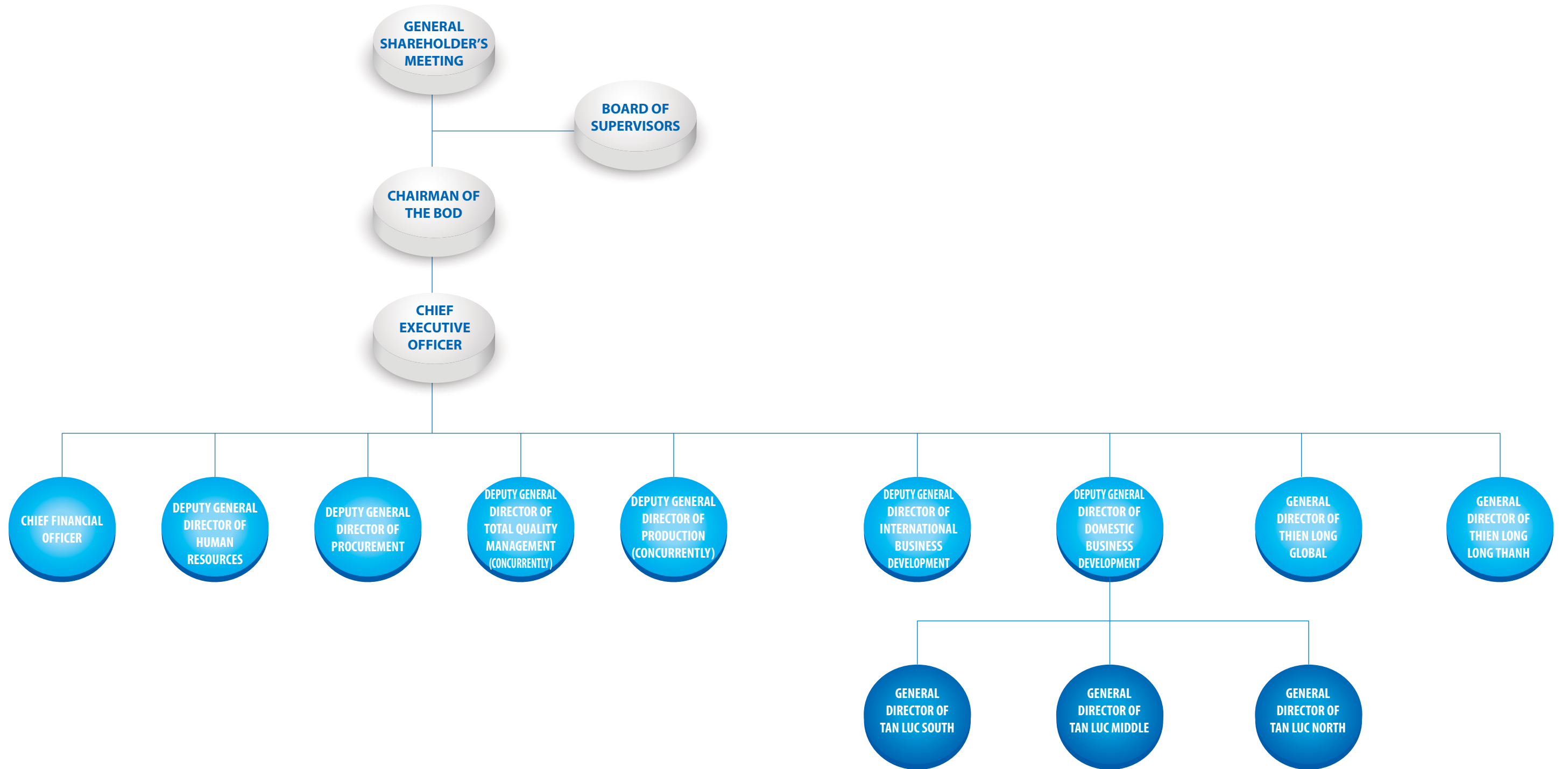


■ Shareholders holding over 5% of charter capital
■ Shareholders holding less than 5% of charter capital

CHARTER CAPITAL INCREASE HISTORY

Year	Initial charter capital (VND billion)	Charter capital increased (VND billion)	Accumulated charter capital (VND billion)	Form of capital increase
2018	505.6	151.6	657.2	Bonus shares
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







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.

Mr. Co Gia Tho is also holding the position of Chairman cum CEO of Thien Long An Thinh Investment JSC, which owns 51.66% of Thien Long Group.



Mr. TRAN KIM THANH
Vice Chairman - Independent Member

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

He has 40 - year experience of management and business strategy formation.

He is also the Chairman of KIDO Group, Chairman of KIDO Real Estate JSC, Chairman of Vietnam Vegetable Oils Industry Corporation (Vocarimex), CEO of KIDO Investment Company Limited, Chairman of KIDO Frozen Foods JSC and Chairman of PPK One Member Company Limited.



Mr. TRAN LE NGUYEN
Independent Member

Mr. Tran Le Nguyen has been BOD member since 2008.

Mr. Nguyen has over 30 years of experience in management and business strategy formation.

He is also the Vice Chairman and CEO of KIDO Group, BOD member of KIDO Real Estate JSC, BOD member of Vietnam Vegetable Oils Industry Corporation (Vocarimex), BOD member of Tuong An Vegetable Oil JSC, and Chairman of Viet Dragon Securities JSC.



Mr. HUYNH VAN THIEN
Independent Member

Mr. Thien has been BOD member 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 JSC (Vilube), Viet Capital Asset Management Company (VCAM), Euro Auto (BMW).

He is also the Chairman of VietLand Capital and BOD member of VietLand Corp.



Ms. TRAN THAI NHU
Member

Ms. Tran Thai Nhu has been BOD member since 2008.

She used to serve as Assistant to CEO of the Company, General Director of Thien Long Long Thanh and Advisor to the BOM of Thien Long Group.

She is also BOD member of Thien Long An Think Investment JSC.



Ms. CO NGAN BINH
Member

Ms. Co Ngan Binh has been BOD member 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 BOD member of Thien Long An Think Investment JSC.



Ms. CO CAM NGUYET
Member

Ms. Co Cam Nguyet has served as a BOD member 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 BOD) in February 2017.

She is also BOD member of Thien Long An Think Investment JSC.



Mr. TRAN VAN HUNG
Independent Member

Mr. Tran Van Hung participated into the BOD 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 JSC, Advisor to the BOM, Head of BOS, Head of Internal Audit Department of Thien Long Group.

BOARD OF SUPERVISORS



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 JSC.



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

Previously, Ms. Diep worked in Investment Banking Department of HSBC Vietnam and Institutional Clients Department of VN-Direct Securities JSC.

BOARD OF MANagements



Mr. NGUYEN DINH TAM
Chief Executive Officer cum Deputy General Director of Production

Mr. Nguyen Dinh Tam has joined the Company since 1993. In May 2017, Mr. Tam was officially appointed as the Group's CEO. He has extensive industry experience and possesses in-depth knowledge of key aspects in Thien Long production.

Mr. Tam held important positions such as Deputy Director of Technology, Director of R&D, Deputy General Director of Production, and Permanent Deputy General Director cum Deputy General Director of Production.



Mr. NGUYEN THUONG VIET
Deputy General Director of Domestic Business Development

Mr. Nguyen Thuong Viet has worked at the Company since 1996 and was appointed as Deputy General Director of Domestic Business Development in April 2012.

He 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.



Ms. TRAN PHUONG NGA
Chief Financial Officer

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

Ms. Nga previously held key management positions in fields of accounting, banking, financial consultancy, investment portfolio manager... at multinational companies in both Vietnam and United Kingdom.



Mr. BUI VAN HUONG
Deputy General Director of Human Resources
cum Deputy General Director of Total Quality
Management

Mr. Bui Van Huong joined Thien Long in 2007 as Deputy General Director of Total Quality Management. From September 2008 to present, he has been holding the position of Deputy General Director of Human Resources cum Deputy General Director of Total Quality Management.

He 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...



Mr. PHAN NHUT PHUONG
Deputy General Director of Procurement

Mr. Phan Nhut Phuong has been working at Thien Long since 1996. From 2008 till now, he has been taking the position of Deputy General Director of Procurement.

He has 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 and was appointed as Deputy General Director of Supply Chain in 2006.



Mr. TRAN TRUNG HIEP
Deputy General Director of International
Business Development

Mr. Tran Trung Hiep joined Thien Long in 2005 as Director of Thien Long's Hanoi Branch and has been serving as Deputy General Director of International Business Development since 2012.

He has many years of experience in the field of business development and was appointed to the position of Domestic Sales Director, Head of Thien Long's Representative Office in China.



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 has joined Thien Long since 1996. He is the General Director of Thien Long Long Thanh from 2012 to present.

Before that, he held key positions in Finance and Accounting Department of the Group.



Mr. HUYNH DUC NGHIA
General Director of Tan Luc South

Mr. Huynh Duc Nghia joined Thien Long in 1999 and has become the General Director of Tan Luc South since 2016.

He was in charge of the business operation of Tan Luc West and the Group's branches in Da Nang, Nha Trang and Hai Phong.



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. He has been the General Director of Tan Luc Middle since the beginning of 2016.

Mr. Hau worked as Sales Manager of the Company, then served as Regional Director of Thien Long Global and Branch Director of Tan Luc South.



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 since 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 and accounting.

Mr. DINH QUANG HUNG
Production Director

Mr. Dinh Quang Hung has been working at Thien Long since 2008 and held the position of Production Director from October 2017. He graduated from Mechanical and Manufacturing Engineering (Ho Chi Minh City University of Technology and Education). Mr. Hung had many years of experience in manufacturing 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 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 Information Technology Director. 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 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 and was appointed for the position of Marketing Director from January 2017. With many years of experience in marketing, Mr. Hao has taken important positions such as Brand Manager, Marketing Operation Manager and Marketing Manager.

ENHANCE PRODUCTION CAPACITY

Increasingly enhancing product quality is the key factor to create Thien Long's prestige. Therefore, the Company always focuses on investment into R&D and technology renovation with automatic production line in combination with a strict quality control system to provide the consumers with best products.

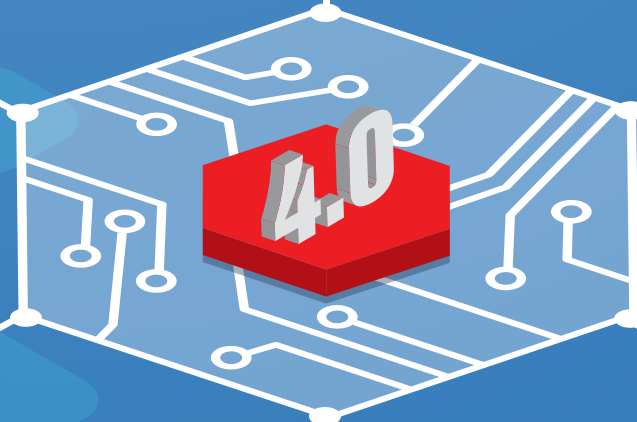
PURSUE GREEN TECHNOLOGY



CREATE QUALITY
AND SAFE PRODUCTS



RESEARCH AND DEVELOP
NEW PRODUCTS



STRICT QUALITY
CONTROL SYSTEM



PROMOTE AUTOMATION
≥ 75.3%

STIMULATE IN-HOUSE PRODUCTION



ACTIVITIES OF THE GENERAL SHAREHOLDER'S MEETING

In 2018, Thien Long organized 02 AGMs, including:

- The AGM for the fiscal year 2017 was organized on 16/05/2018; and
- The Extraordinary AGM was organized in form of collecting shareholder's opinions in writing on 08/11/2018.

Thien Long Group has fully complied with the applicable regulations on sending notice, invitation letter, attendance right, voting right, etc. to ensure the highest interest of shareholders.

ACTIVITIES OF THE BOD IN 2018

In 2018, BOD organized periodic meetings to discuss and give out development orientation and instruction to the business operations of the Company. BOD always focused on implementing its functions, duties and rights in accordance with the laws, Thien Long's Charter and Internal Regulation on Corporate Governance.

BOD has played its pioneer role in governance, supervision, strategy, risk management, human resource and remuneration in a professional and

effective manners. The members of BOD always took the initiatives and showed a high sense of responsibility as well as making great contributions to the general decisions of BOD professional and promptly.

In 2018, BOD held 12 meetings with full attendance by all members and approved the important decisions and policies on the Company's development orientation and strategies and business operation.

Resolutions/Decisions already issued include:

No.	Resolution/ Decision number	Date	Contents approved
1	06/2018/NQ - HĐQT	21/03/2018	Approved the organization of AGM for fiscal year 2017.
2	07/2018/NQ - HĐQT	23/04/2018	Approved the decision on increasing charter capital of Tan Luc North Trading and Service One Member Company Limited.
3	08/2018/NQ - HĐQT	03/05/2018	Approved Tan Luc North Trading and Service One Member Company Limited to seek business location.
4	09/2018/NQ - HĐQT	24/05/2018	Approved the selection of Deloitte Vietnam Company Limited as independent auditor for the Company's 2018 financial statements.
5	10/2018/NQ - HĐQT	24/05/2018	Approved to deploy the plan of issuing shares to increase capital from owners' equity.
6	11/2018/NQ - HĐQT	08/08/2018	Approved the 2 nd cash dividend payment of 2017 and the record date of share issuance to increase capital from owner's equity.
7	13/2018/NQ - HĐQT	18/09/2018	Approved the charter capital increase from the share issuance to increase capital from owner's equity and amendment of the Company's Charter regarding the charter capital.
8	14/2018/NQ - HĐQT	26/09/2018	Approved the collection of shareholder's opinions in writing about private placement in 2018 and propose getting opinions from shareholders.
9	15/2018/NQ - HĐQT	12/11/2018	Approved the implementation of procedures and documentation related to the private placement issuance in 2018.

10	16/2018/NQ - HĐQT	27/11/2018	Approved the decision on land right transfer in Da Nang, in which, BOD assigned BOM to seek buyer and authorized BOM to implement all related tasks to the land right transfer procedures in Da Nang.
11	17/2018/NQ - HĐQT	28/11/2018	Approved the amendment of Investment Certificate: Adding a pen tip workshop for proactively controlling raw material and limiting pen tip import.

In order to enhance internal corporate governance quality, the Company has enrolled corporate governance training courses which was organized by Deloitte Vietnam Company Limited for members of BOD and BOM, other managers and Company Secretary. Accordingly, other corporate governance training courses will be promoted and continued to be organized for those members.

SUPERVISION ON BOM'S PERFORMANCE

Based on the Company's Charter and Internal Regulation on Corporate Governance, BOD has inspected and supervised the BOM's activities in running business operation and implemented the plan of General Shareholder's Meeting and BOD in 2018.

The supervision was implemented comprehensively and sufficiently through direct discussion and meetings with BOM in the BOD or BOM's periodic meetings or via email or teleconference to ensure the effective, appropriate and prompt supervision.

Given the increasing challenges, difficulties and fluctuations of the economy in Vietnam and in the world, BOM always has right policies and solutions which are suitable to the Company's development strategy. In 2018, BOM successfully fulfilled the business targets and the duties as assigned by General Shareholder's Meeting.

Playing the role of a companion and supervisor to BOM, BOD highly appreciates and recognizes the contribution and dedication of BOM to the Company's development.

ASSESSMENT ON THE GROUP'S OPERATION IN 2018

It can be said that 2018 is an impressive year of Vietnam's economy when GDP reached the highest growth rate in the 10 years, at 7.1% in spite of the fluctuations in the world.

With the increasing efforts and solidarity of the leadership and all employees together with the BOD's instruction and companion, the Company has achieved great outcome, excellently completing the targets in 2018 assigned by General Shareholder's Meeting, to be specific:

- Consolidated net revenue in 2018 reached VND 2,855.8 billion.
- Profit after tax in 2018 reached VND 294.4 billion.



ASSESSMENT OF INDEPENDENT BOD MEMBERS

In 2018, through the regular meetings, the BOD members have made oriented decisions and instructed the Company's business operation as assigned by General Shareholder's Meeting. Accordingly, BOD has issued the Resolutions related to the Group's activities in compliance with the BOD's responsibility and competences and the law, the Company's Charter, the Internal Regulations on Corporate Governance and in conformity with the business situation, meeting the corporate governance requirements and development strategies of the Group.

On the other hand, with the independent role in BOD, the independent BOD members have actively attended all the BOD's meetings, made discussion and gave incisive and objective opinions. In addition, the independent BOD members have had constructive opinions to the operation and pointed out potential risks in the Company's policies and strategies, contributing to improving the system and preventing risks.

Therefore, in spite of facing difficulties and challenges, BOD and BOM have showed the solidarity and collaboration, jointly making effort for the development goal of the Company, contributing to reaching the plan assigned by General Shareholder's Meeting.

INVESTOR RELATIONS AND OBLIGATIONS TO SHAREHOLDERS

In 2018, aiming to the transparency, timely manner and accuracy in all activities, the Company has well implemented and strictly complied with the information disclosure regulations, ensuring fair and equality in providing information to all shareholders and investors. The Company has been continuously updating the laws to ensure the compliance with the information disclosure regulations.

Besides, being aware of the responsibility of a large cap listed company to the investors, Thien Long is always proactive to organize meetings and factory visits to timely provide information to the local and international investors.

In 2018, Thien Long made 2nd cash dividend payment of 2017 at the rate of 10% of par value (for total amount of VND 50.6 billion) and issued shares to increase capital from owner's equity at the rate of 30% (increasing by VND 151.6 billion).

REMUNERATION AND BONUS TO BOD, BOS AND BOM

The salary, remuneration, bonus, allowances and expenses for the leadership is based on (1) the Company's business performance, (2) duties, responsibilities and performance of each member, (3) general salary policy and the Company's annual salary budget and (4) the compliance with relevant regulations.

Salary of BOM and other managers and remuneration of BOD and BOS received in 2018 were totally VND 36.9 billion and presented at Note 35 of the Audited Consolidated Financial Statements.

DEVELOPMENT PRIORITIES

In 2019, BOD intends to submit to the General Shareholder's Meeting for approval on business plans with net revenue of VND 3,200 billion, profit after tax of VND 325 billion and dividend at 20% of par value.

In order to successfully implement strategic objectives for the period of 2016 - 2020, the BOD promulgated the Corporate Governance Regulations, set up the committees under the BOD and together with the BOM to focus on development priorities including:



ACTIVITIES OF COMMITTEES UNDER THE BOD

BOD has 04 committees under the BOD, including Investment and Development Policy Committee, Restructuring HR and Remuneration Committee, Audit Committee and Investor Relations Committee. In 2018, the committees under the BOD have well played their role in supporting BOD to implement their rights and duties. With the functions assigned by BOD which are stipulated in the Internal Regulations on Corporate Governance, the committees have showed their professionalism in each field, helping the BOD supervise and control the Company's activities effectively as well as enhancing the objectivity and independence in strategic decisions.

! RISK MANAGEMENT



RAW MATERIAL PRICE

Total value of raw materials makes up more than 70% in production cost of Thien Long, in which resin is main material, occupying nearly 25% of material cost. Therefore, the fluctuations of crude oil price leading to the increase in price of resin, package and other raw materials caused remarkable effects to Thien Long's production costs in 2018.

Risk mitigation measures

- ♦ Always updating information about raw materials price such as resin, chemicals, packages, etc.
- ♦ Maintaining good relationship with the large and traditional material suppliers, considering the prices offered by other suppliers, negotiating to purchase a large number of materials at competitive price.
- ♦ Regularly analyzing and forecasting, then building different price scenarios to make suitable plan for purchasing, importing and stocking up raw materials, meeting the production requirements.
- ♦ Strengthening materials self-production to meet production demand, minimizing the dependence on the market, especially the world's market.

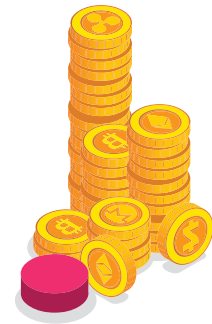


EXCHANGE RATE

Given the fact that Thien Long still imports major materials, especially resin and machinery, the Company's business operation suffers considerable effects from exchange rate, to be specific, VND/USD and VND/JPY exchange rates.

Risk mitigation measures

- ♦ Closely monitoring exchange rate fluctuations, and payment schedule for import contracts, planning short-term and long-term cash flows to balance the source of foreign currencies.
- ♦ Promoting machines, molds and materials self-sufficiency to reduce import.
- ♦ Increasing foreign currency sources via product export; in 2018 total revenues from export of the Group reached USD 18 million, up 28% from 2017.



INVESTMENT ACTIVITIES

Investment always accompanies with 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 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 are analyzed comprehensively based on market demand, competitiveness, business efficiency, etc. in order to identify related risks and impact level of each factor.



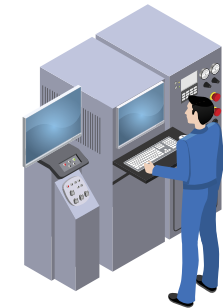
COMPETITIVENESS

The fact that the economic growth rate causes direct effects to the total demand as well as there are more and more global groups joining in stationery industry, especially in the domestic market has created a high competitive risk for Thien Long.

The increasing speed of globalization, the competitive pressure of many countries in the world in combination with the trend of seeking markets with strong purchasing power and high potential growth has helped Vietnam become an attractive target of the big international groups. Vietnam's stationery market is not an exception which creates both short-term and long-term competitive risk for Thien Long.

Risk mitigation measures

- ♦ Completing the leadership structure, corporate governance, cohering the policies of talent attraction, retention and development
- ♦ Making investments into sales and marketing to bring Thien Long brand and its brand names/brands i.e. Bizner, TL, FlexOffice, Colokit and Diem 10 to a new height.
- ♦ Renovating technologies to strengthen production capacity, introducing products with attractive design, differentiations and premium quality.
- ♦ Expanding product portfolio and product lines to meet the new demand of consumers.
- ♦ Strengthening and expanding cooperation in many fields and maintaining a high and stable growth rate in the long term.



SAFE PRODUCTION AND PRODUCT QUALITY

Together with the increasing development of automation in terms of manufacturing, the assurance of safety and efficiency in machinery and equipment operation is an essential requirement of every enterprise/factory. As a manufacturer, the risk in safety and product quality always exists and has a considerable influence on the Group's competitiveness.

Risk mitigation measures

- ♦ Apart from periodic maintenance, the Company is highly aware of the importance of safety in production and assurance of product quality.
- ♦ The inspection is implemented regularly in combination with training, propagation and practice on safety measures.
- ♦ Employees are fully provided with protective equipment and the fire prevention and firefighting team always has plans to actively respond to all incidents.
- ♦ Developing a strict product quality control process at all stages from procurement, production, packaging to distribution.
- ♦ Effectively applying and increasingly improving Integrated Management System (Safety - Quality - Environment) according to international standards.

ACTIVITIES OF THE BOARD OF SUPERVISORS IN 2018

- ♦ Examining and supervising the implementation of the AGM 2018's Resolutions, following up the implementation of the plans approved by the General Shareholder's Meeting.
- ♦ Verifying quarterly and annual financial statements to evaluate the authenticity and rationality of financial figures, coordinating with Internal Audit to inspect the activities of subsidiaries in term of the compliance with procedures, processes and regulations of the Group and checking the rationality of corporate income tax.

No. BOS member	Position	Starting/Resigning date from BOS member	Number of meetings attended	Attendance rate	Reason for absence
1 Ms. Nguyen Thi Bich Nga	Head of the BOS	Starting date of new term on 16 May 2017	5/5	100%	
2 Mr. Dinh Duc Hau	BOS member	Starting date of new term on 16 May 2017	5/5	100%	
3 Ms. Ta Hong Diep	BOS member	Starting date of new term on 16 May 2017	5/5	100%	

In 2018, BOS organized quarterly meetings with full attendance of all members to discuss, make action plan and summarize the performance during the period.

Contents of the meetings:

- On 05 January 2018:** Organized quarterly meeting to make discussion on the performance of the previous period and make action plan for the 1st quarter of 2018.
- On 06 April 2018:** Summarized the inspection results performed in the 1st quarter, deployed the working plan for the 2nd quarter and prepared contents of the reports submitted to General Shareholder's Meeting.
- On 27 April 2018:** Made discussion on adjustment of inspection plan for the 2nd quarter of 2018 and assigned tasks.
- On 13 July 2018:** Summarized the performance in the first 6 months of 2018 and made plan for the 3rd quarter.
- On 08 October 2018:** Summarized the inspection results in the 3rd quarter of 2018 and assigned tasks for inspection activities in the 4th quarter of 2018.

In addition, BOS fully attended the meetings between BOD and BOM to grasp the business performance, the investment situation and the development plan of the Company.



SUPERVISION RESULTS ON BUSINESS OPERATION AND FINANCE IN 2018

Finance

BOS acknowledged that the figures in financial statements for fiscal year ended 2018 which were audited by Deloitte Vietnam Company Limited have faithfully and fairly reflected the financial situation of the Company and in compliance with the prevailing regulations.

Implementation results of key business targets in 2018

- ♦ Consolidated net revenue of the Group reached VND 2,855.8 billion in 2018, increasing by 14.3% from 2017, exceeding the target of General Shareholder's Meeting by VND 5.8 billion.
- ♦ Profit after tax still maintained a high growth rate in 2018, reaching VND 294.4 billion, up 10% from 2017, completing 101.5% of the plan set by General Shareholder's Meeting.

Investment, R&D and business expansion

Thien Long continued to invest and develop more comprehensively the automation in all stages of production, helping increase productivity with automation rate at 75.3%. Furthermore, Thien Long has



invested and put the production line of pen tip, which originates in Switzerland, into operation, enabling the production of pen tip to be more proactive, decreasing costs of goods sold, ensuring quality and enhancing competitiveness. Ink production was also expanded and specialized for step-by-step self-sufficiency of input materials.

Domestic and overseas business department continued to develop distribution channels to meet the business targets, ensuring sales volume growth. In addition, trading website www.FlexOffice.com coming into operation has contributed to advertise Thien Long and its brand names i.e. Bizner, TL, FlexOffice, Colokit, and Diem 10 to consumers.

SUPERVISION RESULT TO PERFORMANCE OF BOD AND BOM

The resolutions and decision of BOD in 2018 were issued in line with the right order, competence and in conformity with the Resolutions of General Shareholder's Meeting, the Company's Charter and the law.

The information disclosure to Shareholders has been implemented sufficiently and timely.

BOD always followed the activities of BOM and gave prompt support and instruction to BOM in making decision, deploying and operating the business operation to fulfill the planned targets.

Besides, the effective operation of 04 committees under BOD including Investment and Development

Policy Committee, Restructuring HR and Remuneration Committee, Audit Committee and Investor Relations Committee is a foundation for BOD to promote its roles in supporting BOM to complete the assigned duties as well as creating the engagement between BOD and BOM to contribute to the Company's sustainable development.

BOM has successfully fulfilled its functions and competences. During the year, BOM increasingly improve productivity and efficiency in business activities, overcome the difficulties and challenges to complete the planned targets in a high sense of responsibility and confident manner.

COORDINATION BETWEEN BOD AND BOM

In 2018, BOD and BOM always created favorable condition for BOS to complete its functions and duties. The information about the Company's activities were fully and timely provided to BOS.

 **SHARE TRANSACTION OF INTERNAL SHAREHOLDERS AND RELATED PARTIES**

No.	The person performing the transaction	Relationship with internal shareholders	Beginning balance of shares owned		Ending balance of shares owned		Reason for increase/decrease (buy, sell, transfer, bonus, etc.)
			Number of shares	Stake	Number of shares	Stake	
1	Thien Long An Think Investment JSC	Co Gia Tho	26,119,548	51.66%	33,955,412	51.66%	Bonus share
2	Co Gia Tho	Chairman	3,213,012	6.36%	4,176,915	6.36%	Bonus share
3	Tran Thai Nhu	BOD Member	695,071	1.37%	903,592	1.37%	Bonus share
4	Co Ngan Binh	BOD Member	599,392	1.19%	779,209	1.19%	Bonus share
5	Co Cam Nguyet	BOD Member	387,744	0.77%	504,067	0.77%	Bonus share
6	Tran Kim Thanh	Vice Chairman	30,000	0.06%	39,000	0.06%	Bonus share
7	Tran Le Nguyen	BOD Member	30,000	0.06%	39,000	0.06%	Bonus share
8	Huynh Van Thien	BOD Member	30,000	0.06%	39,000	0.06%	Bonus share
9	Tran Van Hung	BOD Member	236,644	0.47%	307,636	0.47%	Bonus share
10	Nguyen Dinh Tam	CEO	325,810	0.64%	423,552	0.64%	Bonus share
11	Phan Nhut Phuong	Deputy General Director	382,387	0.76%	497,103	0.76%	Bonus share
12	Bui Van Huong	Deputy General Director	98,402	0.19%	127,921	0.19%	Bonus share
13	Nguyen Thuong Viet	Deputy General Director	52,746	0.10%	68,569	0.10%	Bonus share
14	Tran Trung Hiep	Deputy General Director	62,565	0.12%	81,334	0.12%	Bonus share
15	Tran Phuong Nga	Deputy General Director	51,251	0.10%	66,626	0.10%	Bonus share
16	Trinh Van Hao	Director	4,509	0.009%	5,861	0.009%	Bonus share
17	Nguyen Duc Hanh	Director	4,500	0.009%	5,850	0.009%	Bonus share
18	Pham Huu Chi	Director	3,700	0.007%	4,810	0.007%	Bonus share
19	Diep Bao Tinh	Director	14,421	0.03%	18,747	0.03%	Bonus share
20	Dinh Quang Hung	Director	3,700	0.007%	4,810	0.007%	Bonus share
21	Nguyen Ngoc Nhon	Chief Accountant	2,145	0.004%	2,788	0.004%	Bonus share
22	Nguyen Thi Bich Nga	Head of the BOS	46,119	0.09%	59,954	0.09%	Bonus share
23	Dinh Duc Hau	BOS Member	2,500	0.005%	3,250	0.005%	Bonus share
24	Ta Hong Diep	BOS Member	2,500	0.005%	3,250	0.005%	Bonus share
25	Co Cam Chau	Co Gia Tho	33,862	0.07%	44,020	0.07%	Bonus share
26	Co Cam Ngoc	Co Gia Tho	242,686	0.48%	315,491	0.48%	Bonus share
27	Co Gia Duc	Co Gia Tho	141,098	0.28%	183,427	0.28%	Bonus share
28	Tran My Ken	Tran Thai Nhu	7,862	0.016%	10,220	0.016%	Bonus share
29	Tran Xu Tai	Tran Thai Nhu	33,862	0.07%	44,020	0.07%	Bonus share
30	Tran Quoc Nguyen	Tran Kim Thanh	9	0.00001%	11	0.00001%	Bonus share
31	Tran Dinh Long	Nguyen Dinh Tam	1,219	0.002%	1,584	0.002%	Bonus share
32	Phan Nhut Toan	Phan Nhut Phuong	2,819	0.006%	3,664	0.006%	Bonus share
33	Vo Buu Chieu	Nguyen Thuong Viet	4,338	0.009%	5,639	0.009%	Bonus share
34	Tran Anh Dung	Tran Phuong Nga	1,691	0.003%	2,198	0.003%	Bonus share
35	Nguyen Duong Phung	Diep Bao Tinh	845	0.002%	1,098	0.002%	Bonus share
36	Nguyen Ho Hong Yen	Dinh Quang Hung	3,100	0.006%	4,030	0.006%	Bonus share
37	Bui Quang Minh	Nguyen Thi Bich Nga	4,587	0.009%	5,963	0.009%	Bonus share

ALEXIO

Máy tính khoa học **Fx590VN**




MÁY TÍNH
được Bộ Giáo dục và
Đào tạo cho phép
mang vào
phòng thi

* Theo công văn số 1568/BGDĐT-CNTT ngày 12.4.2019



- Tìm thương và số dư của phép chia.
- Tìm số dư của phép chia
- Tìm bội chung nhỏ nhất, ước chung lớn nhất
- Phím nhớ Ans và phím nhớ PreAns
- Chức năng Int và Intg

- Tính tích của các số hạng của một dãy số
- Tính toán bất phương trình (INEQ)
- Hiển thị nghiệm đặc biệt
- Lưu nghiệm trong MODE EQN
- Có tính năng **THÔNG BÁO SẮP HẾT PIN** 



STRENGTHEN NEW PRODUCT DEVELOPMENT

Continuous renovation and innovation are Thien Long's motto in all activities. A range of new products to be launched not only satisfy the strict international quality standards, ensure health safety and environmental friendliness but also meet the increasing aesthetic demand of consumers.



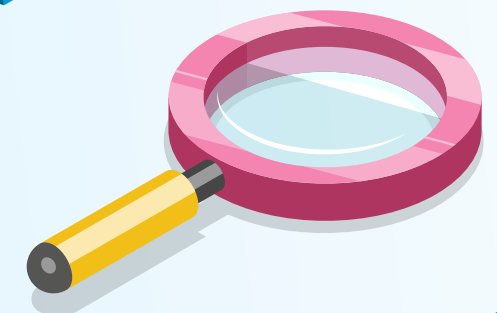
WRITING INSTRUMENTS

PREMIUM PRODUCTS

OFFICE SUPPLIES

SCHOOL SUPPLIES

ART SUPPLIES



PRODUCT CAPACITY ENHANCEMENT, INPUT MATERIAL SELF-SUFFICIENCY AND VALUE CHAIN EXPANSION



2018 IMPLEMENTATION

Applied extensive and comprehensive automation process

In 2018, Thien Long's Automation Department continued to invest, research and apply extensively and comprehensively automation process in all production stages, from plastic injection, extracting and mixing to printing, assembling, checking and packaging, etc. With many breakthroughs, the automation rate in Thien Long's factories increased to 75.3% from 73.5% of 2017. As a result, the Group's productivity has been dramatically improved.




Furthermore, the major materials continued to be developed by the Company to be more proactive in quality, price and production technology control.

Ink production

After 10 years of implementing the strategy of self-sufficiency in ink material, in 2018, the ink output met 100% of the demand for permanent markers, rollerball pens, colored fiber pens, highlighters and fountain pens, 79% of demand for oil based gel pens and 40% for gel pens.

Apart from improving production capacity, the activities of researching and developing ink production was paid high attention by the Company to continuously improve the ink quality and develop new kinds of ink to meet the demand on new product development of R&D Department and International Business Development Department, particularly, meeting the strict requirements on safe and non-toxic ink of European and USA markets.

2019 ORIENTATION

-  Continuously enhancing and pushing research as well as increasingly updating new technologies and successfully applying to production, serving the main material self-sufficiency, diversifying new products and improving the existing products.
-  Implementing the projects to promote main material self-sufficiency.
-  Focusing on core human resource investment and strengthening collaboration with the international experts.



RESEARCH AND DEVELOPMENT (R&D)

2018 IMPLEMENTATION

Product quality is the top priority. Therefore, the product research and development activities are always considered the key for the Company's development:

- Strengthening new product research, diversifying product portfolio to serve different target customers in different segments.
- Continuously improving the existing product portfolio.
- The images on the products are regularly changed to keep up with the market trends, creating new experience and more attraction to each segment of customer.
- Applying advanced technology to enhance users experience and improve competitiveness.



2019 ORIENTATION

- 01 Diversifying product portfolio, creating distinction, improving competitiveness with the high-medium valued products.
- 02 Studying and researching new technologies to apply to the product development.
- 03 Training for R&D staff, building a dynamic, enthusiastic and creative team.
- 04 Collaborating with the domestic and international experts to learn and exchange experience for improvement.
- 05 Intensifying the coordination among departments such as business development, production, partners and suppliers to continuously update information about market, consumption trends, production technology, competitiveness, etc. thereby, building suitable R&D strategies.

điểm 10
sẵn sàng học tốt

Yêu Chữ Liệt

BÚT CHUYÊN VIẾT CHỮ ĐẸP TP-FTC09

Lần đầu tiên tại Việt Nam

Việc thay ngòi dễ dàng và nhanh chóng hơn bao giờ hết.

Sử dụng tốt cả 2 chức năng: bơm mực và sử dụng ống mực FPIC-02.

Bút được sử dụng chính trong liên hoan Yêu Chữ Liệt

Bộ sản phẩm chuyên luyện viết chữ đẹp Điểm 10

www.yeuchuviet.vn

THIÊN LONG
SỨC MẠNH TRI THỨC

ORGANIZATIONAL STRUCTURE AND HUMAN RESOURCES

2018 IMPLEMENTATION

Coherently implementing the talent attraction and retention policies, strengthening training to increasingly improve profession and skills for employees in the new context.

To apply information technology in human resource management, minimize the time, Thien Long has used software to manage human resources.

The project is divided into 2 phases:

Phase 1: completed and came into operation since July 2018, including the modules: Employee portal, human resource data management, attendance checking, salary calculation, social insurance, and tax.

Phase 2: is expected to complete in the 2nd quarter of 2019 with the modules recruitment, training, employee assessment, canteen management, and uniform management.



In Phase 1, the software has helped minimize the time spent on paperwork and digitalize many works related to attendance checking, salary calculation, handle the compliance with the Company's regulations and the State, and enhance the professionalism in human resource management.

2019 ORIENTATION

- 01 Completing Phase 2 on time to put the entire software into use from the 2nd quarter of 2019.
- 02 Stably operating the system, improving and effectively analyzing the software data.
- 03 Developing internal trainings such as: Building internal lecturer team, training materials and contents, etc. thereby, heading to establish the Group's training center.
- 04 Intensifying recruitment activities to not only meet the personnel demand of the departments/divisions but also serve the business development.
- 05 Applying information technology for human resource efficiency assessment of the departments/divisions to increase effectiveness and save costs.
- 06 Building and improving performance assessment criteria to motivate employees, helping them to accomplish the Company's targets and act as the basis for salary and bonus payment and promotion consideration.



DEVELOPMENT OF DOMESTIC DISTRIBUTION SYSTEM

2018 IMPLEMENTATION

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

- ♦ Re-arranging and optimizing the efficiency of general trade (GT), especially developing and upgrading the distributor system in a professional way to ensure growth of volume, product structure as well as sale revenue.
- ♦ Enhancing the modern trade (MT) by investing in display shelves and product structures appropriately, to meet objective of quick development of the modern trade nationwide.
- ♦ Investing in development of warehouse system to meet increasing consumption volume, timely supplying products to distribution channels and reaching consumers with more than 65,000 POS, across 63 provinces/cities in the country.

Quickly deploying new product structure and controlling better product quality from factory to consumers.

Distributor Management System (DMS)

Thien Long has applied the Distributor Management System (DMS) to all distributors of Thien Long Global.

DMS system coming into operation has increased performance of the sales team, which are presented in:

- ♦ Effective cost management
- ♦ Measurement of sales effectiveness
- ♦ Enhancing sales effectiveness and discovering new sales opportunities



110
Distributors
nationwide

2019 ORIENTATION

General orientation

- 01 Focusing on develop new products and new packages for each brand names to actively support the development of new sales channels and increase sales.
- 02 Continuing to explore the retail distribution system through development of new POS and increasing both quality and quantity of Thien Long's sales staff.
- 03 Continuing to develop brand awareness and strengthening sales support in forms of signs, light boxes, shelves, exhibits, and programs for sales system and end-consumers.
- 04 Continuing to effectively apply the DMS for sales support and enhance the quality of strategic planning.

Distributor Management System (DMS)

- 01 Periodically organizing training courses for sales staff and distributors to increase efficiency of using the DMS, promoting the application in sales management and strategic planning.
- 02 Regularly evaluating the operation of the system for appropriate improvements.
- 03 Assessment of new demands to upgrade and timely response to market trends.

Continuing to develop E-commerce channel (www. FlexOffice.com)

Given the 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 launched 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:

- 01 Appropriate orientations.
- 02 Practical values to customers.
- 03 Solid foundation for development (based on the nationwide distribution network with more than 110 distributors, 2 central warehouses in the North and South, which are operated by trading companies located in Ho Chi Minh City, Da Nang and Hanoi).

PROMOTE PRESENCE IN EXPORT MARKETS

2018 IMPLEMENTATION

- ◆ In 2018, export activities continued to be strengthened and gained VND 420.4 billion of revenue, up 28.2% from 2017. The export revenue accounting for 14.7% in total consolidated revenues of the Group.
- ◆ Completed Southeast Asia export map, FlexOffice and Colokit - branded products have been presented in the Southeast Asia countries with the final destination at Singapore.
- ◆ Some markets maintained a high growth rate compared to those in 2017 such as Philippines, Russia, Europe, etc. Besides, new markets such as United States of America and South Asia initially showed promising signs.

2019 ORIENTATION

- ◆ Continuing to seek and expand export to new potential markets in South Asia, Middle East and America.
- ◆ Continuing to implement promotion and gratitude activities such as customer's conferences, distributor's conferences, sales promotions, travelling tours for loyal customers...
- ◆ Cooperating with external partners to accelerate marketing programs in foreign countries, especially online marketing in Southeast Asia.
- ◆ Attending exhibitions in Germany, Japan, USA and Singapore and supporting distributors to attend exhibitions in other European countries.



MARKETING AND ADVERTISEMENT

2018 IMPLEMENTATION

Some outstanding marketing and advertisement activities of Thien Long in 2018 included:



2019 ORIENTATION

In 2019, marketing and advertisement activities to promote products and brand names will be continued to be enhanced, contributing actively to the market expansion, sales growth. Pushing the activities for product experience, interacting with target customers. To be specific:

- 01** Widely deploying new display model at both MT and GT points of sale to increase sales effectiveness, enhancing the brand awareness.
- 02** Strengthening product introduction and experience for consumers via activities such as cheerleading, fairs, exhibitions; programs in collaboration with schools, offices and programs for mass consumers.
- 03** Deploying the back-to-school campaigns, especially focusing on sales support and interaction with end consumers.
- 04** Accelerating new and strategic product promotion activities in mass media and sales channels for product introduction and sales growth.
- 05** Equipping supplies, products and sales support instruments for distribution networks' POS.



240 A SERIES OF 240 "JOURNEY OF KNOWLEDGE" SALES SUPPORT PROGRAMS IN 27 PROVINCES/CITIES



MARKETING AND ADVERTISEMENT (Continued)

63
PROVINCES/CITIES

THE PROGRAM OF “COLOR FESTIVAL” OF COLOKIT BRAND NAME WAS ORGANIZED NATIONWIDE AND ATTRACTED PUPILS WITH MORE THAN ONE BILLION ARTWORKS



24
DISTRICTS

THE PROGRAM OF “LOVE VIETNAMESE WORDS” WAS FIRSTLY HELD IN 24 DISTRICTS OF HO CHI MINH CITY



MARKETING AND ADVERTISEMENT (Continued)

PRODUCT PROMOTION ACTIVITIES DURING THE 2017-2018
BACK-TO-SCHOOL SEASON WITH MANY INNOVATIONS



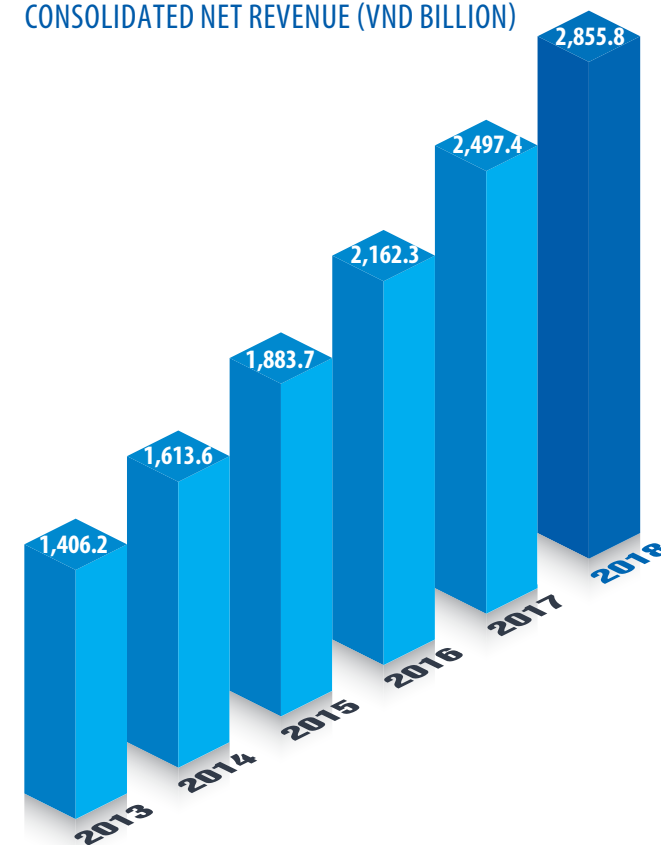
DEPLOYMENT OF SIGNBOARDS AT POS NATIONWIDE AND
BILLBOARDS IN BIG CITIES.



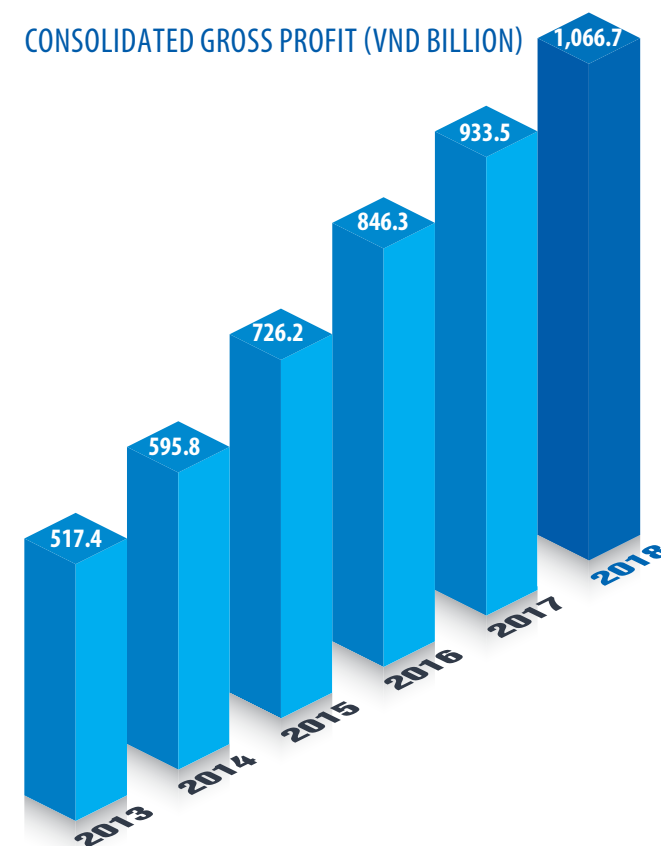
Unit: VND billion

	2013	2014	2015	2016	2017	2018	YoY growth rate (%)
BUSINESS PERFORMANCE							
Net revenue	1,406.2	1,613.6	1,883.7	2,162.3	2,497.4	2,855.8	14.3%
Gross profit	517.4	595.8	726.2	846.3	933.5	1,066.7	14.3%
Operating profit	163.3	185.1	250.6	301.7	320.3	357.9	11.7%
Other profit	2.2	6.4	-1.4	4.6	14.3	10.4	-27.5%
Profit before tax	165.5	191.5	249.2	306.4	334.6	368.3	10.1%
Profit after tax	116.6	147.4	187.9	240.1	268.1	294.4	9.8%
BALANCE SHEET							
CURRENT ASSETS	734.4	838.4	958.2	1,025.1	1,092.0	1,176.6	7.8%
Cash and cash equivalents	176.4	317.2	426.4	424.4	353.9	145.9	-58.8%
Short-term receivables	89.8	86.0	99.9	122.5	204.9	337.9	64.9%
Inventories	455.7	424.8	420.3	460.7	517.2	684.5	32.4%
Other short-term assets	12.4	10.5	11.7	17.5	16.0	8.4	-47.7%
NON-CURRENT ASSETS	274.8	269.8	334.7	359.2	476.5	618.0	29.7%
TOTAL ASSETS	1,009.2	1,108.2	1,293.0	1,384.3	1,568.5	1,794.7	14.4%
LIABILITIES	379.6	376.0	471.4	460.1	508.6	526.0	3.4%
Current liabilities	349.2	339.6	404.6	413.1	474.6	495.9	4.5%
Long-term liabilities	30.4	36.4	66.7	47.0	34.0	30.1	-11.5%
Owner's equity	629.6	732.2	821.6	924.2	1,060.0	1,268.7	19.7%

CONSOLIDATED NET REVENUE (VND BILLION)

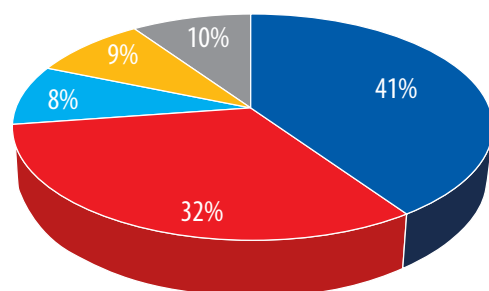


CONSOLIDATED GROSS PROFIT (VND BILLION)



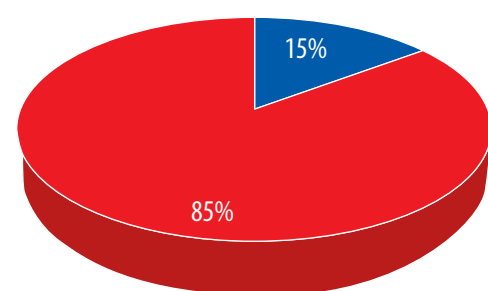
FINANCIAL PERFORMANCE (Continued)

REVENUE STRUCTURE BY PRODUCT SEGMENT



Revenue structure by product segment (VND billion)	2018
Writing Instruments	1,161
Office supplies	909
School supplies	246
Art supplies	259
Others	281

REVENUE STRUCTURE BY MARKETS



Revenue structure by markets (VND billion)	2018
Export	420
Domestic	2,436

Item	Unit	2013	2014	2015	2016	2017	2018
LIQUIDITY							
Short-term ratio (current)	Time (s)	2.1	2.5	2.4	2.5	2.3	2.4
Quick ratio	Time (s)	0.8	1.2	1.3	1.4	1.2	1.0
Cash ratio	Time (s)	0.5	0.9	1.1	1.0	0.7	0.3
EFFICIENCY							
Days of inventory on hand	Days	180.5	157.9	133.2	122.2	114.1	122.6
Total assets turnover	Time (s)	1.4	1.5	1.6	1.6	1.7	1.7
Net revenue/Total Assets	Time (s)	1.4	1.5	1.5	1.6	1.6	1.6
PROFITABILITY							
Gross profit/ Net revenue	%	36.8%	36.9%	38.6%	39.1%	37.4%	37.4%
Operating profit/Net revenue	%	11.6%	11.5%	13.3%	14.0%	12.8%	12.5%
Profit after tax/Net revenue	%	8.3%	9.1%	10.0%	11.1%	10.7%	10.3%
Return on Average Equity (ROEA)	%	19.7%	21.6%	24.2%	27.5%	27.0%	25.3%
Return on Average Assets (ROAA)	%	11.8%	13.9%	15.6%	17.9%	18.2%	17.5%
CAPITAL STRUCTURE							
Total liabilities/Total assets	%	37.6%	33.9%	36.5%	33.2%	32.4%	29.3%
Total liabilities/Owner's equity	%	60.3%	51.4%	57.4%	49.8%	48.0%	41.5%

TOTAL ASSETS 2018
1,794
VND BILLION

14.4%

ASSETS

In 2018, total assets of Thien Long reached VND 1,794 billion, up 14.4% from 2017, the highest growth rate in the 3 years. In which, non-current assets increased sharply by 29.7% from 2017 while current assets increased by 7.8%. Asset structure kept the trend of previous year when the proportion of non-current assets in total assets increased, accounting for 34.4% (up from 30.4% of 2017).

Non-current assets increased in the last 3 years because the Company has strongly invested in modern machines and removed low-productivity old machines. In 2018, the Company made big investments into some projects such as solar power system, pen tip manufacturing system from Switzerland, automatic assembling lines, CNC machines, etc.

Current assets: Cash and cash equivalents, Inventories

and Receivables from customers reduced by VND 208 billion, increased by VND 167.3 billion and increased by VND 139.7 billion, respectively.

Inventories increased by 32.4% mainly due to expanding product structures, professionalizing display activities and promoting presence in export markets. Since 2018, the product portfolio of Thien Long has considerably increased to meet the diverse demand of the market, leading to increase in inventories. In addition, the export continued to be promoted to increase the proportion of export revenue in the Group's revenue structure. One of major competitive factors in the international market is to supply products in the shortest time with the most quality assurance. Therefore, Thien Long keeps inventories for dispatch at any time as necessary. However, the Company always applies strict risk control on safety stock level.

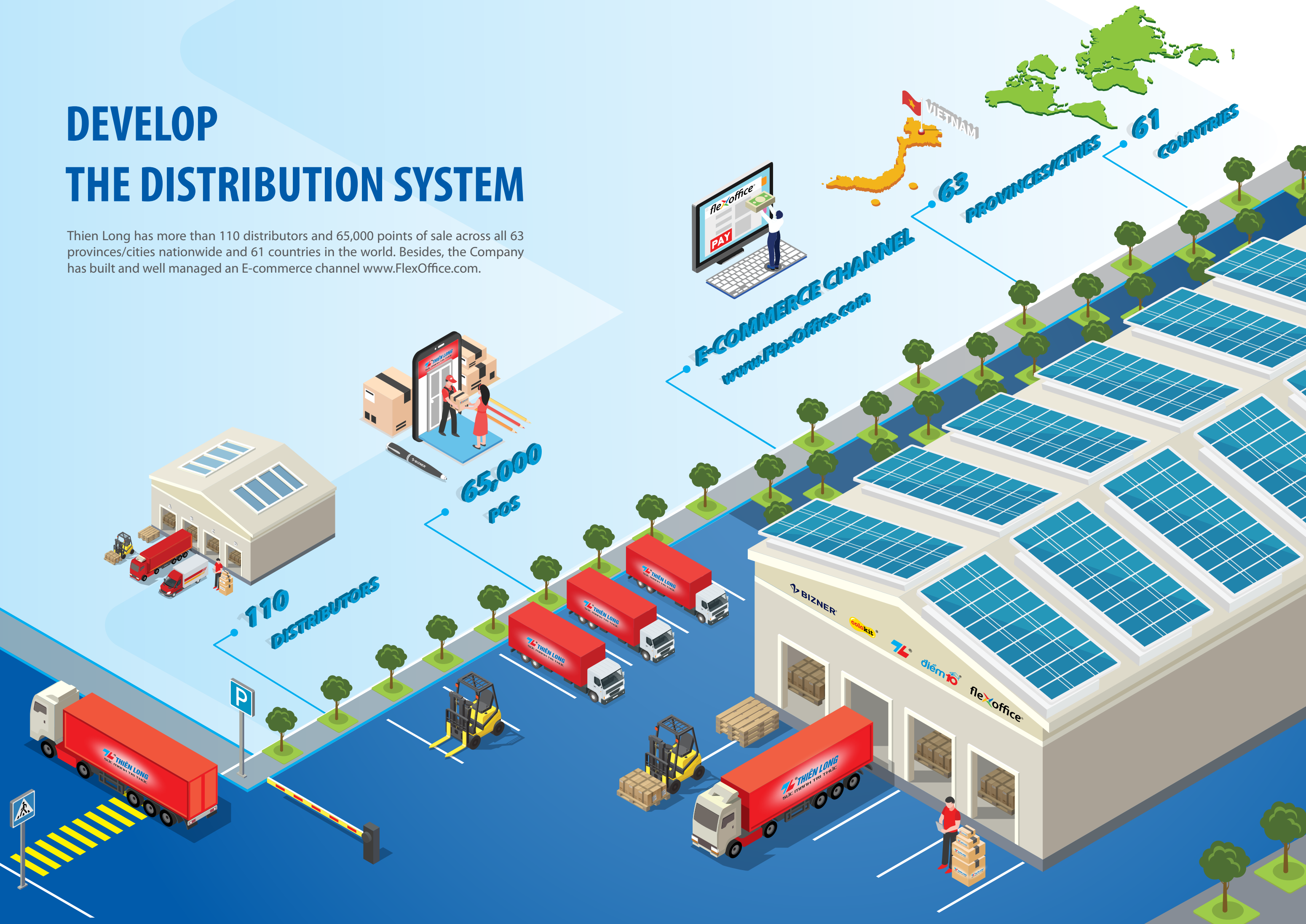
LIABILITIES

Liabilities increased by 3.4% from 2017, in which current liabilities increased by 4.5% while long-term liabilities continued to go down. The long-term liabilities by the end of 2018 was 88.5% of long-term liabilities of 2017.



DEVELOP THE DISTRIBUTION SYSTEM

Thien Long has more than 110 distributors and 65,000 points of sale across all 63 provinces/cities nationwide and 61 countries in the world. Besides, the Company has built and well managed an E-commerce channel www.FlexOffice.com.



Highly appreciating the humanities, considering the human as a key element, joining hands to develop community and society with the compassion and humanism.

Specializing in manufacturing and trading all kinds of writing instruments, office supplies, school supplies, and art supplies, Thien Long is ready to meet domestic and foreign customers' demand via our distribution network with more than 65,000 domestic POS and 61 countries around the world. In 2018, the Group made a remarkable economic value with total revenues reached VND 2,855.8 billion, and profit after tax reached VND 294.4 billion, contributing VND 229 billion to the State budget.

Not only has the Company distributed economic value reasonably, considerably, contributing to Vietnam's socio-economy development, but also the Company is highly appreciated for its sustainable development in term of economy, environment and society. Thien Long aims to:

Becoming a pioneer in technology and innovation, increasingly researching and developing advanced products with high quality, environmental friendliness and reasonable price, thereby, leading to materials and energy saving and an increase in productivity and economic efficiency.

Highly appreciating the humanities, considering the human as a key element, joining hands to develop community and society with the compassion and humanism.

Treating fairly and behaving honestly, transparently in all activities and transactions, harmonizing interest of stakeholders.

Complying with regulations and cooperating with parties to raise environmental awareness for the future generations.



OVERVIEW OF SUSTAINABLE DEVELOPMENT REPORT

REPORT CONTENTS

Thien Long Group Cooperation's Sustainable Development Report 2018 applied the approach which is derived from long-term economic growth goal in combination with social development and environmental protection objectives.

SCOPE OF THE REPORT

The report made in Vietnam in the field of stationery manufacturing and trading by Thien Long Group Corporation and its subsidiaries.

REPORTING PERIOD

All information and data in this report is prepared for the fiscal year 2018 of Thien Long Group Corporation, from 01 January 2018 to 31 December 2018.

The financial figures in the report are derived from the Audited Consolidated Financial Statements for the fiscal year 2018 and prepared by the Annual Report's Editors under Thien Long Group Corporation's Investor Relations Department.

CONTACT

The Annual Report's Editors - Thien Long Group Corporation

Email : qhcd@thienlongvn.com

Tel : (84.28) 3750.5555 (Ext: 151)

Address : Lot 6-8-10-12, Road No.3, Tan Tao Industrial Park, Tan Tao A Ward, Binh Tan District, HCMC

2018 SUSTAINABLE DEVELOPMENT INDEX

Items	Contents	Figures
	Net revenue	VND 2,855.8 billion
	Profit after tax	VND 294.4 billion
	Obligations to the State Budget	VND 228.7 billion
Sustainable economic growth	<i>Corporate income tax</i>	<i>VND 70.1 billion</i>
	<i>Personal income tax</i>	<i>VND 25.1 billion</i>
	<i>Value Added Tax</i>	<i>VND 116.0 billion</i>
	<i>Import tax</i>	<i>VND 17.4 billion</i>
	Dividend in 2017	VND 101.1 billion
Labor safety, environmental protection	Fire prevention and firefighting training	3,502 participants
	Labor safety and hygiene and first aid	Rehearsal every 6 months
	Total costs for environmental treatment	Nearly VND 1.6 billion
Human Resources development	Number of organized training courses	140 training courses
Joining hands for community	Contribution to the community	Over VND 10 billion
	Employment creation	3,502 employees

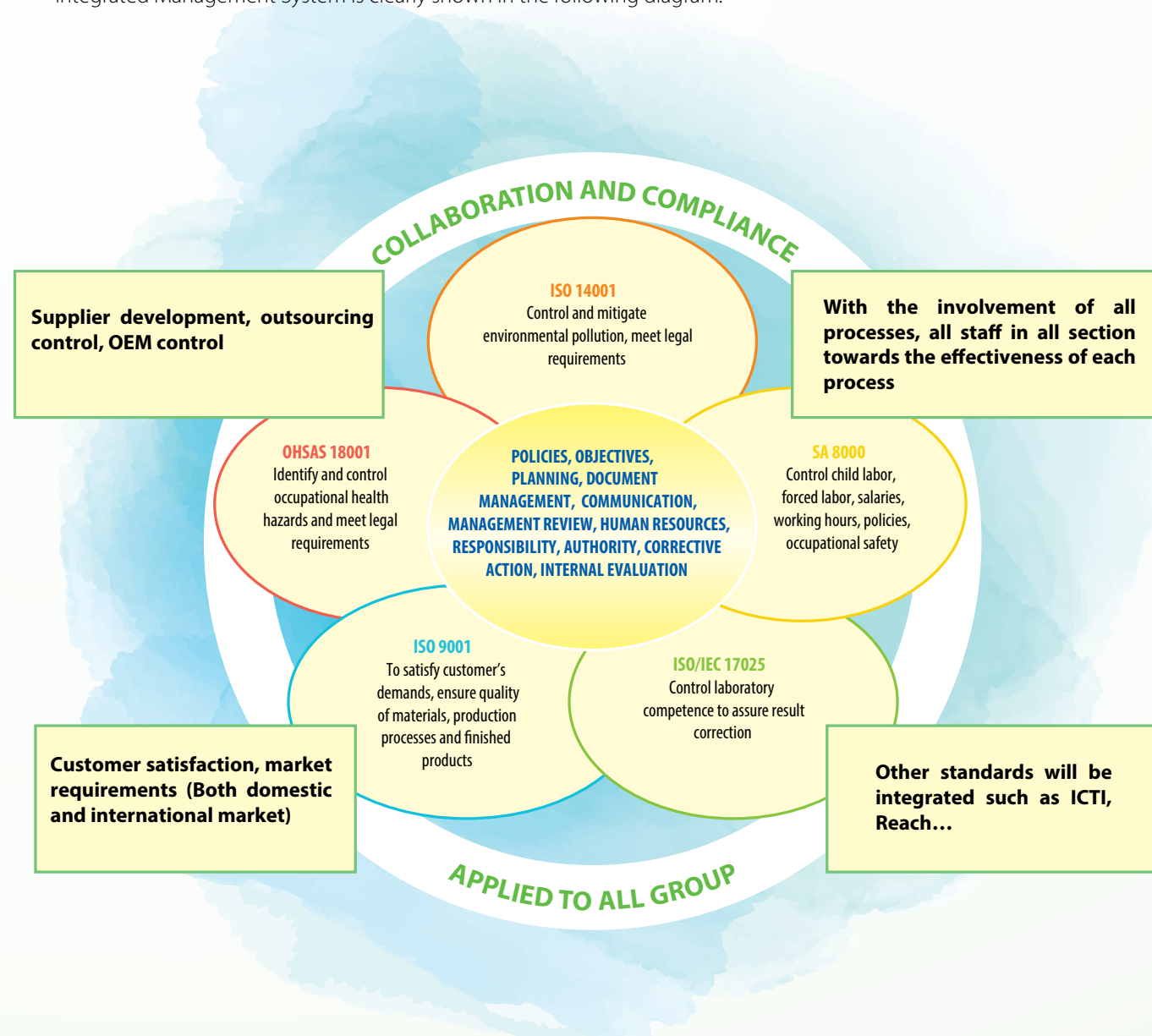


INTEGRATED MANAGEMENT SYSTEM

Thien long is operating effectively the integrated management system in accordance with international standards, including:

- ♦ Quality Management System - ISO 9001:2015
- ♦ Environmental Management System - ISO 14001:2015
- ♦ Social Accountability System - SA 8000:2014
- ♦ Occupational Health and Safety Management System - OHSAS 18001:2007
- ♦ Laboratory Management System - ISO/IEC 17025: 2017
- ♦ International Council of Toy Industries - ICTI

Integrated Management System is clearly shown in the following diagram:



Effectively applying the above integrated systems helps Thien Long's Management demonstrate the strong commitment in maintaining and ensuring management efficiency as well as quality in each product delivering to consumers, especially caring for consumers and employees' health and safety.



DIVIDEND PAYMENT POLICY

Thien Long performs annual dividend payment policy in a stable manner. (Please see Investor Relations and Obligation to Shareholders in page 44 and Note 23 of the Audited Consolidated Financial Statements page 121).

SUSTAINABLE ECONOMIC GROWTH

With the impressive growth of revenue and profit over the past years, the Company's business performance in 2018 continued to affirm the leading position of Thien Long in Vietnam's stationery market. (Please see Financial performance in Annual Report as set forth in page 70).

PRODUCT SAFETY AND RESPONSIBILITY

Thien Long applies strict control at all stages from selecting suppliers, inspecting raw materials to quality assurance on each production stage and finished good to guarantee product quality and safety before distribution.

For product testing, Thien Long has the laboratory in accordance with ISO/IEC 17025:2017 standard which is fully equipped with pen testing machine made by Hutt Germany, absorption spectrophotometer, conductivity meter, aging machine, viscosity, pH and moisture

testing machine, etc. Therefore, the results have high accuracy level.

Thien Long's products have met the leading safety standards in the world such as:

- ♦ American Standard: ASTM D-4236, ASTM F-963, CPSIA, TPCH, and AP Seal.
- ♦ European standards: REACH, CE Marking (EN71/1,2,3).
- ♦ Vietnam Safety standards: QCVN03-2009/BKHCN



PRODUCT RESEARCH

Besides designing products to bring the comfortability to the users, Thien Long always pays attention to the environmental impacts of products. By increasingly researching, developing and improving products, the Company has been:

- ♦ **Extending product lifetime and reducing material consumption for a product.**

Thien Long's product are continuously researched and developed to improve quality, maximize usage time and comfortability to end consumers. The products not only meet the market trend but also ensure reduction of material consumption.

- ♦ **Developing replacement products** such as refills for ballpoint pens, gel ballpoint pens, gel pens, ink for all kinds of markers, permanent markers, sheet protectors for binders and refill ink cartridges for markers and rollerball pens in the coming time. Thus, consumers can save costs when reusing the products.

- ♦ **Minimizing plastic material usage by reducing material consumption and promoting scrap plastic recycle** to protect the environment. Besides, the Company also invests in manufacturing Hot runner mold to reduce the amount of scrap plastic in production.

- ♦ **Using eco-friendly and safe-for-consumer materials, especially for children** such as modeling dough made from wheat flour and food colors. All products for children meet strict safety standards of United States of America and Europe.

- ♦ **Closely and continuously interacting between distribution system and R&D, production team and suppliers**, to promptly receive the information about market trends, competitive situation and consumer preferences, production technology, new materials etc. Thanks to that, the Company can always keep up with the market trends, creating more and more new products with high competitiveness and, especially satisfying the new consumption trends.



ENVIRONMENTAL MATTERS

ENERGY

In 2018, energy consumption for manufacturing and trading at Thien Long were as follows:

- **Power** (KWh): 8,296,814
- **Water** (m³): 50,234
- **DO** (litter): 1,090

In 2018, the Group recycled about 638m³ of water, accounting for 1.3% of used water in the year, contributing to natural resource and environment protection.



SOLUTIONS AND INITIATIVES FOR ENERGY AND MATERIALS SAVING

- Investing in solar panel system to save power charges (approximately 5.4% of electricity consumption from the national power grid) and reduce about 221 tons of CO₂ emission.
- Replacing old machines with new ones.
- Installing workshop ventilation system instead of industrial fan system to save power and improve working environment. Using LED lights for power savings. Turning on lights only in working places to reduce power waste. The workshop is built in smart structure to take advantage of natural light and minimize electricity usage in daytime.
- Building E-office, an internal information portal, minimizing paper and printing ink, using two-sided printing, etc.
- Following up/assigning power consumption limit as per product unit for each workshop and production line. Deploying power and water savings campaigns, including turning off all machines, equipment and lights in unnecessary areas, installing automatic hand washing water faucet, using circulating water in production, etc.
- Recycling plastic materials: Recycled plastic accounts for 21.4% of plastic used in 2018 (Recycled plastic was 753,643 kg and primary plastic was 3,518,898 kg).

COMPLIANCE WITH LAWS ON ENVIRONMENTAL PROTECTION

During its operation, the Group is committed to complying with all State regulations on sustainable environmental protection and development. In 2018, there was no case of violation against the law on environmental protection at Thien Long.

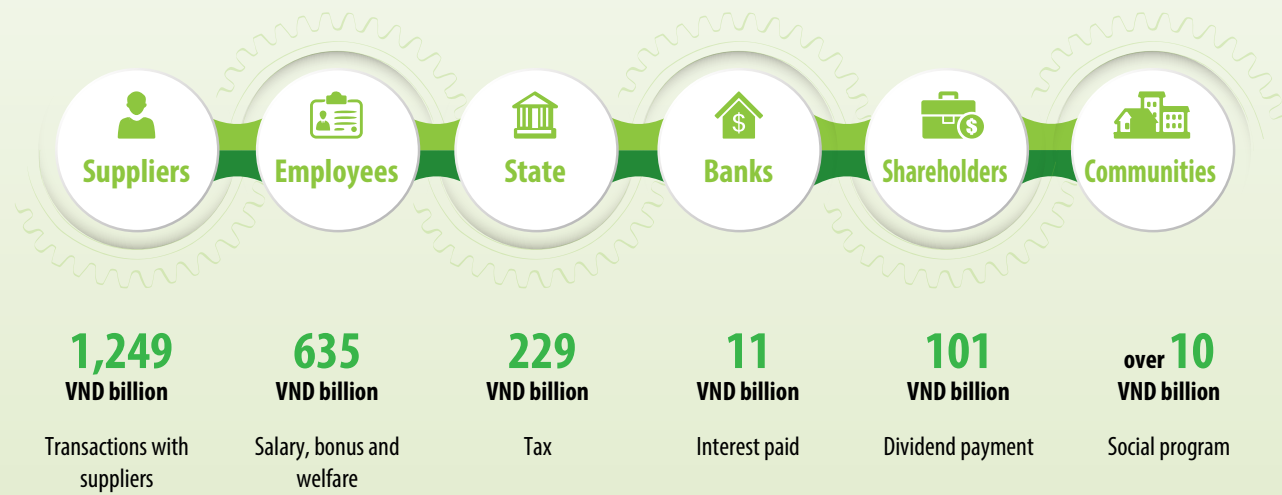
ENVIRONMENTAL PROTECTION, SEWAGE AND WASTE CONTROL

During its operation, Thien Long has well implemented its responsibility to the environment and strictly complied with environmental protection standards. To be specific:

- The Company regularly analyzes and investigates the environmental impacts of production, noise, vibration, wastewater, emissions, etc., in order to apply the necessary control measures as required by law and complies with international environmental management system (ISO 14001: 2015).
- Building production wastewater treatment system, classifying domestic waste at source and coordinating with specialized parties to collect and treat wastes properly.
- Developing action plans and willing to respond to emergencies if any.



CONTRIBUTION TO STAKEHOLDERS



COMMUNITY AND SOCIAL PROGRAMS

Considering “Knowledge” as a core value for sustainable development, in 2018, Thien Long’s social activities continued to leave impressive highlights, contributing to affirming the motto “Thien Long – The Power of Knowledge”. Through 3 important programs which are University Entrance Exam Support, Sharing with Teachers and Young Talents for Education, Thien Long has spread this good value to the educational subjects such as pupils, students, teachers and the youth.



2018 UNIVERSITY ENTRANCE EXAM SUPPORT - FOCUSING ON SUPPORTING DIFFICULT STUDENTS

Coming to the 17th year, “University Entrance Exam Support” continues to be an indispensable spiritual support in the university entrance exam of the nation’s candidates. In 2018, the program continued to give the supports such as keeping order in exam areas, giving advices and guidance on exam procedures, etc.

Notably, the program has supported more than 200 students with special difficult circumstances across the country. With many practical and meaningful activities, “University Entrance Exam Support 2018” continues to make good impressions in the society and strongly disseminated profound human values.





SHARING WITH TEACHERS – TEACHERS OF DISABLED CHILDREN

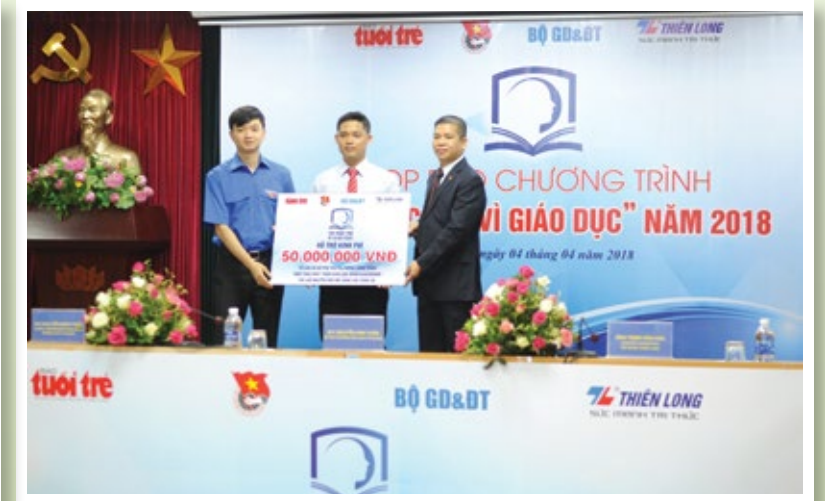
In the 4th year, “Sharing with teachers” has conveyed touching stories about the difficulties of the teachers who are teaching students with special difficulties and disabilities. The image of the teachers suddenly becoming a devoted mother, father of the children in the classes has created a more beautiful symbol than ever, worthy of being honored by the Ministry of Education and Training and the State. “Sharing with Teachers 2018” enforced Vietnamese tradition of being honored to teachers.



YOUNG TALENTS FOR EDUCATION - LOOKING FOR INITIATIVES FOR THE COUNTRY'S EDUCATION

2018 is the third consecutive year Thien Long Group co-organizes the program “Young Talents For Education”. The program was an opportunity for young talents under 35 year of age to contribute good works and initiatives to the education.

“Young Talents For Education 2018” program has received 401 works and initiatives, in which 4 outstanding ones contributing to the education with total award value up to nearly VND 600 million. The prestigious judges of the program said that this year works had much better quality after 2 years of organization. This shows that the program has the right orientation when creating a playground to motivate and promote “intellectuals” devotion of the young Vietnamese talents at home and abroad with the desire to develop the country's education.



NO DISCRIMINATION

Thien Long Group is committed to ensuring that there is no discrimination for any reason related to skin color, ethnicity, religion, family background, etc. in accordance with Vietnamese laws. In 2018, there was no discrimination in the Company.

CHILD AND FORCED LABOR

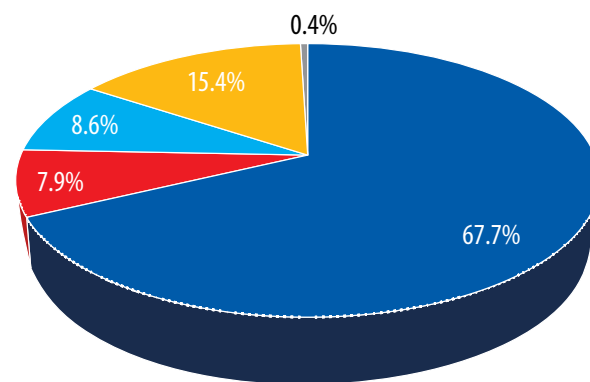
Thien Long says no to child labor and forced labor. In 2018, there was no forced labor or child labor in the Company.

RESPONSIBILITY TO EMPLOYEES

TOTAL NUMBER OF EMPLOYEES IN 2018

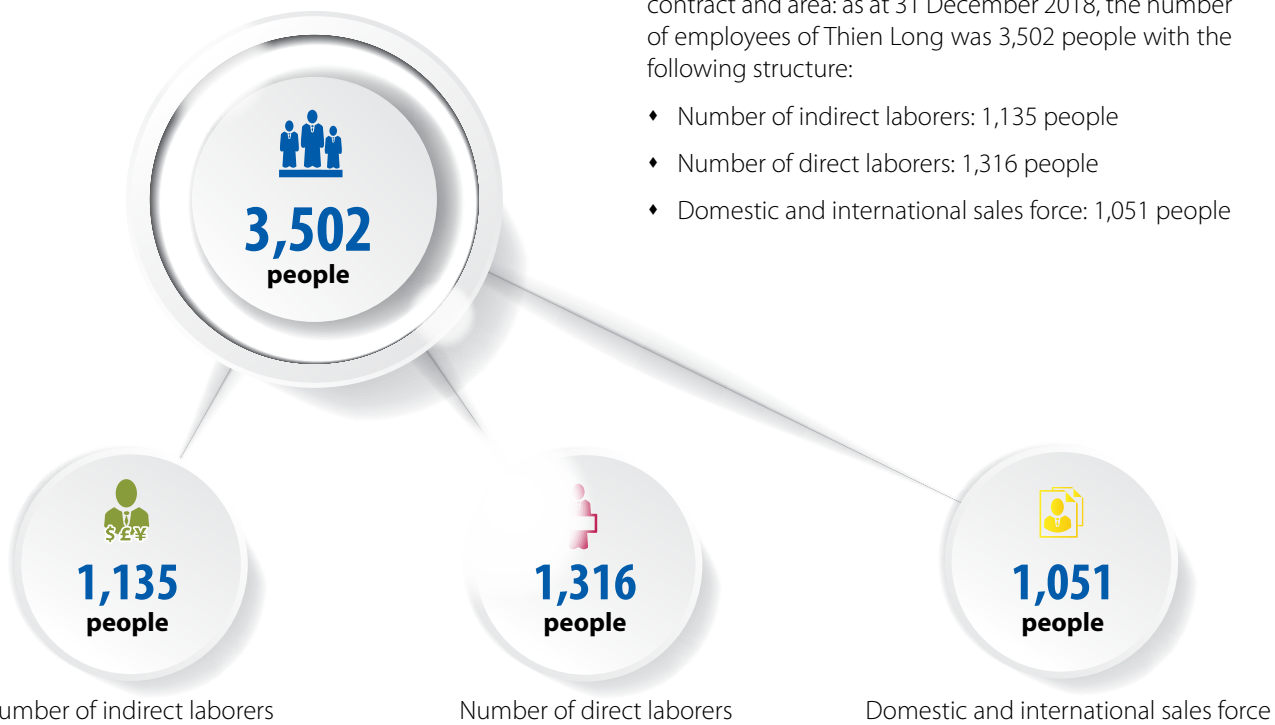
As at 31 December 2018, total number of employees of the Group was 3,502 people.

Qualifications	Number (people)	Percent (%)
General labor	2,368	67.7%
Intermediate degree	276	7.9%
College degree	304	8.6%
University degree	539	15.4%
Master	15	0.4%
Total	3,502	100%



Total number of employees according to job title, labor contract and area: as at 31 December 2018, the number of employees of Thien Long was 3,502 people with the following structure:

- Number of indirect laborers: 1,135 people
- Number of direct laborers: 1,316 people
- Domestic and international sales force: 1,051 people



SALARY, BONUS AND WELFARE POLICY

Salary policy: Salary system is built based on the contribution value of job position, qualification and skill requirement to undertake the works, ensuring the income worthy of capability, performance and competitiveness with external market. Besides monthly salary, employees are entitled to performance - based salary.

Assessing capability and performance of each employee is paid high attention by the Company. Annually, the Company evaluates performance of each individual as a basis for salary increase, promotion and appointment of personnel as well as having appropriate training/developing plan.

Bonus policy: Besides 13th and 14th month salaries, national holidays and Tet bonus, the Company applies compliment and award policy on Lunar New Year, exceed-profit-target bonus and awards for innovations

Management structure and employee classification by gender: the number of females holding management position and above at Thien Long is 30 people, accounting for nearly 20% of total number of managers.

Besides compensation and benefit policy, the Company organizes annual trip, middle-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.

The ratio of basic salary between male and female: at Thien Long, there is no difference in salary and bonus between male and female. The income of employees depends on the individual/collective contribution to the Company's objectives.



OCCUPATIONAL SAFETY AND HEALTH

With the importance of human resource, Thien Long always desires to build a team with special advantages and keeping the decisive roles to the success of the goals and plans as set out. To have a human resource as desired, Thien Long always focuses on building human resource polices ensuring both the compliance with the law and the transparency but still creating motivation for employees.

The Company also pays attention to ensuring occupational safety and health. At present, the Company is managing safety matters with OHSAS 18001-2007 standards. The general principles of occupational safety and health as well as the particular ones to each position and each section are identified in hazard identification tables, work instructions, machinery and equipment operational process, labor regulations, etc.

All employees are trained about labor safety in the first day working and annually trained according to the State's regulations. All employees are fully provided with protective equipment, noise-canceling buttons for working at noisy place, periodic health check and occupational disease check. The Company also establishes team and group such as Occupational Safety and Health Council, Safety and Hygiene Team, First Aid Team, Fire Prevention and Fighting Team, etc. These teams/groups are trained professionally and rehearsed every 6 months/year to be able to respond to possible incidents.

In 2018, the Group held annual health check and there was no case of occupational diseases that may cause working capacity decline.



PARTICIPATE IN ASSOCIATIONS/ORGANIZATIONS

At Thien Long, employees are free to join associations such as Trade Union, Youth Union and Communist Party. Currently, more than 90% of employees join Trade Union. The Company also organized the Youth Union and the Communist Party of Vietnam.

EDUCATION AND TRAINING

Training and developing human resources are one of the matters paid high attention by the Company. Every year, the Company spends a large amount of budget to implement training courses for different subjects. Thanks to that, the Company builds a successor team to promptly meet the personnel demand for the Company's development. Particularly, in 2018, the

Company organized 140 training courses (internal and outsourced) at a cost of more than VND 1 billion. The training contents include:

- ♦ Training to enhance managers' capacity;
- ♦ Training to improve professional skills and soft skills for employees;
- ♦ Training to improve sales skills;
- ♦ Training to update new knowledge and laws such as labor, tax, accounting, export/import, etc.
- ♦ Training on occupational safety and health;
- ♦ Training on Code of conduct;
- ♦ Training through mentoring, supporting at work, etc.



COMPLIANCE WITH THE LAW ON ECONOMICS AND SOCIETY

Thien Long is committed to strictly implementing the regulations of the laws in all our activities, including economic and social activities. In 2018, there were no considerable case of violation against the laws.



IMPROVEMENTS IN HUMAN RESOURCE POLICY AND MANAGEMENT

(Please refer to Organizational Structure and Human Resources in page 58).



CONQUER THE WORLD MARKET

At present, Thien Long's products have been presented in 6 continents, exported to 61 countries and territories and covered 11/11 Southeast Asian countries. To increase export revenue by more than 20% per year in 2018-2020 period, Thien Long is step-by-step becoming the number one company in Southeast Asia and one of the leading companies in Asia in stationery industry.



6 CONTINENTS
61 COUNTRIES AND TERRITORIES
11/11 SOUTHEAST ASIAN COUNTRIES

THIEN LONG GROUP CORPORATION

(Incorporated in the Socialist Republic of Vietnam)

Consolidated financial statements
For the year ended 31 December 2018

CONTENTS

	PAGE(S)
Statement of the Board of management	97 - 98
Independent auditors' report	99
Consolidated balance sheet	100 - 101
Consolidated income statement	102
Consolidated cash flow statement	103
Notes to the consolidated financial statements	104 - 127

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 2018.

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

BOARD OF SUPERVISORS

Ms. Nguyen Thi Bich Nga	Head
Mr. Dinh Duc Hau	Member
Ms. Ta Hong Diep	Member

BOARD OF MANAGEMENT

Mr. Nguyen Dinh Tam	Chief Executive Officer
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

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 2018.

THE BOARD OF MANAGEMENT'S 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 2018 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
29 March 2019

No. 758/VN1A-HC-BC

**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 29 March 2019 as set out from page 100 to page 127, which comprise the consolidated balance sheet as at 31 December 2018, 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 2018, 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



Nguyen Minh Thao
Audit Partner

Audit Practising Registration Certificate
No. 1902-2018-001-1

BRANCH OF DELOITTE VIETNAM COMPANY LIMITED

29 March 2019

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 2018

FORM B 01-DN/HN

Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance

and legal regulations relating to financial reporting.

Unit: VND

ASSETS	CODES	NOTES	CLOSING BALANCE	OPENING BALANCE
A. CURRENT ASSETS	100		1,176,632,415,566	1,091,968,239,964
I. Cash and cash equivalents	110	4	145,861,230,396	353,869,383,127
1. Cash	111		104,861,230,396	82,869,383,127
2. Cash equivalents	112		41,000,000,000	271,000,000,000
II. Short-term receivables	130		337,890,452,158	204,875,546,879
1. Short-term trade receivables	131	5	316,196,499,020	176,481,251,100
2. Short-term advances to suppliers	132	6	18,288,552,319	22,626,965,303
3. Other short-term receivables	136	7	4,271,091,002	6,594,563,494
4. Provision for short-term doubtful debts	137		(865,690,183)	(827,233,018)
III. Inventories	140	8	684,484,261,574	517,175,529,421
1. Inventories	141		703,440,229,651	534,007,886,465
2. Provision for devaluation of inventories	149		(18,955,968,077)	(16,832,357,044)
IV. Other short-term assets	150		8,396,471,438	16,047,780,537
1. Short-term prepayments	151	9	6,909,637,976	10,153,542,137
2. Value added tax deductibles	152		1,368,651,636	4,141,178,180
3. Taxes and other receivables from the State budget	153	17	118,181,826	1,753,060,220
B. NON-CURRENT ASSETS	200		618,027,228,802	476,548,476,472
I. Long-term receivables	210		2,679,733,353	2,002,464,375
1. Other long-term receivables	216	7	2,679,733,353	2,002,464,375
II. Fixed assets	220		417,122,326,343	359,509,747,304
1. Tangible fixed assets	221	10	386,671,680,681	273,323,647,755
- Cost	222		814,013,281,236	645,023,141,721
- Accumulated depreciation	223		(427,341,600,555)	(371,699,493,966)
2. Intangible assets	227	11	30,450,645,662	86,186,099,549
- Cost	228		65,414,225,817	115,656,610,948
- Accumulated amortisation	229		(34,963,580,155)	(29,470,511,399)
III. Investment property	230	12	59,888,350,067	-
- Cost	231		59,888,350,067	-
IV. Long-term assets in progress	240		64,703,776,055	48,211,169,387
1. Construction in progress	242	13	64,703,776,055	48,211,169,387
V. Long-term financial investments	250	14	20,436,762,423	19,694,488,391
1. Equity investments in other entities	253		30,685,000,000	30,685,000,000
2. Provision for impairment of long-term financial investments	254		(10,248,237,577)	(10,990,511,609)
VI. Other long-term assets	260		53,196,280,561	47,130,607,015
1. Long-term prepayments	261	9	28,143,995,826	21,207,669,563
2. Deferred tax assets	262	15	25,052,284,735	25,922,937,452
TOTAL ASSETS (270=100+200)	270		1,794,659,644,368	1,568,516,716,436

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

CONSOLIDATED BALANCE SHEET

As at 31 December 2018 (continued)


FORM B 01-DN/HN

Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance

Unit: VND

RESOURCES	CODES	NOTES	CLOSING BALANCE	OPENING BALANCE
C. LIABILITIES	300		525,991,247,698	508,561,941,187
I. Current liabilities	310		495,903,207,694	474,574,740,460
1. Short-term trade payables	311	16	137,335,288,838	147,749,949,303
2. Short-term advances from customers	312		3,860,818,654	1,295,677,775
3. Taxes and amounts payable to the State budget	313	17	14,259,738,175	13,573,962,561
4. Payables to employees	314		23,729,016,904	14,759,439,048
5. Short-term accrued expenses	315	18	76,135,843,561	66,837,241,960
6. Other current payables	319	19	6,752,874,128	56,465,313,682
7. Short-term loans	320	21	222,159,942,446	160,974,445,870
8. Bonus and welfare funds	322	24	11,669,684,988	12,918,710,261
II. Long-term liabilities	330		30,088,040,004	33,987,200,727
1. Other long-term payables	337		-	54,500,000
2. Long-term loans	338	22	-	5,059,232,137
3. Long-term provisions	342	20	30,088,040,004	28,873,468,590
D. EQUITY	400		1,268,668,396,670	1,059,954,775,249
I. Owner's equity	410	23	1,268,668,396,670	1,059,954,775,249
1. Owner's contributed capital	411		657,228,530,000	505,562,560,000
- Ordinary shares carrying voting rights	411a		657,228,530,000	505,562,560,000
2. Share premium	412		28,281,183,000	28,281,183,000
3. Investment and development fund	418		158,051,613,498	125,884,643,498
4. Retained earnings	421		425,107,070,172	400,226,388,751
- Retained earnings accumulated to the prior year end	421a		153,435,891,362	204,635,269,491
- Retained earnings of the current year	421b		271,671,178,810	195,591,119,260
TOTAL RESOURCES (440=300+400)	440		1,794,659,644,368	1,568,516,716,436


Hoang Tan Tai
Preparer


Nguyen Ngoc Nhon
Chief Accountant




Nguyen Dinh Tam
Chief Executive Officer
29 March 2019

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

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2018

FORM B 02-DN/HN

Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance

Unit: VND

ITEMS	CODES	NOTES	CURRENT YEAR	PRIOR YEAR
1. Gross revenue from goods sold	01		2,881,394,732,494	2,520,900,957,811
2. Deductions	02		25,618,382,280	23,500,239,936
3. Net revenue from goods sold (10=01-02)	10	27	2,855,776,350,214	2,497,400,717,875
4. Cost of sales	11		1,789,107,482,383	1,563,850,760,815
5. Gross profit from goods sold (20=10-11)	20		1,066,668,867,831	933,549,957,060
6. Financial income	21	29	13,513,154,919	18,669,699,664
7. Financial expenses	22	30	16,908,537,876	12,149,140,252
- In which: Interest expense	23		11,068,142,459	9,500,290,007
8. Selling expenses	25	31	432,623,981,454	371,405,879,821
9. General and administration expenses	26	31	272,748,858,876	248,369,871,852
10. Operating profit (30=20+(21-22)-(25+26))	30		357,900,644,544	320,294,764,799
11. Other income	31		11,305,534,329	14,976,961,586
12. Other expenses	32		935,307,493	666,120,533
13. Profit from other activities (40=31-32)	40	32	10,370,226,836	14,310,841,053
14. Accounting profit before tax (50=30+40)	50		368,270,871,380	334,605,605,852
15. Current corporate income tax expense	51	33	73,015,976,515	68,249,146,618
16. Deferred corporate tax expense/(income)	52	15	870,652,717	(1,701,622,845)
17. Net profit after corporate income tax (60=50-51-52)	60		294,384,242,148	268,058,082,079
Attributable to:				
The Parent Company's shareholders	61		294,384,242,148	268,058,082,078
18. Basic earnings per share	70	34	4,031	3,671

Hoang Tan Tai
Preparer

Nguyen Ngoc Nhon
Chief Accountant

Nguyen Dinh Tam
Chief Executive Officer
29 March 2019



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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2018

FORM B 03-DN/HN

Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance

Unit: VND

ITEMS	CODES	CURRENT YEAR	PRIOR YEAR
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	368,270,871,380	334,605,605,852
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	65,989,947,275	49,798,331,415
Provisions	03	2,634,365,580	1,629,077,611
Foreign exchange losses arising from translating foreign currency items	04	504,277,463	32,228,235
Gain from investing activities	05	(8,187,154,568)	(16,289,299,176)
Interest expense	06	11,068,142,459	9,500,290,007
3. Operating profit before movements in working capital	08	440,280,449,589	379,276,233,944
Increases in receivables	09	(128,740,790,023)	(78,789,029,547)
Increases in inventories	10	(169,432,343,186)	(55,196,444,146)
Increases in payables	11	21,265,608,938	12,954,485,568
Increases in prepaid expenses	12	(2,543,260,885)	(8,001,816,747)
Interest paid	14	(10,874,257,469)	(9,502,315,767)
Corporate income tax paid	15	(70,201,897,515)	(69,215,627,013)
Other cash outflows	17	(36,251,390,000)	(51,118,157,000)
Net cash generated by operating activities	20	43,502,119,449	120,407,329,292
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets	21	(215,504,947,563)	(146,128,176,279)
2. Proceeds from sale, disposals of fixed assets	22	1,477,863,636	1,852,033,119
3. Interest, dividends and profits received	27	7,645,687,575	14,676,870,688
Net cash used in investing activities	30	(206,381,396,352)	(129,599,272,472)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from share issue	31	-	22,500,000,000
2. Proceeds from borrowings	33	828,374,937,236	550,564,264,097
3. Repayment of borrowings	34	(772,248,672,797)	(576,920,673,014)
4. Dividends paid	36	(101,107,152,100)	(57,508,258,525)
Net cash used in financing activities	40	(44,980,887,661)	(61,364,667,442)
Net decreases in cash (50=20+30+40)	50	(207,860,164,564)	(70,556,610,622)
Cash and cash equivalents at the beginning of the year	60	353,869,383,127	424,423,331,022
Effects of changes in foreign exchange rates	61	(147,988,167)	2,662,727
Cash and cash equivalents at the end of the year 70=50+60+61)	70	145,861,230,396	353,869,383,127

Hoang Tan Tai
Preparer

Nguyen Ngoc Nhon
Chief Accountant

Nguyen Dinh Tam
Chief Executive Officer
29 March 2019



The accompanying notes are an integral part of these 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 fifteenth amended Business Registration Certificate dated 26 September 2018, the Company's charter capital is VND 657,228,530,000.

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

As at 31 December 2018, major shareholders of the Company are Thien Long An Thinh 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 2018 was 3,502 (as at 31 December 2017: 3,445).

Operating industry and principal activities

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

The principal activities are to manufacture and trade stationeries products, class room equipment, plastic teaching instruments, plastic household appliances, printing stamps, tampon printing, flexo printing and performing screen - printing and pressing on 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 2018, 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 2017.

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 consolidated income statement in the year of acquisition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Financial investments

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, advances 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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 - 15
Motor vehicles	6 - 8
Office equipment	2 - 7
Other assets	3 - 5

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 fixed 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
Others	3

Investment property

Investment properties are composed of land use right held by the Group for capital appreciation. Investment properties held for capital appreciation are stated at cost less impairment loss. The costs of purchased investment properties comprise their purchase prices and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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.

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 year 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 dated 18 June 2012.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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 profit 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 income 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 period 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

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

	CLOSING BALANCE VND	OPENING BALANCE VND
Cash on hand	2,938,707,366	2,264,992,175
Bank demand deposits	101,922,523,030	80,604,390,952
Cash equivalents (*)	41,000,000,000	271,000,000,000
	145,861,230,396	353,869,383,127

(*) 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

	CLOSING BALANCE VND	OPENING BALANCE VND
SQI Group Int'l. Corp.	24,647,055,595	9,443,905,666
Like Link Co., Ltd.	12,000,015,553	8,502,250,876
Other customers	279,549,427,872	158,535,094,558
	316,196,499,020	176,481,251,100

As noted further in Note 21, as at 31 December 2018, trade receivables of USD 2,000,000 was provided as collateral for loans obtained from banks (as at 31 December 2017: USD 2,000,000).

6. SHORT-TERM ADVANCES TO SUPPLIERS

	CLOSING BALANCE VND	OPENING BALANCE VND
Jeoly Electronics Co., Ltd.	2,133,510,555	-
Tung Yung International Limited	1,814,042,699	-
Toyo Machinery & Metal Co., Ltd.	1,821,600,000	-
DKSH Vietnam Co., Ltd.	809,906,179	2,443,759,668
Dokumental GmbH & Co. KG Schreibfarben	-	4,148,582,583
Other suppliers	11,709,492,886	16,034,623,052
	18,288,552,319	22,626,965,303

7. OTHER RECEIVABLES

	CLOSING BALANCE VND	OPENING BALANCE VND
a. Short-term		
- Advances to employees	1,430,437,816	795,220,373
- Interest receivables	485,572,603	1,273,455,556
- Deposits	533,489,104	393,885,840
- Others	1,821,591,479	4,132,001,725
	4,271,091,002	6,594,563,494
b. Long-term		
- Deposits	2,679,733,353	2,002,464,375
	2,679,733,353	2,002,464,375

8. INVENTORIES

	CLOSING BALANCE		OPENING BALANCE	
	COST VND	PROVISION VND	COST VND	PROVISION VND
Goods in transit	30,618,793,824	-	33,955,675,164	-
Raw materials	281,184,898,857	(11,784,691,636)	194,408,807,454	(8,284,057,100)
Tools and supplies	4,181,825,417	-	1,958,549,959	-
Work in progress	38,892,236,583	(204,222,152)	48,154,856,058	(523,256,271)
Finished goods	225,805,145,876	(5,220,600,986)	179,002,061,354	(5,682,723,970)
Merchandise	122,757,329,094	(1,746,453,303)	76,527,936,476	(2,342,319,703)
	703,440,229,651	(18,955,968,077)	534,007,886,465	(16,832,357,044)

As noted further in Note 21, as at 31 December 2018, inventories of USD 3,500,000 was provided as collateral for loans obtained from banks (as at 31 December 2017: USD 3,500,000).

8. INVENTORIES (CONTINUED)

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

	CURRENT YEAR VND	PRIOR YEAR VND
Opening balance	(16,832,357,044)	(18,113,510,336)
Additional provision	(15,774,820,388)	(8,246,148,776)
Reversal of provision	13,651,209,355	9,527,302,068
Closing balance	(18,955,968,077)	(16,832,357,044)

9. PREPAYMENTS

	CLOSING BALANCE VND	OPENING BALANCE VND
a. Short-term		
- Advertising and promotion expenses	1,070,305,431	6,442,210,771
- Tools and supplies	1,161,797,242	954,371,928
- Health and asset insurance	1,318,958,283	743,223,247
- Rental fee	-	376,062,264
- Others	3,358,577,020	1,637,673,927
	6,909,637,976	10,153,542,137
b. Long-term		
- Land rental fee (*)	11,227,332,211	11,556,740,491
- Tools and supplies	10,794,932,527	6,788,913,017
- Others	6,121,731,088	2,862,016,055
	28,143,995,826	21,207,669,563

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

As noted further in Note 21, the Group has pledged land use right of land rental to secure banking facilities granted to the Group.

10. TANGIBLE FIXED ASSETS

	BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	MOTOR VEHICLES	OFFICE EQUIPMENT	OTHER ASSETS	TOTAL
	VND	VND	VND	VND	VND	VND
COST						
Opening 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
Purchases	28,875,277,557	81,998,526,822	5,390,662,820	1,048,018,370	7,752,475,664	125,064,961,233
Transfer from construction in progress	7,585,143,159	31,340,400,944	-	473,800,000	11,832,600,583	51,231,944,686
Disposals	-	(4,587,878,875)	(2,242,892,832)	(322,273,280)	(153,721,417)	(7,306,766,404)
Closing balance	227,186,559,717	377,049,108,986	43,651,326,722	15,987,852,428	150,138,433,383	814,013,281,236
ACCUMULATED DEPRECIATION						
Opening 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
Charge for the year	9,220,375,764	34,292,562,428	5,704,342,340	2,109,975,273	11,685,110,470	63,012,366,275
Other adjustments	-	(212,006,972)	-	-	-	(212,006,972)
Disposals	-	(4,464,365,185)	(2,217,892,832)	(322,273,280)	(153,721,417)	(7,158,252,714)
Closing balance	62,411,280,830	203,525,642,545	23,282,666,917	14,972,489,808	123,149,520,455	427,341,600,555
NET BOOK VALUE						
Opening 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
Closing balance	164,775,278,887	173,523,466,441	20,368,659,805	1,015,362,620	26,988,912,928	386,671,680,681
<i>In which</i>						
<i>Pledged as loan security (Note 21 and 22)</i>	42,595,203,690	25,192,916,022	-	-	1,024,496,810	68,812,616,522

As at 31 December 2018, the cost of tangible fixed assets included VND 214,086,699,319 (as at 31 December 2017: VND 192,590,520,654) of assets which have been fully depreciated but are still in use.

11. INTANGIBLE ASSETS

	LAND USE RIGHTS		COMPUTER SOFTWARE		COPYRIGHTS, PATENTS		OTHERS		TOTAL	
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
COST										
Opening balance	69,735,975,067	45,437,657,481	367,000,000	115,978,400	115,656,610,948					
Additions	6,200,000,000	3,445,964,936	-	-	9,645,964,936					
Disposals	-	-	-	-	-					
Transfer to investment property	(59,888,350,067)	-	-	-	(59,888,350,067)					
Closing balance	16,047,625,000	48,883,622,417	367,000,000	115,978,400	65,414,225,817					
ACCUMULATED DEPRECIATION										
Opening balance	1,175,864,496	27,811,668,503	367,000,000	115,978,400	29,470,511,399					
Charge for the year	-	5,493,068,756	-	-	5,493,068,756					
Closing balance	1,175,864,496	33,304,737,259	367,000,000	115,978,400	34,963,580,155					
NET BOOK VALUE										
Opening balance	68,560,110,571	17,625,988,978	-	-	86,186,099,549					
Closing balance	14,871,760,504	15,578,885,158	-	-	30,450,645,662					
<i>In which</i>										
<i>Pledged as loan security (Note 21)</i>	8,671,760,504	-	-	-	8,671,760,504					

As at 31 December 2018, the cost of intangible assets included VND 11,291,850,633 (as at 31 December 2017: VND 6,147,359,633) of assets which have been fully amortised but are still in use.

12. INVESTMENT PROPERTY

As at 31 December 2018, the investment property of the Group includes land use right at Lot 209, Thac Gian Ward, Thanh Khe District, Da Nang City. This property is held for sales pursuant to the Board of Directors' Resolution No. 16/2018/NQ-HDQT dated 27 November 2018.

According to VAS No. 05 - Investment Properties, fair value of investment property as at 31 December 2018 is required to be disclosed. However, the Group could not determine the fair value as at 31 December 2018 as the Group is unable to reference to market price of similar property; therefore, no information about the fair value is disclosed in the notes to the financial statements.

13. CONSTRUCTION IN PROGRESS

	CLOSING BALANCE VND	OPENING BALANCE VND
Moulds under installation	15,552,737,327	7,748,113,019
Equipment under installation	46,717,784,452	26,423,848,596
Others	2,433,254,276	14,039,207,772
	64,703,776,055	48,211,169,387

14. LONG-TERM FINANCIAL INVESTMENTS

	CLOSING BALANCE VND	OPENING BALANCE VND
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		
Kinh Do Land Corporation	(6,092,220,000)	(6,855,154,406)
Saigon Securities Investment Fund A2	(3,565,000,000)	(3,565,000,000)
Brilliant Chip Joint Stock Company	(591,017,577)	(570,357,203)
	(10,248,237,577)	(10,990,511,609)
Net long-term investments	20,436,762,423	19,694,488,391

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

	CURRENT YEAR VND	PRIOR YEAR VND
Opening balance	(10,990,511,609)	(10,849,116,893)
Additional provision	(20,660,374)	(141,394,716)
Reversal of provision	762,934,406	-
Closing balance	(10,248,237,577)	(10,990,511,609)

15. 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 prior year:

	UNREALISED PROFIT VND	ACCRUED EXPENSE VND	PROVISIONS VND	ALLOCATED EXPENSE VND	FOREIGN EXCHANGE DIFFERENCE VND	TOTAL VND
Prior 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 opening balance	14,279,651,376	1,847,749,424	9,474,536,086	353,663,243	(32,662,677)	25,922,937,452
Credit/(charge) to profit for the year	(2,037,050,527)	662,933,087	705,410,130	(353,663,243)	151,717,836	(870,652,717)
Current year's closing balance	12,242,600,849	2,510,682,511	10,179,946,216	-	119,055,159	25,052,284,735

16. SHORT-TERM TRADE PAYABLES

	CLOSING BALANCE VND	OPENING BALANCE VND
MCAIDE Enterprise Co., Ltd.	19,829,481,287	-
Teibow Co., Ltd.	3,687,707,376	19,859,449,400
Other suppliers	113,818,100,175	127,890,499,903
	137,335,288,838	147,749,949,303

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

	OPENING BALANCE VND	INCREASE DURING THE YEAR VND	DECREASE DURING THE YEAR VND	CLOSING BALANCE VND
a. Receivables				
Corporate income tax	1,753,060,220	103,126,372	(1,738,004,766)	118,181,826
	1,753,060,220	103,126,372	(1,738,004,766)	118,181,826
b. Payables				
Output value added tax	4,542,913,007	115,391,520,789	(116,043,687,721)	3,890,746,075
Import tax	15,280,650	17,423,175,373	(17,438,456,023)	-
Corporate income tax	7,853,988,610	71,277,971,749	(70,098,771,143)	9,033,189,216
Personal income tax	1,161,780,294	25,263,289,477	(25,089,266,887)	1,335,802,884
	13,573,962,561	229,355,957,388	(228,670,181,774)	14,259,738,175

18. SHORT-TERM ACCRUED EXPENSES

	CLOSING BALANCE VND	OPENING BALANCE VND
13 th & 14 th month salary and incentive	61,379,434,501	55,950,575,334
Advertisement and marketing expenses	1,841,443,151	2,072,216,669
Interest expense	508,526,936	314,641,946
Others	12,406,438,973	8,499,808,011
	76,135,843,561	66,837,241,960

19. OTHER CURRENT PAYABLES

	CLOSING BALANCE VND	OPENING BALANCE VND
Dividends	46,807,350	50,597,703,450
Trade union fee	2,678,492,633	2,239,897,902
Others	4,027,574,145	3,627,712,330
	6,752,874,128	56,465,313,682

20. LONG-TERM PROVISIONS

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

21. SHORT-TERM LOANS

	OPENING BALANCE		DURING THE YEAR		CLOSING BALANCE	
	AMOUNT VND	AMOUNT ABLE TO BE PAID OFF VND	INCREASE VND	DECREASE VND	AMOUNT VND	AMOUNT ABLE TO BE PAID OFF VND
a. Short-term loans						
Bank for Investment and Development of Vietnam JSC - West Saigon Branch	41,937,268,780	41,937,268,780	290,340,049,790	(266,967,596,664)	65,309,721,906	65,309,721,906
Vietnam Joint Stock Commercial Bank for Industry and Trade - West Saigon Branch	26,271,818,954	26,271,818,954	129,619,111,640	(141,708,622,732)	14,182,307,862	14,182,307,862
HSBC Bank (Vietnam) Ltd. - Ho Chi Minh Branch	65,491,125,513	65,491,125,513	218,031,134,040	(210,140,125,839)	73,382,133,714	73,382,133,714
United Overseas Bank Vietnam - Ho Chi Minh Branch	3,504,390,750	3,504,390,750	160,402,376,368	(129,662,485,689)	34,244,281,429	34,244,281,429
JSC Bank for Foreign Trade of Vietnam - Bien Hoa Branch	12,688,234,273	12,688,234,273	29,982,265,398	(12,688,234,273)	29,982,265,398	29,982,265,398
	149,892,838,270	149,892,838,270	828,374,937,236	(761,167,065,197)	217,100,710,309	217,100,710,309
b. Current portion of long-term loans (Note 22)	11,081,607,600	11,081,607,600	5,059,232,137	(11,081,607,600)	5,059,232,137	5,059,232,137
	160,974,445,870	160,974,445,870	833,434,169,373	(772,248,672,797)	222,159,942,446	222,159,942,446

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, machinery and equipment as collaterals for the loan (see 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, machinery and equipment as collaterals for the loan (see Note 9, 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. LONG-TERM LOANS

	OPENING BALANCE		DURING THE YEAR		CLOSING BALANCE	
	AMOUNT VND	AMOUNT ABLE TO BE PAID OFF VND	INCREASE VND	DECREASE VND	AMOUNT VND	AMOUNT ABLE TO BE PAID OFF VND
Vietnam Joint Stock Commercial Bank for Industry and Trade - West Saigon Branch	7,953,981,201	7,953,981,201	-	(5,302,647,600)	2,651,333,601	2,651,333,601
JSC Bank for Foreign Trade of Vietnam - Bien Hoa Branch	8,186,858,536	8,186,858,536	-	(5,778,960,000)	2,407,898,536	2,407,898,536
	16,140,839,737	16,140,839,737	-	(11,081,607,600)	5,059,232,137	5,059,232,137

Long-term loans are repayable as follows:

	OPENING BALANCE		DURING THE YEAR		CLOSING BALANCE	
	AMOUNT VND	AMOUNT ABLE TO BE PAID OFF VND	INCREASE VND	DECREASE VND	AMOUNT VND	AMOUNT ABLE TO BE PAID OFF VND
Within one year	5,059,232,137	5,059,232,137	-	-	11,081,607,600	11,081,607,600
From second to fifth year	-	-	-	-	5,059,232,137	5,059,232,137
	5,059,232,137	5,059,232,137	5,059,232,137	(5,059,232,137)	16,140,839,737	16,140,839,737
Less: Amount due for settlement within 12 months (Note 21)	(5,059,232,137)	(5,059,232,137)	-	-	(11,081,607,600)	(11,081,607,600)
	-	-	-	-	5,059,232,137	5,059,232,137

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 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 JSC Bank for Foreign Trade of Vietnam - 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).

23. OWNERS' EQUITY

Movement of owners' equity

	OWNERS' CONTRIBUTED CAPITAL VND	SHARE PREMIUM VND	INVESTMENT AND DEVELOPMENT FUND VND	RETAINED EARNINGS VND	TOTAL VND
Prior 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
Profit for the year	-	-	-	268,058,082,079	268,058,082,078
Dividends declared from 2016's profit after tax	-	-	-	(57,469,008,000)	(57,469,008,000)
Dividends declared from 2017's profit after tax	-	-	-	(50,556,256,000)	(50,556,256,000)
Transferred to investment and development fund from 2016's profit after tax	-	-	28,808,748,000	(28,808,748,000)	-
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 opening balance	505,562,560,000	28,281,183,000	125,884,643,498	400,226,388,751	1,059,954,775,249
Issuance of new shares	151,665,970,000	-	-	(151,665,970,000)	-
Profit for the year	-	-	-	294,384,242,148	294,384,242,148
Dividends declared from 2017's profit after tax	-	-	-	(50,556,256,000)	(50,556,256,000)
Transferred to investment and development fund from 2017's profit after tax	-	-	32,166,970,000	(32,166,970,000)	-
Transferred to Bonus and welfare fund from 2017's profit after tax	-	-	-	(10,872,301,389)	(10,872,301,389)
Bonus for exceeding profit target from 2017's profit after tax	-	-	-	(1,529,000,000)	(1,529,000,000)
Transferred to Bonus and welfare fund from 2018's profit after tax	-	-	-	(16,413,063,338)	(16,413,063,338)
Allowance for the Boards of Directors and Supervisors	-	-	-	(6,300,000,000)	(6,300,000,000)
Current year's closing balance	657,228,530,000	28,281,183,000	158,051,613,498	425,107,070,172	1,268,668,396,670

23. OWNERS' EQUITY (CONTINUED)

Pursuant to the Annual General Shareholders Meeting's Resolution No. 01/2018/NQ-DHDCD dated 16 May 2018, the Board of Directors Resolution No. 11/2018/NQ-HDQT dated 8 August 2018 relating to the increase of charter capital since 18 September 2018, the Board of Directors has approved for the share issuance to current shareholders from retained earnings with the number of 15,166,597 shares. Pursuant to Ho Chi Minh Stock Exchange's Decision No. 387/QD-SGDHCM dated 1 October 2018, number of additional shares in circulation is 15,166,597, this change becomes effective since 3 October 2018.

Pursuant to Resolution of the Company's Annual General Meeting No. 01/2018/NQ-DHDCD dated 16 May 2018, the shareholders of the Company approved the distribution of VND 268,058,082,000 from consolidated profit after tax for the year ended 31 December 2017 as following: dividends distribution of 20%/par value in cash, transferred to investment and development fund, Bonus and welfare fund with the rate of 12% and 10% respectively, Bonus for exceeding profit target, Allowance for the Boards of Directors and Supervisors. In 2017, the Company temporarily distributed VND 72,466,962,819. The remaining amount, equivalent to VND 95,124,527,389, was distributed in 2018.

Capital transactions with shareholders and distribution of dividends

Contributed capital

	CURRENT YEAR VND	PRIOR YEAR VND
Opening balance	505,562,560,000	383,126,720,000
Additions	151,665,970,000	122,435,840,000
Closing balance	657,228,530,000	505,562,560,000

Dividends

	CURRENT YEAR VND	PRIOR YEAR VND
Opening balance	50,597,703,450	80,697,975
Additions	50,556,256,000	108,025,264,000
Payments	(101,107,152,100)	(57,508,258,525)
Closing balance	46,807,350	50,597,703,450

23. OWNERS' EQUITY (CONTINUED)

Shares

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

	CLOSING BALANCE	OPENING BALANCE
Authorised and issued share capital	65,722,853	50,556,256
Shares issued and fully contributed	65,722,853	50,556,256
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.

Pursuant to the Resolution of General Meeting of Shareholders (approved in the form of asking shareholders' poll in writing) No. 02/2018/NQ-DHDCD dated 8 November 2018, the Board of Directors Resolution No. 01/2019/NQ-HDQT dated 26 February 2019, the Board of Directors has approved the issuance of 5,000,000 ordinary shares to NWL Cayman Holding Ltd. (see Note 37).

24. BONUS AND WELFARE FUNDS

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

	CURRENT YEAR VND	PRIOR YEAR VND
Opening balance	12,918,710,261	18,178,525,323
Appropriation to the funds (Note 23)	28,814,364,727	38,327,301,939
Usage	(30,063,390,000)	(43,587,117,001)
Closing balance	11,669,684,988	12,918,710,261

25. OFF BALANCE SHEET ITEMS

Cash and cash equivalents included following foreign currencies:

	CLOSING BALANCE	OPENING BALANCE
United State Dollars ("USD")	1,086,176	766,090
Euro ("EUR")	67,242	17,865
Chinese Yuan ("CNY")	19,942	11,208
Great Britain Pound ("GBP")	830	14,830
Singapore Dollars ("SGD")	925	1,425
Thai Baht ("THB")	4,840	-
Japanese Yen ("JPY")	28,200	333,096
Australia Dollars ("AUD")	110	110
Korean Won ("KRW")	96,000	386,000
Taiwan Dollars ("TWD")	12,570	12,570

26. 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 benefit are different from other parts.

The Group's principal activity is the production and sales of stationery. The business activities of the Group are carried out within and outside the territory of Vietnam.

	CURRENT YEAR VND	PRIOR YEAR VND
Net revenue		
Net revenue from domestic sales	2,435,335,804,429	2,169,920,979,945
Net revenue from export sales	420,440,545,785	327,479,737,930
	2,855,776,350,214	2,497,400,717,875
Operating expenses		
Selling expenses	432,623,981,454	371,405,879,821
General and administration expenses	272,748,858,876	248,369,871,852
	705,372,840,330	619,775,751,673

27. NET REVENUE

	CURRENT YEAR VND	PRIOR YEAR VND
Gross revenue		
Revenue from selling finished goods	1,862,809,337,909	1,836,598,268,292
Revenue from selling merchandises	1,018,570,980,031	684,258,128,571
Revenue from services rendered	14,414,554	44,560,948
	2,881,394,732,494	2,520,900,957,811
Sales deductions		
Sales returns of finished goods	(16,916,274,556)	(17,050,550,481)
Sales returns of merchandises	(4,831,804,856)	(3,116,739,550)
Sales discount	(3,870,302,868)	(3,332,949,905)
	(25,618,382,280)	(23,500,239,936)
Net revenue		
Net revenue from selling finished goods	1,842,022,760,485	1,819,547,717,811
Net revenue from selling merchandises	1,013,739,175,175	677,808,439,116
Net revenue from services rendered	14,414,554	44,560,948
	2,855,776,350,214	2,497,400,717,875

28. PRODUCTION AND OPERATION COST BY NATURE

	CURRENT YEAR VND	PRIOR YEAR VND
Raw materials and consumables	896,389,569,782	729,433,788,314
Staff cost	634,831,657,925	594,586,699,097
Depreciation and amortisation	68,505,435,031	53,048,989,488
Out-sourced services and other expenses	352,440,413,283	296,566,313,412
	1,952,167,076,021	1,673,635,790,311

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FORM B 09-DN/HN
Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

29. FINANCIAL INCOME

	CURRENT YEAR VND	PRIOR YEAR VND
Bank interest	6,677,801,622	14,479,756,799
Foreign exchange gain	6,655,350,297	4,024,942,865
Dividends received	180,003,000	165,000,000
	13,513,154,919	18,669,699,664

30. FINANCIAL EXPENSES

	CURRENT YEAR VND	PRIOR YEAR VND
Interest expense	11,068,142,459	9,500,290,007
Provision for impairment of investment	20,660,374	141,394,716
Reversal provision for impairment of investment	(762,934,406)	-
Foreign exchange loss	5,243,752,809	2,126,083,900
Others	1,338,916,640	381,371,629
	16,908,537,876	12,149,140,252

31. SELLING, GENERAL AND ADMINISTRATION EXPENSES

	CURRENT YEAR VND	PRIOR YEAR VND
Selling expenses		
Staff cost	221,978,644,351	204,000,085,129
Marketing and trade fair expenses	101,184,136,564	83,967,032,535
Depreciation and amortisation	3,763,088,360	963,394,796
Others	105,698,112,179	82,475,367,361
	432,623,981,454	371,405,879,821
General and administration expenses		
Staff cost	188,500,709,544	170,718,432,668
Out-sourced services	48,735,353,122	46,693,752,025
Depreciation and amortisation	20,955,380,885	16,710,760,054
Others	14,557,415,325	14,246,927,105
	272,748,858,876	248,369,871,852

32. OTHER PROFIT

	CURRENT YEAR VND	PRIOR YEAR VND
Other income		
Compensation for damaged materials	2,129,926,462	1,665,799,866
Gains from disposal of fixed assets	1,329,349,946	1,644,542,377
Others	7,846,257,921	11,666,619,343
	11,305,534,329	14,976,961,586
Other expenses		
Others	935,307,493	666,120,533
	935,307,493	666,120,533
Other profit	10,370,226,836	14,310,841,053

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FORM B 09-DN/HN
Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

33. CORPORATE INCOME TAX EXPENSE

	CURRENT YEAR VND	PRIOR YEAR VND
Corporate income tax based on taxable profit in the current year	72,603,985,173	67,749,656,246
Adjustments for corporate income tax expenses in previous years to the current year	411,991,342	499,490,372
Current corporation income tax expense	73,015,976,515	68,249,146,618

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

	CURRENT YEAR VND	PRIOR YEAR VND
Profit before tax	368,270,871,380	334,605,605,852
Adjustments for taxable income		
Non-deductible expenses	5,810,184,705	14,086,561,033
Change in accrued expenses	3,119,511,903	1,435,471,460
Change in provision for obsolete inventories	2,149,703,484	(1,171,537,737)
Difference in provision for severance allowance and according to Corporate income tax	1,214,571,414	2,831,737,481
Unrealised foreign exchange difference of cash and receivables	775,873,688	(15,244,186)
Loss in subsidiaries	461,063,061	150,127,467
Change in provision of doubtful debts	(27,721,601)	(154,103,623)
Dividend received	(180,003,000)	(165,000,000)
Change in provision for long-term investment	(762,934,406)	95,954,406
Allocated panel expense	(1,555,957,212)	(1,972,659,333)
Change in unrealised profit	(10,463,286,371)	7,376,202,029
Taxable income	368,811,877,045	357,103,114,849
Tax loss carried forward	-	(6,597,979,361)
Current year's taxable income	368,811,877,045	350,505,135,488
Corporate income tax based on taxable income in the current year	73,817,981,754	68,654,797,384
Tax deduction	(1,213,996,581)	(905,141,138)
Current corporate income tax expenses	72,603,985,173	67,749,656,246

The Group is obliged to pay corporate income tax at the rate of 20% (2017: 20%) of taxable income, 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 611,190,528 (as at 31 December 2017: VND 150,127,467), which may be used to offset them with taxable income arising in the future.

33. 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 2018	OUTSTANDING AMOUNT AS AT 31 DECEMBER 2018
		VND	VND	VND
2017	2022	150,127,467	-	150,127,467
2018	2023	461,063,061	-	461,063,061
		611,190,528	-	611,190,528

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 2018, deferred tax assets have not been recognised for the remaining cumulative tax losses is VND 611,190,528 from subsidiaries because it is unable 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.

34. 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:

	CURRENT YEAR VND	PRIOR YEAR VND
Profit after corporate income tax	294,384,242,148	268,058,082,079
Less: Bonus and welfare fund (*)	(29,438,424,215)	(26,805,808,208)
Profit after corporate income tax belong to shareholders of ordinary shares	264,945,817,933	241,252,273,871
Weighted average number of ordinary shares in circulation (shares) (**)	65,722,853	65,722,853
Basic earnings per share (VND/share)	4,031	3,671

(*) Bonus and welfare funds are provision by 10% consolidated profit after tax base on Annual General Shareholders Meeting's Resolution of 2017 dated 16 May 2018.

(**) Average number of outstanding shares in circulation for year ended 31 December 2018 and 31 December 2017 are adjusted to reflect the issuance of 15,166,597 new shares to increase chartered capital from retained earnings. Therefore, basic earnings per share for year ended 31 December 2017 was restated from 4,833 VND/share to 3,671 VND/share.

b. Diluted earnings per share

The Group does not have potentially dilutive ordinary shares.

35. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties

Related parties	Relationship
Thien Long An Think Investment Corporation	Main shareholder

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

	CURRENT YEAR VND	PRIOR YEAR VND
Dividend declared		
Thien Long An Think Investment Corporation	26,119,548,000	56,257,488,000

Significant related party balances at the balance sheet date were as follows:

	CLOSING BALANCE VND	OPENING BALANCE VND
Other short-term payables		
Thien Long An Think Investment Corporation	-	26,119,548,000

Salary and bonus 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 current year was VND 36,887,874,500 (2017: VND 31,589,326,211).

36. 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 2,986,946,267 (2017: VND 15,375,312,425) 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 46,807,350 (2017: VND 50,597,703,450) representing the amount of dividend declared but not yet paid. Consequently, changes in accounts payable have been adjusted by the same amount.

37. SUBSEQUENT EVENT

Pursuant to the Resolution of General Meeting of Shareholders (approved in the form of asking shareholders' poll in writing) No. 02/2018/NQ-DHDCD dated 8 November 2018, the Board of Directors Resolution No. 01/2019/NQ-HDQT dated 26 February 2019, the Board of Directors has approved the issuance of 5,000,000 ordinary shares to NWL Cayman Holding Ltd. As at 5 March 2019, the Company has successfully issued 5,000,000 shares at par value of VND 10,000 with the selling price of VND 85,000 per share. Accordingly, the items "Owners' contributed capital" with code "411" and "Share premium" with code "412" on the consolidated balance sheet as at 5 March 2019 are VND 707,228,530,000 and VND 392,944,802,300, respectively.


Hoang Tan Tai
 Preparer


Nguyen Ngoc Nhon
 Chief Accountant


Nguyen Dinh Tam
 Chief Executive Officer
 29 March 2019





THIEN LONG GROUP CORPORATION

[📍] : Lot 6-8-10-12, Road No. 3, Tan Tao Industrial Park,
Tan Tao A Ward, Binh Tan District, Ho Chi Minh City

[☎] : (+84) 28 3750 55 55

[☎] : (+84) 28 3750 55 77

[✉] : info@thienlonggroup.com

[🌐] : www.thienlonggroup.com