

# BUSINESS EXPANSION SUSTAINABLE DEVELOPMENT



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## abc 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

**ESOP** : Employee Stock Ownership Plan

**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



*Business expansion  
Sustainable development*

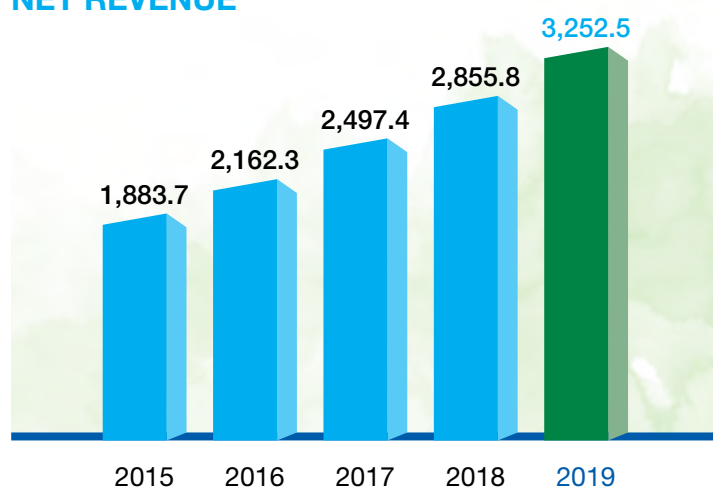


## 2019 FINANCIAL HIGHLIGHTS

Unit: VND billion

	2015	2016	2017	2018	2019
Net Revenue	1,883.7	2,162.3	2,497.4	2,855.8	3,252.5
Profit after Tax	187.9	240.1	268.1	294.4	349.1
Owner's Equity	821.6	924.2	1,060.0	1,268.7	1,807.0
Total Assets	1,293.0	1,384.3	1,568.5	1,794.7	2,416.9
ROEA	24.2%	27.5%	27.0%	25.3%	22.7%
ROAA	15.6%	17.9%	18.2%	17.5%	16.6%
Market Capitalization	2,505.1	3,869.6	5,106.2	4,271.9	3,104.0
Cash Dividend (VND/share)	2,000	3,000	2,000	1,500	-
Stock Dividend & Share issuance to increase share capital from owner's equity	30%	30%	30%	10%	-

### NET REVENUE

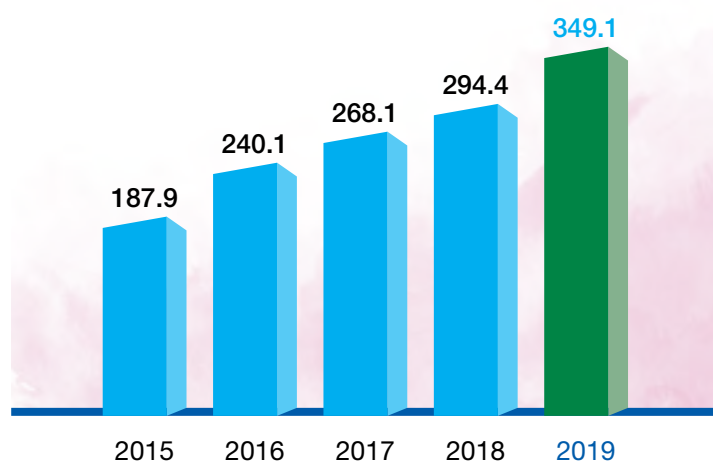


NET REVENUE (VND billion)

**3,252.5**

Increased by **13.9%**

### PROFIT AFTER TAX



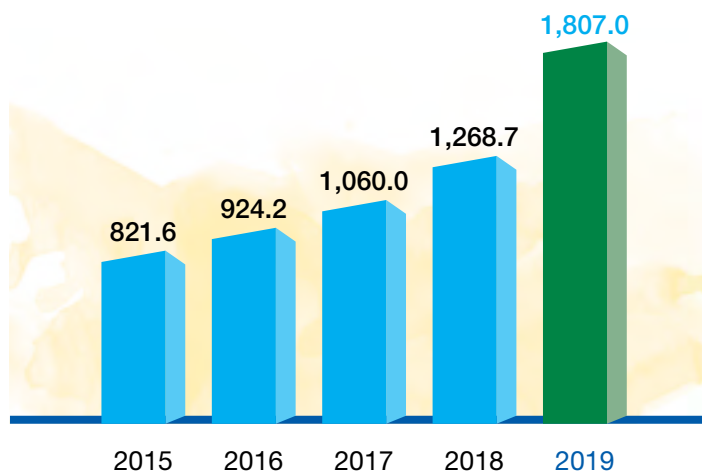
PROFIT AFTER TAX (VND billion)

**349.1**

Increased by **18.6%**



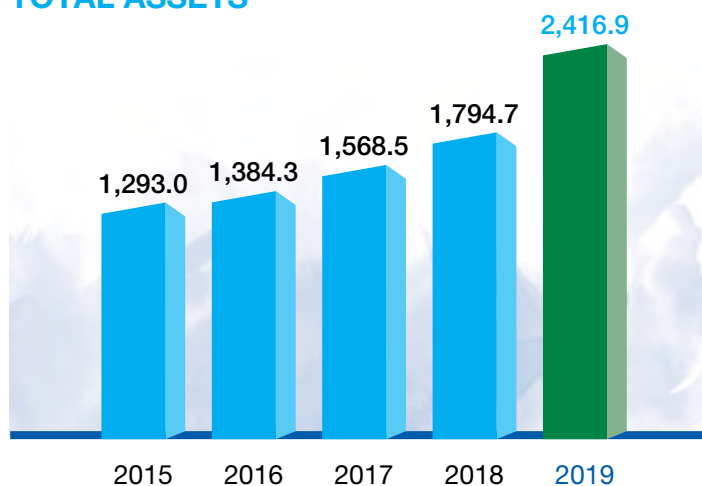
## OWNER'S EQUITY



OWNER'S EQUITY (VND billion)

**1,807.0**  
Increased by **42.4%**

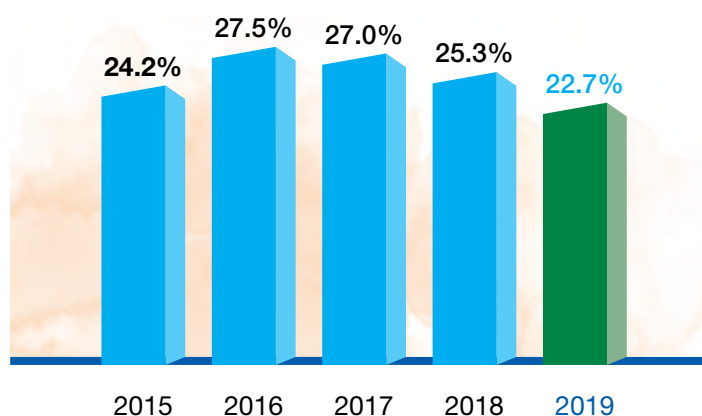
## TOTAL ASSETS



TOTAL ASSETS (VND billion)

**2,416.9**  
Increased by **34.7%**

## ROEA



ROEA

**22.7%**



## GENERAL INFORMATION

**Company name** : THIEN LONG GROUP CORPORATION

**Transaction name:** THIEN LONG GROUP

**Stock code** : TLG

**Chartered capital** : VND 777,944,530,000

**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 17<sup>th</sup> amendment registration on 11/10/2019



## STRATEGIC OBJECTIVES FOR THE PERIOD 2016 – 2020



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



## 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.



### CORE VALUES



#### PIONEER

Pioneer in technology, innovation and making breakthroughs to produce products, services of the best quality, being environmentally friendly, serving consumer's progressive demands.

#### FAIRNESS

Fair treatments to customers, suppliers and partners.

#### DEDICATION

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

#### INTEGRITY

Behaving honestly, transparently in all activities and transactions.



#### HUMANISM

Considering the human as key element, joining hands to build a sustainably thriving Thien Long Community, and contributing to social development with the compassion and humanism.





## CHAIRMAN'S MESSAGE



I want to say that Thien Long is a testament to the spirit of bravery, commitment to the development and fulfillment of the pioneering mission of a leading stationery business. The unyielding will, the firm belief in the power of wisdom and genuine labor, and most importantly, the solidarity and unity of the whole group are the guiding principles for our ship to move straight forward through the waves.



**Dear Shareholders, Partners and all employees,**

Nearly 40 years with countless ups and downs, the ship named Thien Long has not been rusty but remained stable, strong, and modern. We can proudly talk about Thien Long as the No. 1 brand in the stationery sector in Vietnam and the leading company in the region; one of 17 best trading partners in the world's stationery market; one of the enterprises whose growth rate far exceeds the industry average; as well as one of the enterprises in the world with the best profit margin in the industry. In 2019, Thien Long was officially present in over 65 countries around the world.

I want to say that Thien Long is a testament to the spirit of bravery, commitment to the development and fulfillment of the pioneering mission of a leading stationery business. The unyielding will, the firm belief in the power of wisdom and genuine labor, and most importantly, the solidarity and unity of the whole group are the guiding principles for our ship to move straight forward through the waves.

**Ladies and gentlemen,**

The world keeps changing from then on. Yet, thanks to technology, the artificial intelligence and so on, the change in recent years, is getting faster and more diverse. Challenges are therefore varied and increasingly difficult. For example, the most recent outbreak of Covid-19 worldwide has severely affected global businesses, from Asia, Europe, to America in just a few months. This clearly shows that the world becomes flatter, the socio-economy of countries has a mutual effect on each other and the globalization has become inevitable. However, the only truth which Thien Long has always believed in is that difficulty forges courage and creates new opportunities. This is also a motivation for us to transform and go further.

In 2019, Thien Long achieved a net revenue of VND 3,252.5 billion, profit after tax of VND 349.1 billion, achieving growth rates of 13.9% and 18.6% respectively, compared year-on-year. The communication and promotion activities have achieved lots of innovations and implemented urgently. The business activities also have plenty of improvements to suit the market situation and the world context. The production activities in the back office are constantly improving to boost the productivity and quality.

To achieve 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.
- (2) Invest in business and marketing to bring Thien Long brand and its brand names, including Bizner, TL, FlexOffice, Colokit and Diem 10 to new heights.
- (3) Renovate technologies to strengthen production capacity, introduce products with attractive design, differentiations and premium quality.
- (4) Leverage our strong distribution network to expand product portfolio and product lines as well as the coverage of domestic and international markets.
- (5) Strengthen and expand cooperation in many fields and maintain a high and stable growth rate in the long term.

The constant efforts of all employees and the wholeheartedly supports from the Shareholders, the Investors, the Customers, the Suppliers, and others have given Thien Long a powerful belief to take pioneering steps and ensure the sustainable development to the Shareholders and the Partners.

**Thank you and Best Regards,**



**CO GIA THO**

**Chairman**





1

# INTRODUCTION ABOUT **THIEN LONG GROUP**





## HISTORY AND DEVELOPMENT MILESTONES

### 1981

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

### 1991

Thien Long increasingly expanded the writing instrument 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

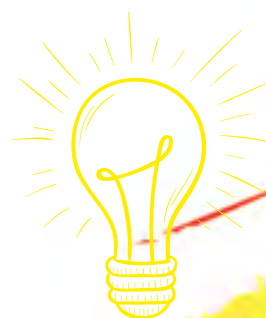
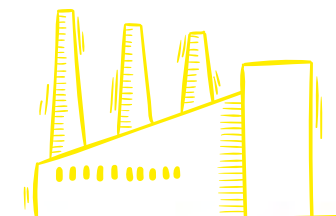
Factory area was expanded from 0.5 ha to over 1.6 ha and the quality management system was certified upgraded to new version of ISO 9001:2000.

### 2005

Thien Long Manufacturing and Trading Company Ltd. was converted into Thien Long Manufacturing and Trading Corporation.

### 2006

The Company established Thien Long Long Thanh JSC; and Environmental Management System ISO 14001:2004, Occupational Health and Safety OHSAS 18001, Social Accountability SA 8000, Security Standard CTPAT... were certified.





• **2007**

Thien Long Global Trading and Service One Member Company Ltd. was established, specializing in stationery trading.

• **2008**

The Company's name was changed to Thien Long Group Corporation.

• **2009**

Tan Luc Trading and Service One Member Company Ltd. was established.

• **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 to VND 383.1 billion.

• **2018 - 2019**

The charter capital increased to VND 777.9 billion and our products have been exported to 65 countries, in which the export network in Southeast Asia has been fulfilled. The e-commerce website FlexOffice.com was also launched.





## 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 2019, the Company has exported to 65 countries and territories across 6 continents.

**65,000** POINTS OF SALE  
across all 63 provinces/cities nationwide

**65** COUNTRIES

**6** CONTINENTS



## SUBSIDIARIES



### THIEN LONG GROUP CORPORATION

#### 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 180 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.

#### FlexOffice PTE. LTD

FlexOffice was established in Singapore with the charter capital of nearly VND 19 billion in 2019. It specializes in trading and service in the Asian markets.

#### THIEN LONG GLOBAL TRADING AND SERVICE ONE MEMBER COMPANY LIMITED

Thien Long Global has the charter capital of VND 100 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:

- ▶ Professional distribution services, direct sale to businesses (B2B), online sale and sale of advertisement products.
- ▶ 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.
- ▶ 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, Long Thanh Ward, Dong Nai Province	180 billion	100%
02	Thien Long Global Trading and Service One Member Company Limited	Trading stationery	Lot 6-8-10-12, Road No. 3, Tan Tao Industrial Park, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City	100 billion	100%
03	Tan Luc South Trading and Service One Member Company Limited	Trading stationery	No. 19-21, Lot B, Truong Son Street, Ward 15, District 10, Ho Chi Minh City	80 billion	100%
04	Tan Luc North Trading and Service One Member Company Limited	Trading stationery	No. 38, Gamuda Gardens 2-5 Street, C2 - Gamuda Gardens New Urban Zone, Tran Phu Ward, Hoang Mai District, Ha Noi	60 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.	20 billion	100%
06	FlexOffice Pte. Ltd	Trading stationery	61 Robinson Road, #15-02 Robinson Centre, Singapore	19 billion	100%

### In 2019, Thien Long increased the charter capital of its Subsidiaries as follows:

- ▶ Thien Long Long Thanh Manufacturing and Trading Company Limited increased the charter capital from VND 80 billion to VND 180 billion.
- ▶ Thien Long Global Trading and Service One Member Company Limited increased the charter capital from VND 40 billion to VND 100 billion.
- ▶ Tan Luc South Trading and Service One Member Company Limited increased the charter capital from VND 40 billion to VND 80 billion.
- ▶ Tan Luc North Trading and Service One Member Company Limited increased the charter capital from VND 40 billion to VND 60 billion.
- ▶ Tan Luc Middle Trading and Service One Member Company Limited increased the charter capital from VND 10 billion to VND 20 billion.

### Revenues excluded internal transactions

- ▶ Tan Luc Chain: Approximately VND 900 billion.
- ▶ Thien Long Global: Approximately VND 1,700 billion.

### Production output

- ▶ Thien Long Long Thanh: over 400 million product units.



## TYPICAL AWARDS



**Top 50 Best performing companies in Vietnam (2013 - 2019)**  
organized by Nhip Cau Dau Tu Magazine.

**Top 50 Best Vietnamese listed companies (2013 - 2019)**  
voted by Forbes Vietnam.



**Top 40 stationery companies with highest revenue growth rate in the world, reviewed and recognized** by Plimsoll - a prestigious financial institution in United Kingdom.



**“Vietnamese High-Quality Goods” (1997 - 2019) awarded** by High Quality Vietnamese Goods Business Association.



**The “Community Enterprise” Award voted** by Saigon Economic Times.



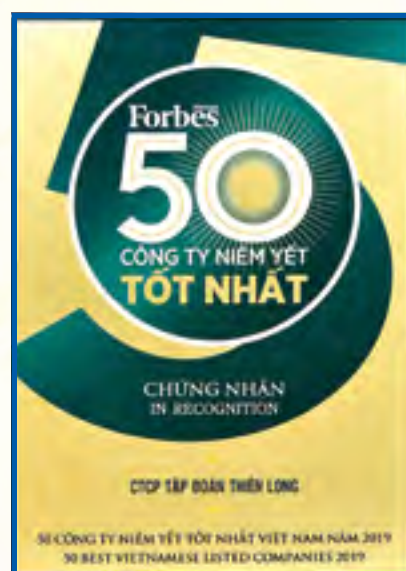
**The world’s best trading partner of stationery industry, reviewed and recognized** by Plimsoll - a prestigious financial institution in United Kingdom.



**Thien Long gained highest revenue growth rate in the Southeast Asian region in stationery industry, reviewed and recognized** by Plimsoll - a prestigious financial institution in United Kingdom.











60%

of market share

## 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.



## PREMIUM PRODUCTS (BIZNER)

**With target customers who are businessmen and high-income consumers, the product lines of Bizner are invested in creativity and R&D activities to have luxurious design and being delicate in each detail.**

In addition to promoting the new product line of BIZ-168 free-ink system, BIZNER has launched BIZ-WB02 white-board marker with outstanding advantages:

- ▶ The valve system technology was adopted to offer a continuously bold color and the pen length is designed longer than the traditional one.
- ▶ Its design allows to replace the ink cartridge easily to ensure the environmental protection.
- ▶ The two-component plastic injection technology is integrated with a firm grip for more smoothly writing.

Additionally, BIZNER has launched BIZ-09 featuring a youthful and dynamic color design with metal cover for higher quality and value-in-use, suitable for young people.



## TYPICAL PRODUCTS (continued)



**flexoffice®**  
Sản phẩm cho giới văn phòng

### OFFICE SUPPLIES (FlexOffice)

Contributed

**30%**

of the Group's total revenue

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.

FlexOffice has released a range of new products during the year of 2019. Particularly, the Flexio calculator is integrated with Thien Long copyrighted software in an exquisite and beautiful design. This is one of the few calculators allowed to be used in all national examinations.





## SCHOOL SUPPLIES (DIEM 10)

In 2019, Diem 10 has launched a variety of school supplies, including two outstanding products:

- ▶ TP-FTC09 fountain pen with 02 beautiful colors of Pink and Blue uses professional hand-sharpened nibs and the ink system technology studied by Thien Long. As a result, the pen can give both feathery light and bold thick strokes while ensuring the smooth handwriting. This set of products is greatly convenient thanks to its 4-in-1 design: both functions can be effectively use: Refilling and using ink cartridges; replacing nibs easily by threaded mechanism with 02 extra ink cartridges provided.
- ▶ TP-GelE01 erasable gel pen: features of a normal gel pen but can be easily erasable by erasers to ensure children's clean and clear notebooks.

In addition, Diem 10 launched other new products including: TP-FTC02 and TP-FTC30 fountain pens; TP-BP09, TP-BP011, TP-BP012, TPBP014, TP-BP015 student backpacks with funny designs; TP-Gel06 gel pen in bright lotus purple color; sets of board and eraser products in a funny and eye-catching design.

**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.**



## TYPICAL PRODUCTS *(continued)*



### 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.**

Maintaining the brand positioning strategy of “Smart color” in 2019, Thien Long has developed a series of Colokit products with a particular mark, enabling children to immerse in a colorful world and acquire knowledge in a better and smarter manners. Accordingly, Colokit introduced unique products such as Neon WACO-C011 watercolors with 06 luminous colors for diverse color choices. Besides, Acrylic ACR-C03 was newly released with higher quality and convenient packaging.

Especially, for professional use, Thien Long has launched a new series of PM-C01 oil paint brushes with a soft grip and the application of 2-component plastic injection technology. This product provides 12 bright and high-adhesion ink colors so that consumers can unleash their creativity on any type of surface materials including ceramics, glass, metal, plastic and others.





BÚT BI • BIZ-09 *Premium*



## PRODUCTION TECHNOLOGY



**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.**



## 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 2019, the Company self-produced more than 90% 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 was raised to 77% compared to 75% by the end of 2018. Thien Long accelerates the process of automation in production from plastic injecting, pouring, assembling stage to printing, testing and packaging.

Automation rate reached

77%



## PURSuing 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 panel system creates approximately 334,272 Kwh/year (average 27,856 Kwh/month), considerably saving power expenses and reducing about 221 tons of CO<sub>2</sub> 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 United States standards (ASTM D - 4236, ASTM F-963, CPSIA, TPCH, AP Seal), European standards (EN 71/1,2,3, EN 71/9, REACH) and Vietnam standard on safety such as QCVN03-2019/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.

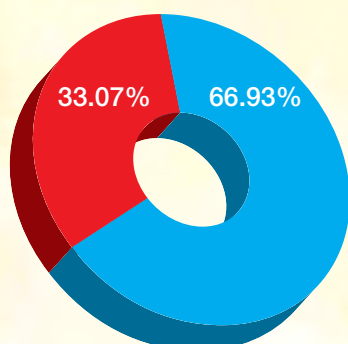
Reducing

221

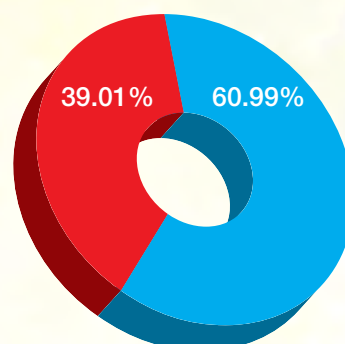
tons of CO<sub>2</sub>/year



## SHARE INFORMATION AND CHARTER CAPITAL INCREASE HISTORY



Domestic shareholders  
Foreign shareholders



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

### SHAREHOLDER'S STRUCTURE (As at 12/12/2019)

Shareholder	Number of shareholders	Number of shares	Percent
<b>Domestic shareholders</b>	<b>1,120</b>	<b>52,069,007</b>	<b>66.93%</b>
Organization	33	37,450,296	48.14%
Individual	1,087	14,618,711	18.79%
<b>Foreign shareholders</b>	<b>83</b>	<b>25,725,446</b>	<b>33.07%</b>
Organization	32	25,613,226	32.92%
Individual	51	112,220	0.15%
<b>Total</b>	<b>1,203</b>	<b>77,794,453</b>	<b>100.00%</b>

### LIST OF SHAREHOLDERS HOLDING OVER 5% OF CHARTER CAPITAL

(As at 12/12/2019)

No.	Shareholder	Number of shares	Percent
1	Thien Long An Thinh Investment JSC (Represented by: Mr. Co Gia Tho)	37,350,952	48.01%
2	NWL Cayman Holdings Ltd.	5,500,000	7.07%
3	Mr. Co Gia Tho	4,594,605	5.91%
<b>Total</b>		<b>47,445,557</b>	<b>60.99%</b>



Number of shares



77,794,453

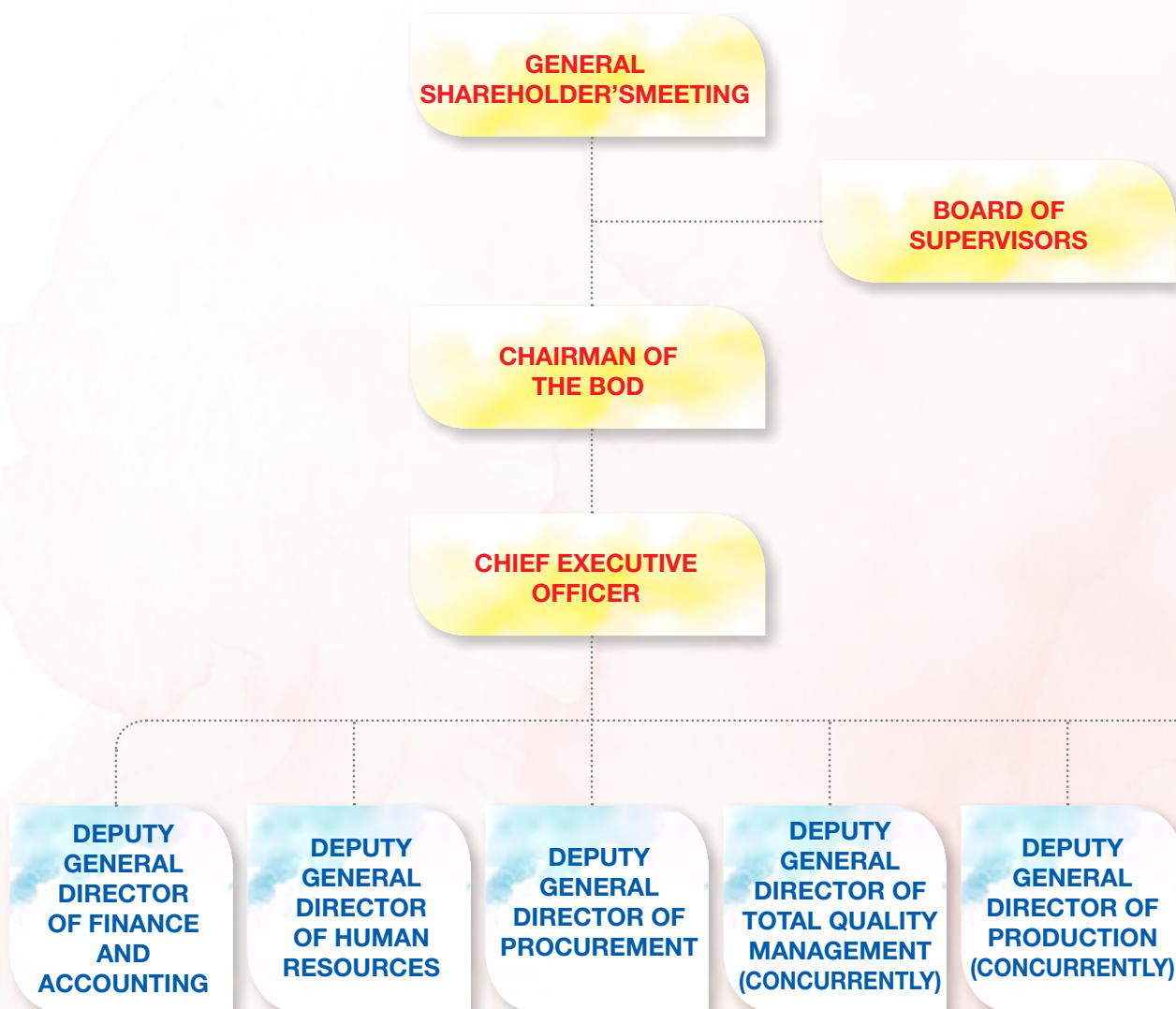
## CHARTER CAPITAL INCREASE HISTORY

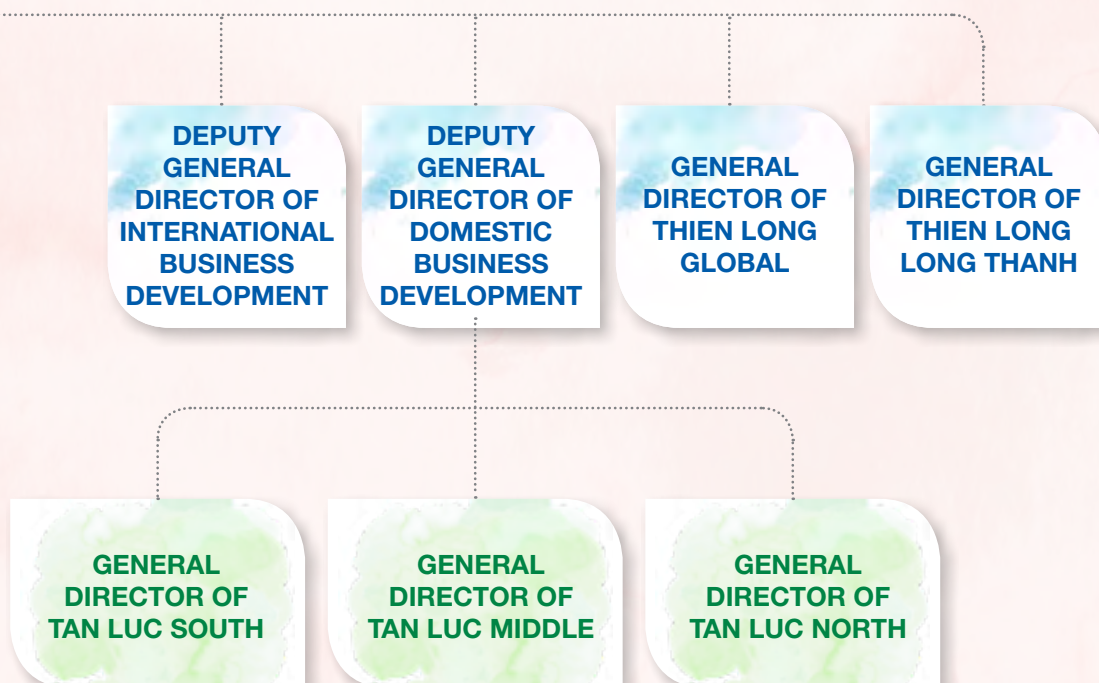
Unit: VND billion

Year	Initial charter capital (VND billion)	Charter capital increased (VND billion)	Accumulated charter capital (VND billion)	Form of capital increase
2019	707.2	70.7	777.9	Share dividend and share issuance to increase charter capital from Owners' equity
2019	657.2	50.0	707.2	Private issuance
2018	505.6	151.6	657.2	Share issuance to increase charter capital from Owners' equity
2017	383.1	122.5	505.6	Share issuance to increase charter capital from Owners' equity and ESOP shares
2016	294.7	88.4	383.1	Share issuance to increase charter capital from Owners' equity
2015	268.0	26.8	294.7	Share issuance to increase charter capital from Owners' equity
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 share issuance to increase charter capital from Owners' equity
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 at 20%.



## ORGANIZATIONAL STRUCTURE









## BOARD OF DIRECTORS



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 48.01% 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 Rong Viet 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.



## BOARD OF DIRECTORS *(continued)*



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 Thinh 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 Thinh 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) since February 2017.

She is also BOD member of Thien Long An Thinh 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.



**Mr. TAYFUN UNER**

Independent Member

Mr. Tayfun has joined the BOD since 2019.

He currently holds the senior management position at Newell Brands and its subsidiaries. He has experience working for multinational corporations such as Procter & Gamble, McKinsey and Company, Carlsberg, etc.





## BOARD OF SUPERVISORS

### Ms. **NGUYEN THI BICH NGA**

Head of the BOS

Ms. Nguyen Thi Bich Nga has been working at Thien Long since 1992 and has held various positions of Accounting Department. 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 Thinh 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 and Institutional Sales and Trading.





## BOARD OF MANAGEMENT



Mr. **NGUYEN DINH TAM**

Chief Executive Officer cum Deputy General Director of Production

Mr. Nguyen Dinh Tam has joined the Company since 1994. 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.







## BOARD OF MANAGEMENT *(continued)*

### Ms. **TRAN PHUONG NGA**

Deputy General Director of Finance and Accounting

Ms. Tran Phuong Nga joined Thien Long in 2012 and was appointed as Deputy General Director of Finance and Accounting 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 1994 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.





## BOARD OF MANAGEMENT *(continued)*

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

Mr. Huynh Duc Nghia joined Thien Long in 1998 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 joined Thien Long since 2006. 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

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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

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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

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Mr. Pham Huu Chi was appointed for the position of Director of R&D in October 2017. Mr. Chi has joined Thien Long since 2001 and held following positions: Manager of Design Department, Manager of Writing instruments R&D Department.

Mr. **NGUYEN DUC HANH**  
IT Director

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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

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Mr. Diep Bao Tinh has joined Thien Long since 1998 and held management positions of product, automation and maintenance department, Machinery Manufacturing Workshop and Assistant to Group Director of Production.

Mr. **TRINH VAN HAO**  
Marketing Director

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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.

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# CORPORATE GOVERNANCE REPORT











## BOD'S REPORT ON THIEN LONG'S OPERATIONS IN 2019

### ACTIVITIES OF THE GENERAL SHAREHOLDER'S MEETING

Thien Long organized the AGM for the fiscal year 2018 on 30 May 2019.

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 2019

Based on the operation of the Company in 2019, the BOD has provided flexible development orientation to all production and business activities for the Company's sustainable development in response to the market fluctuations and difficulties.

Accordingly, 14 BOD meetings were organized in 2019 to approve important strategies on the Company's development orientation. In these meetings, numerous strategic decisions were made for the long-term development of Thien Long.

Resolutions/Decisions issued include:

No.	Resolution/ Decision No.	Date	Contents approved
1	01/2019/NQ - HDQT	26/02/2019	Approved of the issuance of private shares issuance to NWL Cayman Holdings Ltd.
2	02/2019/NQ - HDQT	11/03/2019	Approved of the expected date of the AGM for the fiscal year 2018.
3	03/2019/NQ - HDQT	18/03/2019	Approved of the charter capital increase and amendment of the Company's Charter after finishing the share issuance.
4	04/2019/NQ - HDQT	03/04/2019	Approved of the last registration date to receive the 1 <sup>st</sup> advanced dividend payment of 2018 and the right to attend the AGM for the fiscal year 2018.
5	05/2019/NQ - HDQT	23/04/2019	Approved of the appointment of Secretary cum Company Administrator.
6	06/2019/NQ - HDQT	20/05/2019	Approved of the decision on overseas Investment in Singapore.
7	07/2019/NQ - HDQT	22/07/2019	Approved of the selection of Deloitte Vietnam Company Limited as the independent auditor for the Company's 2019 financial statements.
8	08/2019/NQ - HDQT	22/07/2019	Approved of deploying share issuance plan to increase the Charter capital in 2019.
9	09/2019/NQ - HDQT	12/08/2019	Approved of adjusting the plan of using the proceeds from the private shares issuance.
10	10/2019/NQ - HDQT	19/08/2019	Approved of the working principles to prevent conflicts of interest and information security of the Board Members.
11	11/2019/NQ - HDQT	19/08/2019	Approval of the 2 <sup>nd</sup> cash dividend payment of 2018; the 2 <sup>nd</sup> share dividend payment of 2018, and the share issuance to increase the share capital from owner's equity.

12	12/2019/NQ - HĐQT	10/09/2019	Approval of the Charter capital increase and the amendment of the Subsidiaries' Charter.
13	13/2019/NQ - HĐQT	04/10/2019	Approved of the charter capital increase and the amendment of the Company's Charter after finishing the share dividend payment and share issuance to increase capital from owner's equity.
14	14/2019/NQ - HĐQT	18/11/2019	Approval of the date of closing the shareholder list for the 1 <sup>st</sup> advanced dividend payment of 2019.

Members of the BOD, BOS, General Director and Company Secretary attended training courses on corporate governance in accordance with regulations on corporate governance.

### ACTIVITIES OF THE INDEPENDENT BOARD MEMBERS

Independent from the activities of the BOD, the independent board members have always performed their roles efficiently in harmonizing the interests of stakeholders and contributing strategic and insightful advice to the Company's overall development.

In addition, the independent board members have constantly provided orientations in management to point out potential risks in the BOD's decisions for the purpose of risk mitigation and prevention.

### ACTIVITIES OF COMMITTEES UNDER THE BOD

Committees under the BOD, including Investment and Development Policy Committee, Restructuring HR and Remuneration Committee, Audit Committee

and Investor Relations Committee have well played their role in consulting and supporting the BOD to supervise and control the Company's activities effectively.







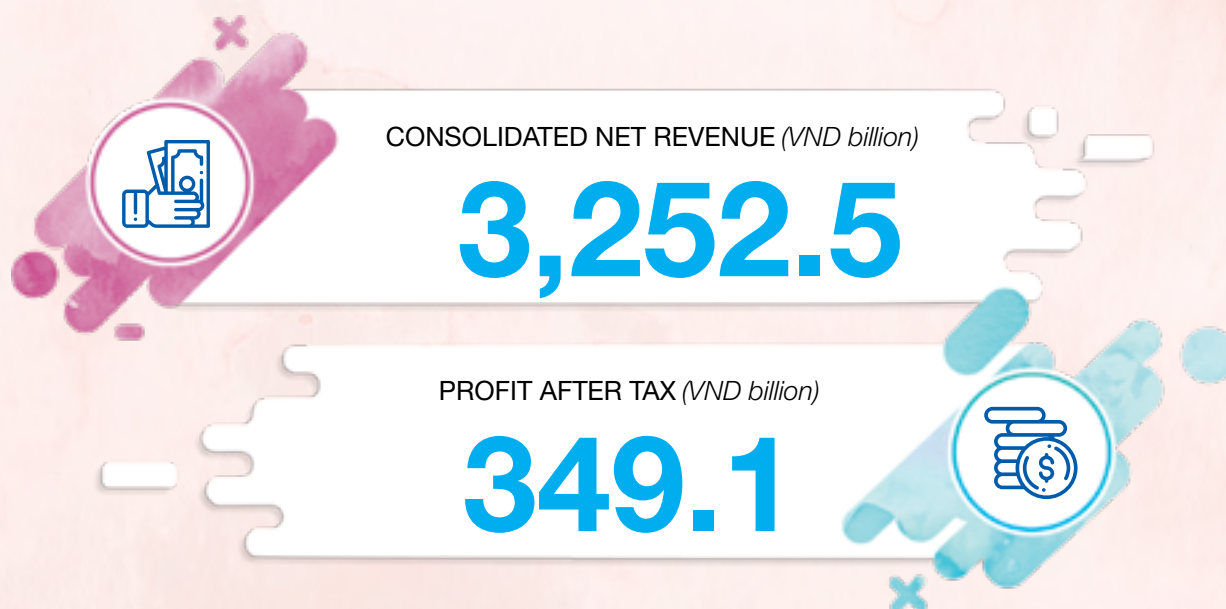
## BOD'S REPORT ON THIEN LONG'S OPERATIONS IN 2019 *(continued)*

### ASSESSMENT ON THE GROUP'S OPERATION IN 2019

Vietnam's socio-economic situation in 2019 took place in the context of global economic slowdown. The instability of the international trading system has significantly increased resulted from the US - China trade tensions and the geopolitical issues, placing great impacts on business confidence, investment decisions, and global trade. Domestically, GDP growth in 2019 achieved impressive results and the economic growth reached 7.02%, exceeding the target set by the National Assembly from 6.6%

to 6.8%. This is the second consecutive year that Vietnam's economic growth has reached over 7% since 2011. This growth rate is lower than the growth rate of 7.08% in 2018 but still higher than that of the period 2011 - 2017.

The increasing efforts of all employees have enabled the excellent fulfillment of targets assigned by the General Shareholder's Meeting despite the fluctuations and challenges, specifically as follows:



### SUPERVISION ON BOM'S PERFORMANCE

The BOD regularly supervised the BOM's activities to ensure its compliance and consistency with the AGM's Resolution issued in 2019.

The implementation of the 2019 business plan as well as BOM's management activities were overseen and urged to ensure the business efficiency improvement and the target fulfillment.

Facing the market's challenges and difficulties, the BOM has closely observed actual conditions to achieve targets. At the same time, the BOM proactively managed the Company's production and business activities in line with the set goals and the BOD's orientation. During its management process, the BOM frequently consult to the BOD for its direction while proactively dealing with arising issues for the flexible and effective management activities.

### REMUNERATION AND BONUS TO BOD, BOS AND BOM

The salary and compensation for the BOD, BOS, and BOM always comply the law and the annual salary policy, and commensurate with the responsibilities and performance of each individual.

Salary of BOM and other managers and remuneration of BOD and BOS received in 2019 were totally VND 42.3 billion and presented at Note 36 of the Audited Consolidated Financial Statements



## INVESTOR RELATIONS AND OBLIGATIONS TO SHAREHOLDERS

The company is always aware of its responsibilities as a large listed company, as well as its relationship with the investor network. As a result, fairness and equality are guaranteed for the highest benefits to the Shareholders and the Investors through the transparency, timeliness and accuracy in information disclosure. The Company has been continuously and promptly performed legal updates to ensure the compliance with the information disclosure regulations.

In addition to ensure the compliance of the information disclosure with the law, the Company is also proactive in investor-relation activities through regular meetings and seminar with the investors to share its information to domestic and international communities of investors.

In 2019, Thien Long issued private shares and shares to pay the 2<sup>nd</sup> dividends of 2018 at 5%, shares to increase capital from owner's equity at 5%, pay the 1<sup>st</sup> and 2<sup>nd</sup> cash dividend payment in 2018 at 15% of the par value and the 1<sup>st</sup> advanced dividend payment of 2019 at 10% of the par value.

## DEVELOPMENT PRIORITIES

In order to successfully implement strategic objectives for the period of 2016 - 2020, Thien Long continued to focus on development priorities including:



In 2020, the BOD is expected to submit to the General Shareholder's Meeting for approval on the business plan targets, particularly: Net revenue of VND 3,200 billion, Profit after tax of VND 325 billion, Dividend of 20%/par value.

The 2020 plan was developed based on the assumption that the student will back to school in May, the market will gradually recover and return to normal at the beginning of the 3<sup>rd</sup> quarter. Due to unpredictable developments of the pandemic, the plan adjustment may be performed in line with the actual business situation from time to time.



## 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 2019.

#### 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 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 2019 total revenues from export of the Group reached nearly USD 22 million, up 21% from 2018.



### 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 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 AND REPORTS OF THE BOARD OF SUPERVISORS

### ACTIVITIES OF THE BOARD OF SUPERVISORS IN 2019

No.	BOS member	Position	Starting/Resigning date from BOS member	Number of meetings attended	Attendance rate	Reason for absence
01	Ms. Nguyen Thi Bich Nga	Head of the BOS	Starting date of new term on 16 May 2017	8/8	100%	
02	Mr. Dinh Duc Hau	BOS member	Starting date of new term on 16 May 2017	6/8	75%	Business travel
03	Ms. Ta Hong Diep	BOS member	Starting date of new term on 16 May 2017	8/8	100%	

In the fiscal year of 2019, BOS organized periodic meetings with full attendance of all members to discuss and create the operation plans and summarize the performance in 2019.

#### *Contents of the meetings:*

<b>03/01/2019</b>	Organized periodic meetings to update the current performance, discussed and created the operation plans in 2019.
<b>14/02/2019</b>	Adjusted the operation plans, shared the operations in the first quarter of 2019.
<b>12/03/2019</b>	Discussed on the performance inspection and supervision of the Divisions/Departments/Subsidiaries of the Group.
<b>08/04/2019</b>	Updated the information, assigned and exchanged the tasks and activities for the second quarter of 2019.
<b>16/05/2019</b>	Reported on the performance, organized meetings on the report contents to be submitted to the AGM.
<b>27/06/2019</b>	Updated information, and assigned tasks in the third quarter of 2019.
<b>10/07/2019</b>	Reported on activities performed in the first 6 months of the year, discussed activities in the third quarter of 2019.
<b>09/10/2019</b>	Updated and reported on the results of the previous period and the content of activities in the fourth quarter of 2019.

**In 2019, the BOS implemented the supervision according to the assigned functions and tasks. The rationality and honesty in the financial statements and contents performed in accordance with the General Shareholder's Meeting's resolution were inspected.**

Regular coordination with the Internal Audit Department was performed to inspect the compliance with the Company's procedures, processes and regulations by the Departments/Divisions and Subsidiaries. The rationality of any corporate income tax expenses was inspected.

In addition, the BOS sufficiently participated in all meetings between the BOD and the BOM to grasp the Company's business and investment situation, as well as the development plan.

## SUPERVISION RESULTS ON BUSINESS OPERATION AND FINANCE IN 2019

### Finance and Accounting

BOS acknowledges that the figures in financial statements for fiscal year ended 2019 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 2019

- ▶ Consolidated net revenue of the Group reached VND 3,252.5 billion in 2019, increasing by 13.9% from 2018, exceeding 1.6% of the plan approved by General Shareholder's Meeting.
- ▶ Profit after tax still maintained a high growth rate in 2019, reaching VND 349.1 billion, up 18.6% from 2018, completing 107.4% of the plan set by General Shareholder's Meeting.

### SUPERVISION RESULT TO PERFORMANCE OF BOD AND BOM

- ▶ The BOD and the BOM fully complied with the law, the Company's Charter and the resolutions approved by the General Shareholder's Meeting.
- ▶ The BOM also regularly discussed on and supervised the BOM's activities and the implementation of the resolutions and the business and investment plans.
- ▶ The BOM and Management levels have successfully fulfilled their tasks with high sense of responsibility and exceeded the targets of the production and business plan, and strictly implemented the tasks assigned by the General Shareholder's Meeting.

### COORDINATION BETWEEN BOD, BOM AND OTHER MANAGERS

- ▶ Fully attended all meetings between BOD and BOM.
- ▶ Regularly discussed with the BOD, the BOM and other managers on the Company's performance.
- ▶ The BOD and the BOM have always support the BOS to implement their tasks and sufficiently and timely submit reports.





## SHARE TRANSACTIONS 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	Co Gia Tho	Chairman	4,176,915	6.36%	4,594,605	5.91%	Received additional issued shares
2	Tran Thai Nhu	BOD Member	903,592	1.37%	993,950	1.28%	Received additional issued shares
3	Co Ngan Binh	BOD Member	779,209	1.19%	857,129	1.10%	Received additional issued shares
4	Co Cam Nguyet	BOD Member	504,067	0.77%	554,473	0.71%	Received additional issued shares
5	Tran Kim Thanh	Vice Chairman	39,000	0.06%	42,900	0.06%	Received additional issued shares
6	Tran Le Nguyen	BOD Member	39,000	0.06%	42,900	0.06%	Received additional issued shares
7	Huynh Van Thien	BOD Member	39,000	0.06%	42,900	0.06%	Received additional issued shares
8	Tran Van Hung	BOD Member	307,636	0.47%	300,416	0.39%	Sold shares + received additional issued shares
9	Nguyen Dinh Tam	CEO	423,552	0.64%	465,904	0.60%	Received additional issued shares
10	Phan Nhut Phuong	Deputy General Director	497,103	0.76%	546,813	0.70%	Received additional issued shares
11	Bui Van Huong	Deputy General Director	127,921	0.19%	36,663	0.05%	Sold shares + received additional issued shares
12	Nguyen Thuong Viet	Deputy General Director	68,569	0.10%	75,425	0.10%	Received additional issued shares
13	Tran Trung Hiep	Deputy General Director	81,334	0.12%	61,548	0.08%	Sold shares + received additional issued shares
14	Tran Phuong Nga	Deputy General Director	66,626	0.10%	73,288	0.09%	Received additional issued shares
15	Trinh Van Hao	Director	5,861	0.009%	6,445	0.008%	Received additional issued shares
16	Nguyen Duc Hanh	Director	5,850	0.009%	6,434	0.008%	Received additional issued shares
17	Pham Huu Chi	Director	4,810	0.007%	5,290	0.007%	Received additional issued shares
18	Diep Bao Tinh	Director	18,747	0.03%	20,619	0.03%	Received additional issued shares
19	Dinh Quang Hung	Director	4,810	0.007%	5,290	0.007%	Received additional issued shares
20	Nguyen Ngoc Nhon	Chief Accountant	2,788	0.004%	3,064	0.004%	Received additional issued shares
21	Nguyen Thi Bich Nga	Head of the BOS	59,954	0.09%	65,948	0.08%	Received additional issued shares



22	Dinh Duc Hau	BOS Member	3,250	0.005%	3,574	0.005%	Received additional issued shares
23	Ta Hong Diep	BOS Member	3,250	0.005%	3,574	0.005%	Received additional issued shares
24	Co Cam Chau	Co Gia Tho	44,020	0.07%	48,422	0.062%	Received additional issued shares
25	Co Cam Ngoc	Co Gia Tho	315,491	0.48%	347,039	0.45%	Received additional issued shares
26	Co Gia Duc	Co Gia Tho	183,427	0.28%	201,769	0.26%	Received additional issued shares
27	Tran My Ken	Tran Thai Nhu	10,220	0.016%	11,242	0.014%	Received additional issued shares
28	Tran Xu Tai	Tran Thai Nhu	44,020	0.07%	26,422	0.034%	Sold shares + received additional issued shares
29	Tran Quoc Nguyen	Tran Kim Thanh	11	0.00001%	0	0	Sold shares
30	Tran Dinh Long	Nguyen Dinh Tam	1,584	0.002%	1,434	0.002%	Sold shares + received additional issued shares
31	Phan Nhut Toan	Phan Nhut Phuong	3,664	0.006%	4,030	0.01%	Received additional issued shares
32	Vo Buu Chieu	Nguyen Thuong Viet	5,639	0.009%	6,201	0.01%	Received additional issued shares
33	Tran Anh Dung	Tran Phuong Nga	2,198	0.003%	2,416	0.003%	Received additional issued shares
34	Nguyen Duong Phung	Diep Bao Tinh	1,098	0.002%	1,206	0.002%	Received additional issued shares
35	Nguyen Ho Hong Yen	Đinh Quang Hung	4,030	0.006%	4,432	0.01%	Received additional issued shares
36	Bui Quang Minh	Nguyen Thi Bich Nga	5,963	0.009%	6,559	0.008%	Received additional issued shares
37	Thien Long An Thinh Investment JSC.	Co Gia Tho	33,955,412	51.66%	37,350,952	48.01%	Received additional issued shares



3

## REPORT OF THE BOARD OF MANAGEMENT











## OPERATIONAL ACTIVITIES AND IMPORTANT PROJECTS

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



### APPLIED EXTENSIVE AND COMPREHENSIVE AUTOMATION PROCESS

#### 2019 performance

In 2019, 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 77% from 75% of 2018. 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.

#### 2020 orientation



01 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.

02 Constantly applying the technology to improve the automation of production activities.

03 Focusing on core human resource investment and strengthening collaboration with the international experts.





## INK PRODUCTION

### 2019 performance

In 2019, the Department of Ink production met nearly 60% of the demand for ink of the Corporation, focusing on the investment in advanced facilities imported from developed countries for higher productivity and ink quality stabilization with competitive price.

In addition, the Company always focuses on investing in researching and improving ink production to develop new products to promptly meet the demand on new types of ink and the strict requirements on quality and safety of all customers, especially European and USA markets.

### 2020 orientation

In 2020, the main target of ink production is to ensure availability of ink for the entire Company's production to manage the risk of strong fluctuation of price and scarcity of materials' supply in the world.

Besides, research activities on ink quality improvement may promptly meet the demand of the Company in developing new products and catching the trend of the stationery market, and especially researching unique products by enhancing human resource's skills and strengthening collaboration with the top-notch experts.

01

02



## OPERATIONAL ACTIVITIES AND IMPORTANT PROJECTS *(continued)*

### RESEARCH AND DEVELOPMENT (R&D)

#### 2019 performance

Developing new high-quality products according to customers' demands and creating unique products are two priorities in the R&D operations of the Company. Several tasks were implemented, namely:

- ▶ Renovating package design to draw customers' attraction.
- ▶ Applying new technologies to high-end products.
- ▶ Improving the brand identity through the image design.
- ▶ Strengthening new product research, diversifying product portfolio to serve different target customers in different segments.

#### 2020 orientation

01

Concentrating on new core product development with outstanding differences for better competitiveness and higher efficiency.

02

Closely coordinating with relevant departments such as Sales and Marketing to collect information and understand the market's requirements on new products for effective launching and delivery. Promoting combo products, set of products and renovating their packaging to better draw attraction.

03

Researching new technologies and strengthening collaboration with the top-notch experts to gain knowledge and apply the technology to the product development in order to catch the market trends of stationery development.

04

Training for R&D staff, building a dynamic, enthusiastic and creative team.





## ORGANIZATIONAL STRUCTURE AND HUMAN RESOURCES

### 2019 performance



**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, the Company has successfully created and applied “HR management software”. At the same time, other management software was also installed for transporting vehicle allocation, stationery product distribution and meeting schedule booking, etc.

The application of software greatly reduces the time in paperwork, digitalizing manual works, controlling the compliance with the Company’s and state regulations, and improving the HR and administration management skills.

### 2020 orientation

01

Completing the trial modules of the HR Management Software, stabilizing the system operation, improving and effectively using the data source in the software.

02

Innovating and implementing BSC – KPI assessment system of all employees indirectly.

03

Promoting and improving the internal training, particularly: Enhancing the effectiveness of the internal lecturers, the training curriculum, the training content, etc.

04

Intensifying recruitment activities to not only meet the personnel demand of the departments/divisions but also serve the business development.

05

Improving the system of evaluation criteria to motivate the employees, helping them to accomplish the Company’s targets and act as the basis for salary and bonus payment and promotion consideration.

06

Applying the technology in HR activities, enhancing the online training, working and meeting.





## OPERATIONAL ACTIVITIES AND IMPORTANT PROJECTS *(continued)*

### DEVELOPMENT OF DOMESTIC DISTRIBUTION SYSTEM

#### 2019 performance

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

- ▶ Developing and upgrading the general trade in professional way for stronger growth of output, structure, and sales.
- ▶ Enhancing the modern trade by investing in display shelves and product portfolio 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 and customers. 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.



### 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 by applying the technology in the customer care services.

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 apply the technology effectively to support the sales activity, improve the sales performance and enhance the quality of the strategic plan.

### Continuing to develop E-commerce channel ([www. FlexOffice.com](http://www.FlexOffice.com))



In 2019, the E-commerce website **FlexOffice.com** of Thien Long Group has finished setting booths to promote its image and the products at 4 largest e-commerce platforms in Vietnam including: Shopee, Tiki, Sendo, and Lazada. Additionally, E-commerce booth of the Company ranks high on the list of Top Partner Best in Stationery & Craft Lazada 2019, Top Prestige Sellers recommended by Lazada and Shopee for stationery products.

In upcoming years, FlexOffice.com sets goals of:

01

Becoming the top website in visiting and shopping for stationery products in Vietnam.

02

Expanding the product promotion and sales, diversifying the product portfolio.





## OPERATIONAL ACTIVITIES AND IMPORTANT PROJECTS *(continued)*

### PROMOTE PRESENCE IN EXPORT MARKETS

#### 2019 performance



EXPORT ACTIVITIES CONTINUED TO  
BE STRENGTHENED AND GAINED

**510** *(VND billion )*

Increased by

**21.4%**

- ▶ In 2019, export activities continued to be strengthened and gained VND 510 billion of revenue, up 21.4% from 2018. Along with other high growth markets such as the Philippines, Indonesia, Myanmar, the Company started expanding its market network to the Middle East.
- ▶ Activities for promoting brands and displaying at selling points, promoting images on Facebook in foreign markets have been invested so that two brands of FlexOffice and Colokit are gradually trusted and used.
- ▶ Taking part in international exhibitions in Germany, Japan, USA and the Southeast Asia. FlexOffice products are available on the 99 cent supermarket chain in the US.

#### 2020 orientation



01 Continuously promoting sales activities in the Middle East, the Southern Asia, and America.

02 Researching to develop new products meeting the market's demands.

03 Constantly strengthening online and offline promotion, especially online activities.

04 Taking part in exhibitions in Germany, Japan, US, Brazil and the South East Asia countries.

05 Concentrating on the local HR development in different countries to develop stronger business activities at each market.







## OPERATIONAL ACTIVITIES AND IMPORTANT PROJECTS *(continued)*

### MARKETING AND ADVERTISEMENT

#### 2019 performance

In 2019, our marketing plan focused on developing three main activities, including:



#### The results as follows:

- ▶ Maintaining the core value of “quality”, in 2019, Thien Long made a “revolution” to appear unique, modern yet friendly, and bring the spirit of “The power of knowledge” to everyone. Thien Long’s 90-second TVC surprised many people with its timely, subtle and practical vision and goals. This TVC has attracted more than 25 million views on YouTube along with hundreds of users’ comments and interactions expressing how they were inspired and motivated to make their dreams come true. It can be seen that, if previously, Thien Long promoted images through offline activities, in 2019, our group actively appeared a modern, trendy business on the digital media and achieved impressive results.
- ▶ The social programs created good effects on the media. In particular, the program “18 Years of University Entrance Exam Support” has touched millions of the consumers’ heart.
- ▶ Opportunity to experience of Diem 10 fountain pen products through program “The love of Vietnamese writing” held in 24 districts of Ho Chi Minh City with the participation of 6,215 students boosted sales.
- ▶ The program “For a Green School” organized for the first time has made an “environmental” impression by educating high school students to classify recyclable plastic waste and used Thien Long products that were no longer in use. The program became even more meaningful when these activities were turned into valuable scholarships for disadvantaged students with good academic achievements.



- ▶ After 2 years of being held on a national scale, the “Colorful Festival” of Colokit received more than 2 million entries. This year, the program has been developed under the theme “For a Green Vietnam” along with the completion of Professor Nguyen Vo Ki Anh’s research on “The impact of color on children’s intelligence” which is the mark of the brand’s idea of “Colors make children smarter”.
- ▶ The first Flexio Fx590VN calculator attracted great attention on the sales channels and on social networks. Being allowed by the Ministry of Education and Training to be used during exams, the product has given its users more confidence and peace of mind.
- ▶ The product promotion activities during the back-to-school season 2018 - 2019 with a series of “Happy school” photos made learning much easier. Besides, the message of the photo series was shared by many famous KOLs along with the interesting Diem 10 gift box for disadvantaged students. All these activities have created a joyful, meaningful, and special back-to-school season and were enthusiastically supported by all affiliates.
- ▶ A series of 260 sales support programs called “The Knowledge Journey” in nearly 30 provinces/cities was to help consumers directly experience Thien Long’s products.
- ▶ In addition to the back-to-school season with many new and exciting activities, in 2019, a promotion program for our brands including Diem 10, Colokit and Bizner was launched for many other special days such as the Vietnam Teacher’s Day (November 20) or the year’s end.
- ▶ Deploying the Light box signboard for 2,165 points of sale for Tan Luc Chain and Thien Long Global.
- ▶ The specialized display shelves for all 5 brands have been successfully implemented in General Trade and Modern Trade nationwide.
- ▶ For the first time in Vietnam, Thien Long has deployed a system of display shelves for famous international products such as: Parker, Dymo, Elmer’s, Sharpie, Paper Mate, etc., to distribute goods more efficiently. The “Slime Festival with Elmer’s” at 15 points of sale helped over 6,000 customers experience this product.







## OPERATIONAL ACTIVITIES AND IMPORTANT PROJECTS *(continued)*

### MARKETING AND ADVERTISEMENT

#### 2020 orientation

In 2020, the marketing and promotion activities for the Group's products and brands will aim at 06 objectives:

01

Looking for new product solutions to diversify the industry for each brand. Promoting image-building activities, brand messages through such programs as Relay Knowledge, For a Green School, Color Festival, The love of Vietnamese writing, etc.

02

Deploying professional display shelves nationwide as well as designing specialized display shelves for each industry-leading product. Professionalizing and synchronizing the brand image at the selling point.

03

Developing programs for end-consumers to create sales force, stimulating consumers to purchase the product. Strengthening the promotion of new products and strategic products on the media channels and sales channels to widely introduce the products to consumers, and stimulate the sales growth.

04

Creating new purchasing needs in the remaining seasons of the year, such as presents for the first semester and second semester, Vietnam Entrepreneurs' Day, Vietnamese Teacher's Day, etc., besides the annual growing season.

05

Gradually changing offline events to online activities to follow the digitalization trend of the current consumer.

06

Grasping opportunities as well as foreseeing market risks to build appropriate, breakthrough, and pioneering marketing programs.





with the participation of

**6,215**  
students

“The love of Vietnamese writing” was secondly held in 24 districts of Ho Chi Minh City.







### MARKETING AND ADVERTISEMENT

#### FOR A GREEN SCHOOL

Program was firstly organized to educate students to classify recyclable plastic waste and used Thien Long products that were no longer in use.





More than **2 million** entries

In 2019, the “Colorful Festival” program of Colokit has been developed under the theme “For a Green Vietnam”.

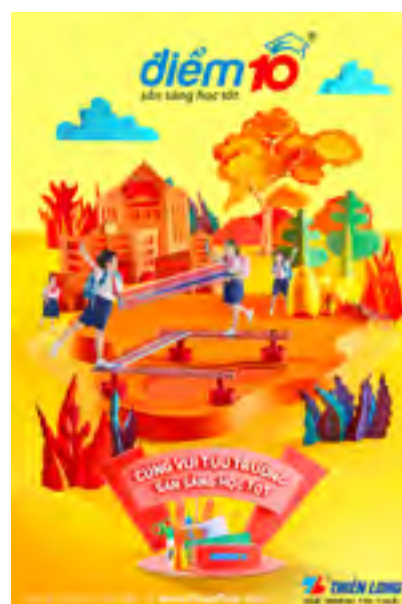




### MARKETING AND ADVERTISEMENT

#### BACK-TO-SCHOOL SEASON

A series of “Happy school” photos, which was shared by many famous KOLs along with the interesting Diem 10 gift box for disadvantaged students, created a joyful, meaningful, and special back-to-school season.





Trying to diversify its products, Thien Long has distributed and promoted products from famous global brands such as Parker, Elmer's, Dymo, etc., to meet various market needs.



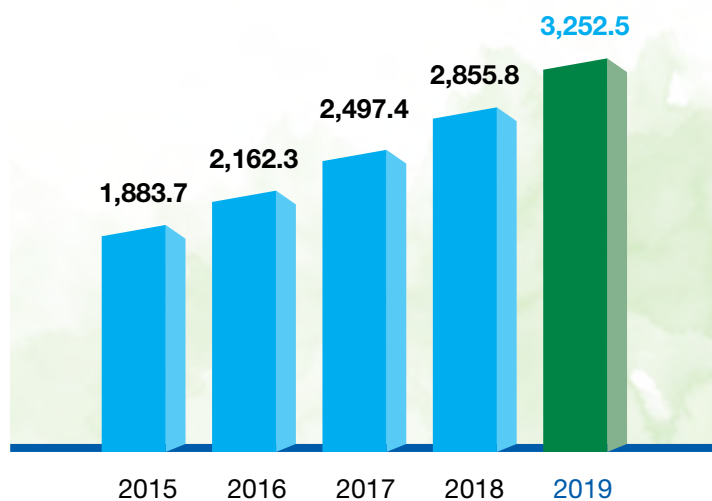


## FINANCIAL PERFORMANCE

Unit: VND billion

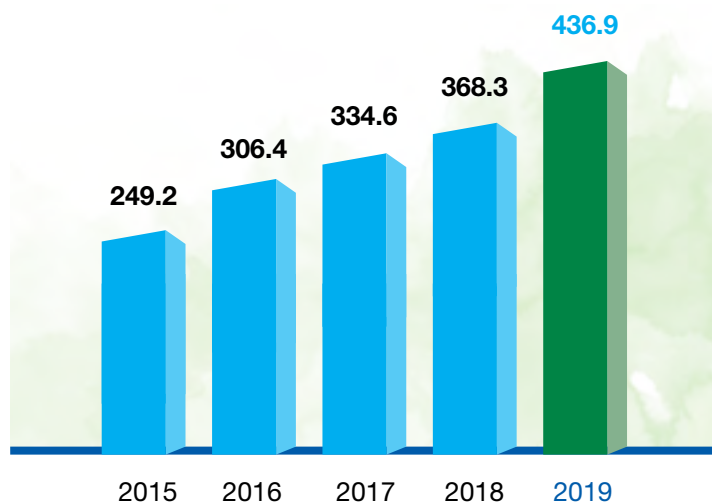
	2014	2015	2016	2017	2018	2019	YoY growth rate (%)
<b>BUSINESS PERFORMANCE</b>							
Net revenue	1,613.6	1,883.7	2,162.3	2,497.4	2,855.8	3,252.5	13.9%
Gross profit	595.8	726.2	846.3	933.5	1,066.7	1,197.5	12.3%
Operating profit	185.1	250.6	301.7	320.3	357.9	427.9	19.6%
Other profit	6.4	-1.4	4.6	14.3	10.4	8.9	-14.4%
Profit before tax	191.5	249.2	306.4	334.6	368.3	436.9	18.6%
Profit after tax	147.4	187.9	240.1	268.1	294.4	349.1	18.6%
<b>BALANCE SHEET</b>							
<b>CURRENT ASSETS</b>	<b>838.4</b>	<b>958.2</b>	<b>1,025.1</b>	<b>1,092.0</b>	<b>1,176.6</b>	<b>1,830.9</b>	<b>55.6%</b>
Cash and cash equivalents	317.2	426.4	424.4	353.9	145.9	190.9	30.8%
Short-term financial investment	-	-	-	-	-	466	-
Short-term receivables	86.0	99.9	122.5	204.9	337.9	581.5	72.1%
Inventories	424.8	420.3	460.7	517.2	684.5	582.4	-14.9%
Other short-term assets	10.5	11.7	17.5	16.0	8.4	10.2	21.4%
<b>NON-CURRENT ASSETS</b>	<b>269.8</b>	<b>334.7</b>	<b>359.2</b>	<b>476.5</b>	<b>618.0</b>	<b>586.0</b>	<b>-5.2%</b>
<b>TOTAL ASSETS</b>	<b>1,108.2</b>	<b>1,293.0</b>	<b>1,384.3</b>	<b>1,568.5</b>	<b>1,794.7</b>	<b>2,416.9</b>	<b>34.7%</b>
<b>LIABILITIES</b>	<b>376.0</b>	<b>471.4</b>	<b>460.1</b>	<b>508.6</b>	<b>526.0</b>	<b>609.9</b>	<b>16.0%</b>
Current liabilities	339.6	404.6	413.1	474.6	495.9	554.7	11.8%
Long-term liabilities	36.4	66.7	47.0	34.0	30.1	55.3	83.7%
<b>OWNER'S EQUITY</b>	<b>732.2</b>	<b>821.6</b>	<b>924.2</b>	<b>1,060.0</b>	<b>1,268.7</b>	<b>1,807.0</b>	<b>42.4%</b>

## NET REVENUE (VND BILLION)



**NET REVENUE** (VND billion)  
**3,252.5**  
Increased by  
**13.9%**

## PROFIT BEFORE TAX (VND BILLION)



**PROFIT BEFORE TAX** (VND billion)  
**436.9**  
Increased by  
**18.6%**

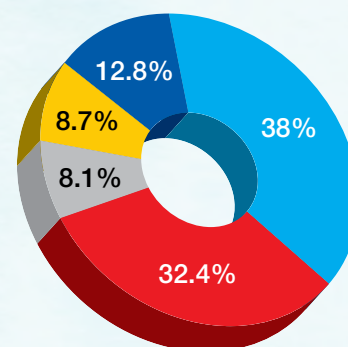




## FINANCIAL PERFORMANCE *(continued)*

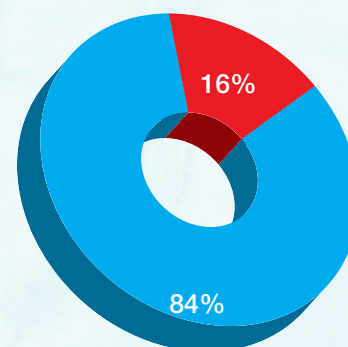
### REVENUE STRUCTURE BY PRODUCT SEGMENT

ITEMS	2019	
	VALUE (VND BILLION)	RATIO (%)
Writing Instruments	1,236	38.0%
Office supplies	1,053	32.4%
School supplies	263	8.1%
Art supplies	284	8.7%
Others	417	12.8%
<b>TOTAL</b>	<b>3,253</b>	<b>100%</b>



### REVENUE STRUCTURE BY MARKETS

ITEMS	2019	
	VALUE (VND BILLION)	RATIO (%)
Export	510	16%
Domestic	2,743	84%
<b>TOTAL</b>	<b>3,253</b>	<b>100%</b>



ITEMS	UNIT	2015	2016	2017	2018	2019
<b>LIQUIDITY</b>						
Short-term ratio (current)	Time (s)	2.4	2.5	2.3	2.4	<b>3.3</b>
Quick ratio	Time (s)	1.3	1.4	1.2	1.0	<b>2.3</b>
Cash ratio	Time (s)	1.1	1.0	0.7	0.3	<b>0.3</b>
<b>EFFICIENCY</b>						
Days of inventory on hand	Day (s)	133.2	122.2	114.1	122.6	<b>112.5</b>
Total assets turnover	Time (s)	1.6	1.6	1.7	1.7	<b>1.5</b>
Net revenue/Total Assets	Time (s)	1.5	1.6	1.6	1.6	<b>1.3</b>
<b>PROFITABILITY</b>						
Gross profit/ Net revenue	%	38.6%	39.1%	37.4%	37.4%	<b>36.8%</b>
Operating profit/Net revenue	%	13.3%	14.0%	12.8%	12.5%	<b>13.2%</b>
Profit after tax/Net revenue	%	10.0%	11.1%	10.7%	10.3%	<b>10.7%</b>
Return on Average Equity (ROEA)	%	24.2%	27.5%	27.0%	25.3%	<b>22.7%</b>
Return on Average Assets (ROAA)	%	15.6%	17.9%	18.2%	17.5%	<b>16.6%</b>
<b>CAPITAL STRUCTURE</b>						
Total liabilities/Total assets	%	36.5%	33.2%	32.4%	29.3%	<b>25.2%</b>
Total liabilities/Owner's equity	%	57.4%	49.8%	48.0%	41.5%	<b>33.8%</b>



TOTAL ASSETS IN 2019 (VND billion)

**2,416.9**

Increased by **34.7%**

## ASSETS

In 2019, the total assets of Thien Long Group reached VND 2,416.9 billion, increasing by VND 622.2 billion, equivalent to an increase of 34.7% compared to 2018. The main reason is due to a sharp increase of VND 654 billion in current assets, equivalent to an increase of 55.6% compared with the previous year. Export activities had been strengthened, and the debt period of export customers was longer than that of domestic customers, therefore, receivables increased by 70.8%. For the non-current assets,

the Company continued to invest in new equipment, leading to an increase of approximately VND 50 billion in non-current assets. In the fourth quarter, the sale of Da Nang's land was completed, leading to the decrease of property value to VND 0 on 31 December 2019. For the above reasons, the structure of the current assets and the non-current assets in 2019 remained at 75.8% and 24.2% respectively, showing slight change compared to that of 65.6% and 34.4% respectively in 2018.

### Non-current assets

In 2019, non-current assets reached VND 586 billion, decreasing by VND 32 billion, equivalent to a decrease of 5.2% compared to 2018. The main reason is due to the Group's decision to transfer the land located in Thac Gian ward, Thanh Khe district, Da Nang city with the original price of VND 59.8 billion and the

transfer value of VND 95.4 billion to restructure and optimize the premise investment efficiency for the purpose of production and business. In addition, the Group continuously invested in certain large non-current assets, including machinery for automated pressing plants, new assembly machines, etc.

### Current assets

In 2019, the current assets reached VND 1,831 billion, increasing by 55.6% over 2018. The main reason is due to the Group's incurred held-to-maturity investment for 6-12 months with the value of VND 466 billion, which was obtained from business activities and private issuance ended in March 2019. The proceeds from this issuance will

be used in accordance with the schedule adopted by the General Shareholder's Meeting and the Board of Directors. In addition, cash equivalents, which referred to deposits at commercial banks with terms of no more than 03 months, increased by VND 50 billion, equivalent to an increase of 122% compared to the same period last year.

## LIABILITIES

Liabilities in 2019 was maintained at VND 609.9 billion, an increase of VND 83.9 billion equal to 16% over 2018. Particularly, both current liabilities and long-term liabilities increased by 11.8% and 83.7%

respectively year-on-year. The structure of the current liabilities and long-term liabilities in 2019 remained at 90.9% and 9.1% respectively, showing slight change compared to that of 94.3% and 5.7% respectively in 2018.







# 4

## SUSTAINABLE DEVELOPMENT REPORT





## SUSTAINABLE DEVELOPMENT MESSAGE

**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 65 countries and territories around the world. In 2019, the Group made a remarkable economic value with total revenues reached VND 3,252.5 billion, and profit after tax reached VND 349.1 billion, contributing VND 262.2 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.



### CONTACT

#### The Annual Report's Editors - Thien Long Group Corporation

Email : [ir@thienlongvn.com](mailto:ir@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





## OVERVIEW OF SUSTAINABLE DEVELOPMENT REPORT

### REPORT CONTENTS

Thien Long Group Cooperation's Sustainable Development Report 2019 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 2019 of Thien Long Group Corporation, from 01 January 2019 to 31 December 2019.

The financial figures in the report are derived from the Audited Consolidated Financial Statements for the fiscal year 2019 and prepared by the Annual Report's Editors under Thien Long Group Corporation's Investor Relations Department.



### 2019 SUSTAINABLE DEVELOPMENT INDEX

Items	Contents	Figures
Sustainable economic growth	Net revenue	VND 3,252.5 billion
	Profit after tax	VND 349.1 billion
	Obligations to the State Budget	VND 262.2 billion
	Corporate income tax	VND 87.6 billion
	Personal income tax	VND 28.1 billion
	Value Added Tax	VND 131.2 billion
	Import tax	VND 15.4 billion
	Cash Dividend	VND 183.9 billion
Labor safety, environmental protection	Fire prevention and firefighting training	3,485 participants
	Labor safety and hygiene and first aid	Rehearsal every 6 months
	Total costs for environmental treatment	More than VND 1.5 billion
Human Resources development	Number of organized training courses	150 training courses
Joining hands for community	Contribution to the community	Over VND 10 billion
	Employment creation	3,485 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

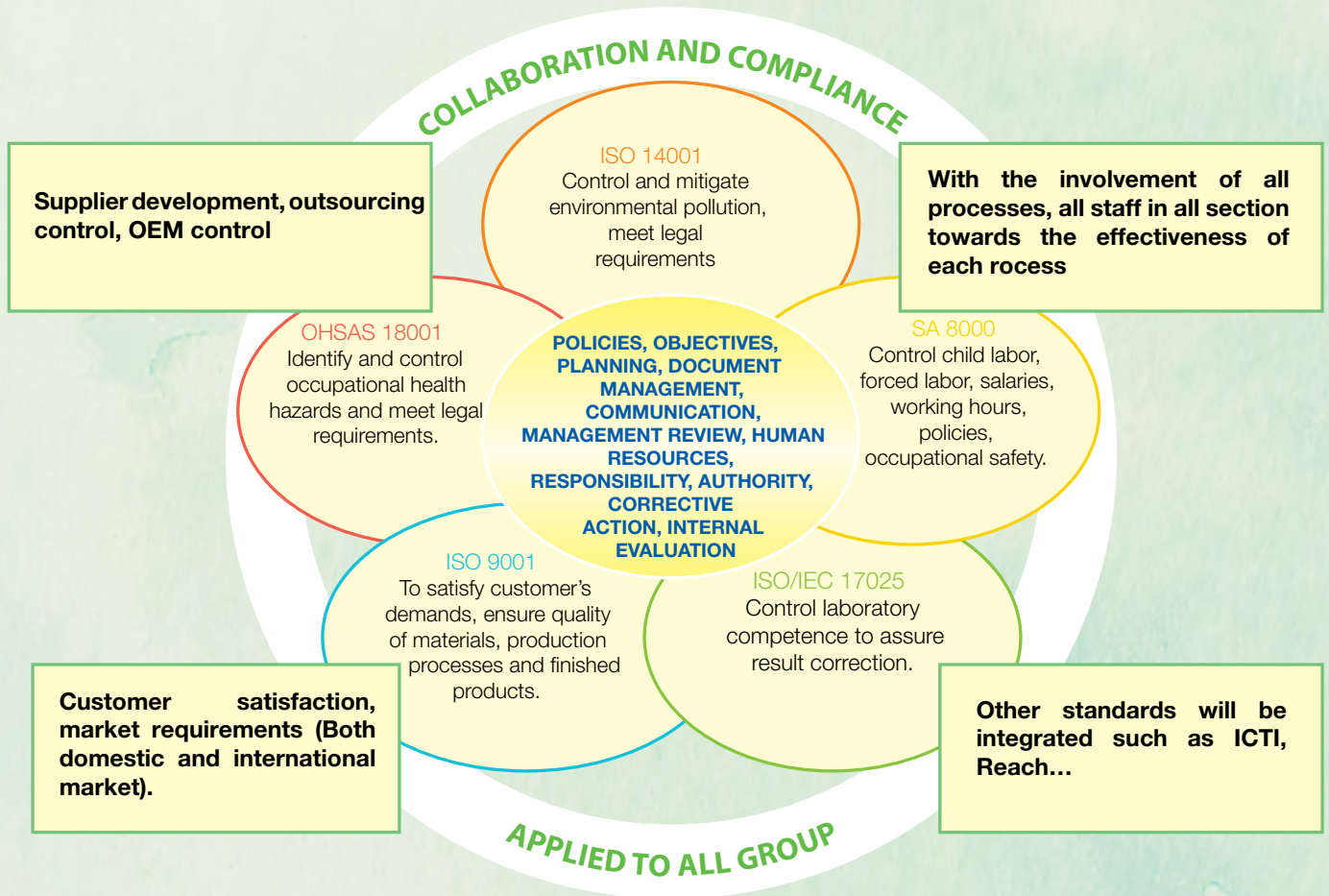
Laboratory Management System - ISO/IEC 17025: 2017

International Council of Toy Industries – ICTI

**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.**




Integrated Management System is clearly shown in the following diagram:







## ECONOMIC MATTERS



**All products are manufactured under Thien Long's basic specifications and meet the world's safety standards.**

### DIVIDEND PAYMENT POLICY

Thien Long performs annual dividend payment policy in a stable manner. (Please see Investor Relations and Obligation to Shareholders in page 47 and Note 24 of the Audited Consolidated Financial Statements page 119 - 120).

### SUSTAINABLE ECONOMIC GROWTH

With the impressive growth of revenue and profit over the past years, the Company's business performance in 2019 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 72).

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

All products are manufactured under Thien Long's basic specifications and meet the world's safety standards.



## 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 package for the purpose of the environmental protection. 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 cost-saving products by reusing products such as refills for ballpoint pens, gel ballpoint pens, gel pens, ink for all kinds of markers, permanent markers, and refill ink cartridges for markers and rollerball pens.
- 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 2019, energy consumption for manufacturing and trading at Thien Long were as follows:

- **Power** (KWh): 8,986,487.
- **Water** (m<sup>3</sup>): 50,005.
- **DO** (litter): 767.

In 2019, the Group recycled about 684m<sup>3</sup> of water, accounting for 1.37% 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 CO<sub>2</sub> 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 24.2% of plastic used in 2019 (Recycled plastic was 839,723 kg and primary plastic was 3,469,353 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 2019, 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.

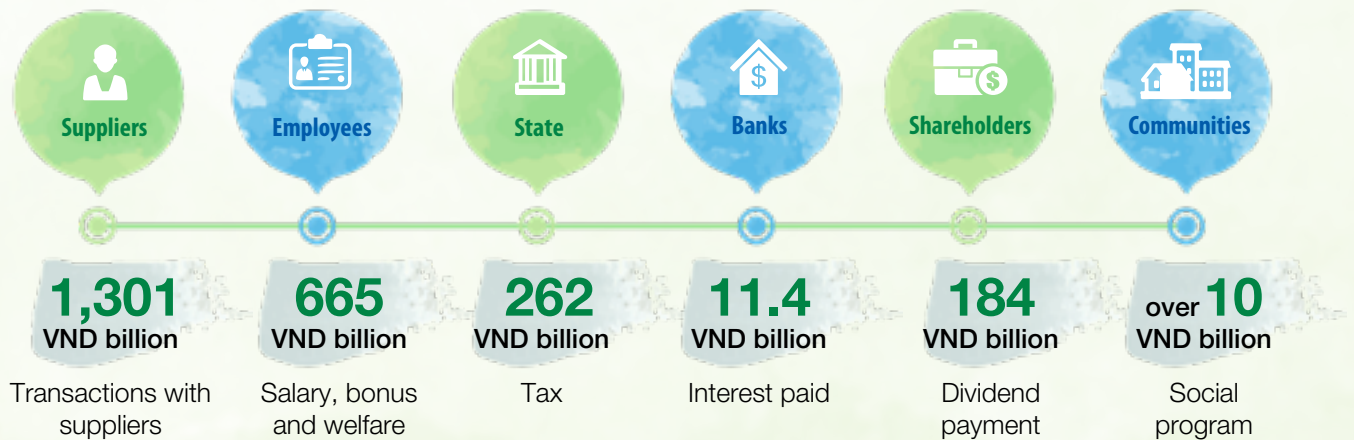






## SOCIAL MATTERS

### CONTRIBUTION TO STAKEHOLDERS



### COMMUNITY AND SOCIAL PROGRAMS

Considering “Knowledge” as a core value for sustainable development, in 2019, 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.



## 2019 UNIVERSITY ENTRANCE EXAM SUPPORT- BE CONFIDENT WITH US BY YOUR SIDE

Entering the year of 2019, the “University Entrance Exam Support” program shared its 18-year journey as an indispensable mental support in the important university exam nationwide. The message “Be confident with us by your side” has continued to leave a great impression on society and strongly spread profound human values.



## FOR A GREEN SCHOOL - TURN TRASH INTO SCHOLARSHIPS, JOIN HAND FOR CHILDREN'S EDUCATION FUTURE

First launched at the end of 2019 at 10 schools in Hanoi, the “For a Green School” program was organized to award scholarships to elementary and junior high school students, who are disadvantaged but fond of learning through activities of sorting recycled plastic waste and using Thien Long school supplies at school. In addition, the program also contributes to educating students to be aware of environmental protection, to litter in the right places; as well as to classify organic waste, recyclable waste and other types of waste locally. At the same time, this program also spread the spirit of solidarity for students.

“For a green school” is the beginning of Thien Long’s activities of developing living, working and learning environment in the future.







## SOCIAL MATTERS *(continued)*

### SHARING WITH TEACHERS – GIVE WINGS TO DREAMS FOR ETHNIC MINORITY STUDENTS



In 2019, the program praised 63 teachers who were directly teaching in classes of preschools, primary schools and junior high schools in remote areas and areas with difficult socio-economic conditions, or classes with over 50% of ethnic minority students. The leaders of all levels saw Thien Long's program as not only an occasion to honor teachers involving in the planting people career, but also a meaningful action: for ethnic minority students and the future of ethnic groups, for the equitable and sustainable development of ethnic groups in Vietnam.





**YOUNG TALENTS FOR EDUCATION  
- AWARDED FIVE VND 100,000,000  
OUTSTANDING INITIATIVES FOR THE FIRST TIME**



Within 03 years of implementation (2016 - 2018), the “Young Talents for Education” program honored a total of 40 works and initiatives. In particular, many works and initiatives were applied practically and brought practical efficiency, attracted the attention of many students, teachers, investors as well as the whole society.

In its fourth year in 2019, the program has attracted 539 works nationwide and for the first time, there were 5 grand prizes valued at VND 100,000,000 selected from 13 works.





### 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 2019, there was no discrimination in the Company.

### CHILD AND FORCED LABOR

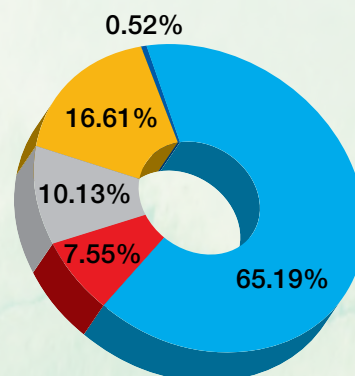
Thien Long says no to child labor and forced labor. In 2019, there was no forced labor or child labor in the Company.

### RESPONSIBILITY TO EMPLOYEES

#### TOTAL NUMBER OF EMPLOYEES IN 2019

As at 31 December 2019, total number of employees of the Group was 3,485 people.

QUALIFICATIONS	NUMBER (PEOPLE)	PERCENT (%)
Master	18	0.52%
University degree	579	16.61%
College degree	353	10.13%
Intermediate degree	263	7.55%
General labor	2,272	65.19%
<b>TOTAL</b>	<b>3,485</b>	<b>100%</b>



Total number of employees according to job title, labor contract and area: as at 31 December 2019, the number of employees of Thien Long was 3,485 people with the following structure:

- Number of indirect laborers: 1,176 people
- Number of direct laborers: 1,224 people
- Domestic and international sales force: 1,085 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.

Bonus policy: Besides 13<sup>th</sup> and 14<sup>th</sup> 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.

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.

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.

Management structure and employee classification by gender: the number of females holding management position and above at Thien Long is 33 people, accounting for nearly 20% of total number of managers.

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 policies 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 2019, the Group held annual health check and there was no case of occupational diseases that may cause working capacity decline.





## PARTICIPATE IN ASSOCIATIONS/ ORGANIZATIONS

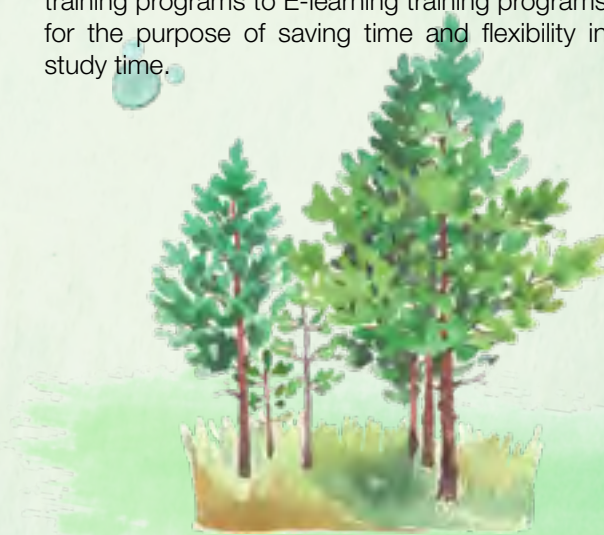
At Thien Long, employees are free to join associations such as Trade Union, Youth Union and Communist Party. Currently, more than 90% of employees join Trade Union. The Company also organized the Youth Union and the Communist Party of Vietnam.

## 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 qualified-successor team to promptly meet the personnel demand for the Company's development. Particularly, in 2019, the Company organized 150 training courses (internal and outsourced) at a cost of more than VND 1.5 billion. The training contents include:

- Training to enhance managers' capacity;
- Training to improve professional skills and soft skills for employees;
- Training to update knowledge on advanced software and systems.

- Training to update new knowledge and laws such as labor, tax, accounting, export/import, etc.
- Training on Occupational Health and Safety; Fire Prevention and Protection, Integrated Management System.
- Training through instructions and support at work.
- In addition, the Company developed the E-learning training system, changed the annual training programs to E-learning training programs for the purpose of saving time and flexibility in study time.



## IMPROVEMENTS IN HUMAN RESOURCE POLICY AND MANAGEMENT



### NUMBER OF ORGANIZED TRAINING COURSES IN 2019

# 150

### TRAINING COURSES

(Please refer to Organizational Structure and Human Resources in page 59).

## 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 2019, there were no considerable case of violation against the laws.

# 5

## FINANCIAL STATEMENTS







**THIEN LONG GROUP CORPORATION**

*(Incorporated in the Socialist Republic of Vietnam)*

**CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2019**

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## 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 2019.

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

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

#### Board of Directors

Mr. Co Gia Tho	Chairman
Mr. Tran Kim Thanh	Vice Chairman
Mr. Tran Le Nguyen	Member
Mr. Huynh Van Thien	Member
Ms. Tran Thai Nhu	Member
Ms. Co Ngan Binh	Member
Ms. Co Cam Nguyet	Member
Mr. Tran Van Hung	Member
Mr. Tayfun Uner	Member (appointed on 30 May 2019)

#### 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 2019.

## STATEMENT OF THE BOARD OF MANAGEMENT (continued)

### 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 2019 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,



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Nguyen Dinh Tam  
Chief Executive Officer  
30 March 2020



**TO: THE SHAREHOLDERS  
THE BOARD OF DIRECTORS, BOARD OF SUPERVISORS AND BOARD OF MANAGEMENT  
THIEN LONG GROUP CORPORATION**

We have audited the accompanying consolidated financial statements of Thien Long Group Corporation (the "Company") and its subsidiaries (the Company and its subsidiaries are referred to as the "Group"), prepared on 30 March 2020 as set out from page 100 to page 126, which comprise the consolidated balance sheet as at 31 December 2019, 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 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



\_\_\_\_\_  
Nguyen Minh Thao  
Audit Partner  
Audit Practising Registration Certificate  
No. 1902-2018-001-1  
BRANCH OF DELOITTE VIETNAM  
COMPANY LIMITED  
30 March 2020  
Ho Chi Minh City, Vietnam

\_\_\_\_\_  
Vong My Thanh  
Auditor  
Audit Practising Registration Certificate  
No. 3460-2020-001-1

# CONSOLIDATED BALANCE SHEET

As at 31 December 2019

FORM B 01 - DN/HN

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

Unit: VND

ASSETS	CODES	NOTES	CLOSING BALANCE	OPENING BALANCE
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>1,830,894,396,372</b>	<b>1,176,632,415,566</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>190,855,576,577</b>	<b>145,861,230,396</b>
1. Cash	111		99,855,576,577	104,861,230,396
2. Cash equivalents	112		91,000,000,000	41,000,000,000
<b>II. Short-term financial investments</b>	<b>120</b>	<b>5</b>	<b>466,000,000,000</b>	<b>-</b>
1. Held-to-maturity investments	123		466,000,000,000	-
<b>III. Short-term receivables</b>	<b>130</b>		<b>581,476,470,866</b>	<b>337,890,452,158</b>
1. Short-term trade receivables	131	6	540,254,253,737	316,196,499,020
2. Short-term advances to suppliers	132	7	18,195,133,300	18,288,552,319
3. Other short-term receivables	136	8	23,941,767,031	4,271,091,002
4. Provision for short-term doubtful debts	137		(914,683,202)	(865,690,183)
<b>IV. Inventories</b>	<b>140</b>	<b>9</b>	<b>582,361,530,894</b>	<b>684,484,261,574</b>
1. Inventories	141		611,220,729,006	703,440,229,651
2. Provision for devaluation of inventories	149		(28,859,198,112)	(18,955,968,077)
<b>V. Other short-term assets</b>	<b>150</b>		<b>10,200,818,035</b>	<b>8,396,471,438</b>
1. Short-term prepayments	151	10	7,897,754,885	6,909,637,976
2. Value added tax deductibles	152		2,288,007,696	1,368,651,636
3. Taxes and other receivables from the State budget	153	18	15,055,454	118,181,826
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>586,009,531,603</b>	<b>618,027,228,802</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>3,084,864,613</b>	<b>2,679,733,353</b>
1. Other long-term receivables	216	8	3,084,864,613	2,679,733,353
<b>II. Fixed assets</b>	<b>220</b>		<b>464,236,995,775</b>	<b>417,122,326,343</b>
1. Tangible fixed assets	221	11	434,775,531,550	386,671,680,681
- Cost	222		916,525,121,861	814,013,281,236
- Accumulated depreciation	223		(481,749,590,311)	(427,341,600,555)
2. Intangible assets	227	12	29,461,464,225	30,450,645,662
- Cost	228		67,432,574,911	65,414,225,817
- Accumulated amortisation	229		(37,971,110,686)	(34,963,580,155)
<b>III. Investment property</b>	<b>230</b>	<b>13</b>	<b>-</b>	<b>59,888,350,067</b>
- Cost	231		-	59,888,350,067
<b>IV. Long-term assets in progress</b>	<b>240</b>		<b>26,712,919,979</b>	<b>64,703,776,055</b>
1. Construction in progress	242	14	26,712,919,979	64,703,776,055
<b>V. Long-term financial investments</b>	<b>250</b>	<b>5</b>	<b>21,092,112,000</b>	<b>20,436,762,423</b>
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		(9,592,888,000)	(10,248,237,577)
<b>VI. Other long-term assets</b>	<b>260</b>		<b>70,882,639,236</b>	<b>53,196,280,561</b>
1. Long-term prepayments	261	10	39,582,025,338	28,143,995,826
2. Deferred tax assets	262	15	31,300,613,898	25,052,284,735
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>2,416,903,927,975</b>	<b>1,794,659,644,368</b>

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



# CONSOLIDATED BALANCE SHEET (continued)

As at 31 December 2019

FORM B 01 - DN/HN

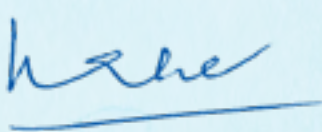
Issued under Circular No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance

Unit: VND

RESOURCES	CODES	NOTES	CLOSING BALANCE	OPENING BALANCE
<b>C. LIABILITIES</b>	<b>300</b>		<b>609,917,056,329</b>	<b>525,991,247,698</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>554,653,680,656</b>	<b>495,903,207,694</b>
1. Short-term trade payables	311	16	181,300,286,706	137,335,288,838
2. Short-term advances from customers	312	17	2,570,299,065	3,860,818,654
3. Taxes and amounts payable to the State budget	313	18	31,734,854,675	14,259,738,175
4. Payables to employees	314		25,924,624,973	23,729,016,904
5. Short-term accrued expenses	315	19	96,724,794,495	76,135,843,561
6. Other current payables	319	20	9,028,740,183	6,752,874,128
7. Short-term loans	320	21	195,113,477,671	222,159,942,446
8. Bonus and welfare funds	322	25	12,256,602,888	11,669,684,988
<b>II. Long-term liabilities</b>	<b>330</b>		<b>55,263,375,673</b>	<b>30,088,040,004</b>
1. Long-term loans	338	22	25,846,153,842	-
2. Long-term provisions	342	23	29,417,221,831	30,088,040,004
<b>D. EQUITY</b>	<b>400</b>		<b>1,806,986,871,646</b>	<b>1,268,668,396,670</b>
<b>I. Owners' equity</b>	<b>410</b>	<b>24</b>	<b>1,806,986,871,646</b>	<b>1,268,668,396,670</b>
1. Owners' contributed capital	411		777,944,530,000	657,228,530,000
- Ordinary shares carrying voting rights	411a		777,944,530,000	657,228,530,000
2. Share premium	412		392,944,802,300	28,281,183,000
3. Investment and development fund	418		158,019,722,556	158,051,613,498
4. Retained earnings	421		478,077,816,790	425,107,070,172
- Retained earnings accumulated to the prior year end	421a		233,121,320,737	153,435,891,362
- Retained earnings of the current year	421b		244,956,496,053	271,671,178,810
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>2,416,903,927,975</b>	<b>1,794,659,644,368</b>



Dao Xuan Nam  
Preparer



Nguyen Ngoc Nhon  
Chief Accountant



Nguyen Dinh Tam  
Chief Executive Officer  
30 March 2020

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

# CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

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		3,298,710,950,005	2,881,394,732,494
2. Deductions	02		46,229,433,953	25,618,382,280
3. Net revenue from goods sold 10=01-02)	10	28	3,252,481,516,052	2,855,776,350,214
4. Cost of sales	11		2,054,990,358,755	1,789,107,482,383
5. Gross profit from goods sold (20=10-11)	20		1,197,491,157,297	1,066,668,867,831
6. Financial income	21	30	29,972,019,720	13,513,154,919
7. Financial expenses	22	31	14,334,036,161	16,908,537,876
- In which: Interest expense	23		11,434,553,822	11,068,142,459
8. Selling expenses	25	32	500,044,195,759	432,623,981,454
9. General and administration expenses	26	32	285,140,218,494	272,748,858,876
10. Operating profit (30=20+(21-22)-(25+26))	30		427,944,726,603	357,900,644,544
11. Other income	31		9,723,383,622	11,305,534,329
12. Other expenses	32		817,351,647	935,307,493
13. Profit from other activities (40=31-32)	40	33	8,906,031,975	10,370,226,836
14. Accounting profit before tax (50=30+40)	50		436,850,758,578	368,270,871,380
15. Current corporate income tax expense	51	34	94,012,038,665	73,015,976,515
16. Deferred corporate tax (income)/expense	52	15	(6,248,329,163)	870,652,717
17. Net profit after corporate income tax (60=50-51-52)	60		349,087,049,076	294,384,242,148
Attributable to:				
The Parent Company's shareholders			349,087,049,076	294,384,242,148
18. Basic earnings per share	70	35	4,084	3,444



Dao Xuan Nam  
Preparer



Nguyen Ngoc Nhon  
Chief Accountant



Nguyen Dinh Tam  
Chief Executive Officer  
30 March 2020

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



# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2019

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
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	01	436,850,758,578	368,270,871,380
2. Adjustments for:			
Depreciation and amortisation of fixed assets and investment properties	02	77,552,153,082	65,989,947,275
Provisions	03	8,626,055,304	2,634,365,580
Foreign exchange losses arising from translating foreign currency items	04	16,650,960	504,277,463
Gain from investing activities	05	(57,340,235,185)	(8,187,154,568)
Interest expense	06	11,434,553,822	11,068,142,459
3. Operating profit before movements in working capital	08	477,139,936,561	440,280,449,589
Changes in receivables	09	(226,056,564,034)	(128,740,790,023)
Changes in inventories	10	92,205,148,534	(169,432,343,186)
Changes in payables	11	66,510,228,951	21,265,608,938
Changes in prepaid expenses	12	(12,229,001,807)	(2,543,260,885)
Interest paid	14	(11,425,842,447)	(10,874,257,469)
Corporate income tax paid	15	(87,578,360,119)	(70,201,897,515)
Other cash outflows	17	(40,396,702,157)	(36,251,390,000)
Net cash generated by operating activities	20	258,168,843,482	43,502,119,449
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(84,540,730,238)	(215,504,947,563)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	96,605,895,895	1,477,863,636
3. Cash outflow for lending, buying debt instruments of other entities	23	(619,000,000,000)	-
4. Cash recovered from lending, selling debt instruments of other entities	24	153,000,000,000	-
5. Interest earned, dividends and profits received	27	11,134,804,294	7,645,687,575
Net cash used in investing activities	30	(442,800,030,049)	(206,381,396,352)

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

**CONSOLIDATED CASH FLOW STATEMENT** (continued)

For the year ended 31 December 2019

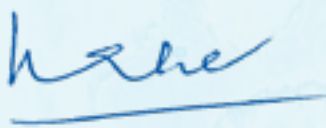
**FORM B 03 - DN/HN**Issued under Circular No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance

Unit: VND

ITEMS	CODES	CURRENT YEAR	PRIOR YEAR
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from share issue and owners' contributed capital	31	414,663,619,300	-
2. Proceeds from borrowings	33	631,294,976,475	828,374,937,236
3. Repayment of borrowings	34	(632,495,287,408)	(772,248,672,797)
4. Dividends and profits paid	36	(183,880,080,350)	(101,107,152,100)
<i>Net cash generated by/(used in) financing activities</i>	<i>40</i>	<i>229,583,228,017</i>	<i>(44,980,887,661)</i>
<b>Net increase/(decrease) in cash (50=20+30+40)</b>	<b>50</b>	<b>44,952,041,450</b>	<b>(207,860,164,564)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>145,861,230,396</b>	<b>353,869,383,127</b>
Effects of changes in foreign exchange rates	61	42,304,731	(147,988,167)
<b>Cash and cash equivalents at the end of the year (70=50+60+61)</b>	<b>70</b>	<b>190,855,576,577</b>	<b>145,861,230,396</b>



Dao Xuan Nam  
Preparer



Nguyen Ngoc Nhon  
Chief Accountant



Nguyen Dinh Tam  
Chief Executive Officer  
30 March 2020

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

FORM B 09 - DN/HN

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

## 1. GENERAL INFORMATION

### Structure of ownership

Thien Long Group Corporation (the "Company") was incorporated in Vietnam as a joint stock company under the Business Registration Certificate No. 0301464830 dated 14 March 2005 issued by the Department of Planning and Investment of Ho Chi Minh City, as amended. According to the 17th amended Business Registration Certificate dated 11 October 2019, the Company's charter capital is VND 777,944,530,000.

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

Major shareholders of the Company are Thien Long An Thinh Investment Corporation owning 48.01%; NWL Cayman Holdings Ltd. owning 7.07% and Mr. Co Gia Tho owning 5.91% 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 2019 was 3,485 (as at 31 December 2018: 3,502).

### Operating industry and principal activities

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

The principal activities are to manufacture and trade stationaries products, classroom equipment, plastic teaching instruments, plastic household appliances, printing stamps, tampo 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 2019, 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
FlexOffice Pte. Ltd. (*)	Singapore	100%	100%	Trading stationery

(\*) This subsidiary was newly set up in 2019 and is still on pre-operating period. No revenue incurred in this year.

# 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

## 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 2018.

## 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.

### 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FORM B 09 - DN/HN

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### Financial investments

#### *Held-to-maturity investments*

Held-to-maturity investments comprise investments that the Group has the positive intent or ability to hold to maturity, including term deposits to earn periodic interest. Interest income from term deposits is recognized in the consolidated income statement on an accrual basis.

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

#### *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, investments in subsidiaries and equity investment in other entities are made in accordance with Circular No. 200/2014/TT-BTC dated 22 December 2014 issued by the Ministry of Finance on "Guidelines for accounting policies for enterprises".

### 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.

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FORM B 09 - DN/HN

Issued under Circular No. 202/2014/TT-BTC  
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### 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.

### 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 and marketing 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FORM B 09 - DN/HN

Issued under Circular No. 202/2014/TT-BTC  
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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.

### 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:

- (a) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Group; and
- (e) 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.

### Sales deductions

Sales deductions include trade discounts, sales returns and allowances. Sales deductions incurred in the same year of sales of products, goods and services are recorded as deductions of sales of the year.

Sales deductions for the products, goods or services which are sold in the year, incurred after the balance sheet date but before the issuance of the consolidated financial statements are recorded as deduction of sales of the year.

### 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.

## 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

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.

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 appropriation 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	3,445,901,892	2,938,707,366
Cash in bank	96,409,674,685	101,922,523,030
Cash equivalents (*)	91,000,000,000	41,000,000,000
	<b>190,855,576,577</b>	<b>145,861,230,396</b>

(\*) 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. FINANCIAL INVESTMENTS

### a. Held-to-maturity investments

Held-to-maturity investments represent the time deposits at commercial banks with maturity ranging from 6 months to 12 months and earn interest at the applicable rate.

### b. Long-term financial investments

	CLOSING BALANCE VND	OPENING BALANCE VND
<b>Other long-term investments</b>		
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
	<b>30,685,000,000</b>	<b>30,685,000,000</b>



## 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

	CLOSING BALANCE VND	OPENING BALANCE VND
<b>Provision for long-term investments</b>		
Kinh Do Land Corporation	(5,489,200,000)	(6,092,220,000)
Saigon Securities Investment Fund A2	(3,565,000,000)	(3,565,000,000)
Brilliant Chip Joint Stock Company	(538,688,000)	(591,017,577)
	<b>(9,592,888,000)</b>	<b>(10,248,237,577)</b>
<b>Net long-term investments</b>	<b>21,092,112,000</b>	<b>20,436,762,423</b>

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

	CURRENT YEAR VND	PRIOR YEAR VND
Opening balance	(10,248,237,577)	(10,990,511,609)
Additional provision	-	(20,660,374)
Reversal of provision	655,349,577	762,934,406
<b>Closing balance</b>	<b>(9,592,888,000)</b>	<b>(10,248,237,577)</b>

### 6. SHORT-TERM TRADE RECEIVABLES

	CLOSING BALANCE VND	OPENING BALANCE VND
SQI Group Int'l. Corp.	31,529,460,459	24,647,055,595
Like Link Co., Ltd.	28,415,466,565	12,000,015,553
Other customers	480,309,326,713	279,549,427,872
	<b>540,254,253,737</b>	<b>316,196,499,020</b>

As noted further in Note 21, as at 31 December 2019, trade receivables of VND 50,000,000,000 were provided as collateral for loans obtained from banks (as at 31 December 2018: USD 2,000,000).

### 7. SHORT-TERM ADVANCES TO SUPPLIERS

	CLOSING BALANCE VND	OPENING BALANCE VND
Jeoly Electronics Co., Ltd.	3,398,364,022	2,133,510,555
DKSH Vietnam Co., Ltd.	1,831,494,796	809,906,179
Diana Unicharm Joint Stock Company	947,707,679	281,165,404
Other suppliers	12,017,566,803	15,063,970,181
	<b>18,195,133,300</b>	<b>18,288,552,319</b>

### 8. OTHER RECEIVABLES

	CLOSING BALANCE VND	OPENING BALANCE VND
<b>a. Short-term</b>		
- Advances to employees	1,380,851,873	1,430,437,816
- Accrued interest	15,155,193,148	485,572,603
- Deposits	242,401,735	533,489,104
- Others	7,163,320,275	1,821,591,479
	<b>23,941,767,031</b>	<b>4,271,091,002</b>
<b>b. Long-term</b>		
- Deposits	3,084,864,613	2,679,733,353
	<b>3,084,864,613</b>	<b>2,679,733,353</b>

## 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

### 9. INVENTORIES

	CLOSING BALANCE		OPENING BALANCE	
	COST VND	PROVISION VND	COST VND	PROVISION VND
Goods in transit	38,227,456,818	-	30,618,793,824	-
Raw materials	187,544,385,666	(15,324,073,308)	281,184,898,857	(11,784,691,636)
Tools and supplies	4,474,478,320	-	4,181,825,417	-
Work in progress	40,735,267,802	(1,420,162,354)	38,892,236,583	(204,222,152)
Finished goods	199,908,650,958	(9,945,763,492)	225,805,145,876	(5,220,600,986)
Merchandise	140,330,489,442	(2,169,198,958)	122,757,329,094	(1,746,453,303)
	<b>611,220,729,006</b>	<b>(28,859,198,112)</b>	<b>703,440,229,651</b>	<b>(18,955,968,077)</b>

As noted further in Note 21, as at 31 December 2019, inventories of VND 80,000,000,000 and USD 5,000,000 were provided as collateral for loans obtained from banks (as at 31 December 2018: USD 3,500,000).

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

	CURRENT YEAR VND	PRIOR YEAR VND
Opening balance	(18,955,968,077)	(16,832,357,044)
Additional provision	(12,994,717,565)	(15,774,820,388)
Reversal of provision	3,091,487,530	13,651,209,355
<b>Closing balance</b>	<b>(28,859,198,112)</b>	<b>(18,955,968,077)</b>

### 10. PREPAYMENTS

	CLOSING BALANCE VND	OPENING BALANCE VND
<b>a. Short-term</b>		
- Advertisement and marketing expenses	1,483,238,457	1,070,305,431
- Tools and supplies	433,618,285	1,161,797,242
- Health and asset insurance	1,653,749,180	1,318,958,283
- Others	4,327,148,963	3,358,577,020
	<b>7,897,754,885</b>	<b>6,909,637,976</b>
<b>b. Long-term</b>		
- Land rental fee (*)	10,897,923,931	11,227,332,211
- Tools and supplies	22,240,685,533	10,794,932,527
- Others	6,443,415,874	6,121,731,088
	<b>39,582,025,338</b>	<b>28,143,995,826</b>

(\*) 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.



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## 11. TANGIBLE FIXED ASSETS

	BUILDINGS AND STRUCTURES VND	MACHINERY AND EQUIPMENT VND	MOTOR VEHICLES VND	OFFICE EQUIPMENT VND	MOULDS AND OTHERS VND	TOTAL VND
<b>COST</b>						
Opening 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
Additions	-	80,981,856,397	1,787,109,090	1,831,977,000	12,036,177,664	96,637,120,151
Transfer from construction in progress	-	11,415,513,908	-	-	17,327,899,408	28,743,413,316
Disposals	-	(7,192,699,590)	(1,709,337,868)	(34,893,914)	(13,931,761,470)	(22,868,692,842)
<b>Closing balance</b>	<b>227,186,559,717</b>	<b>462,253,779,701</b>	<b>43,729,097,944</b>	<b>17,784,935,514</b>	<b>165,570,748,985</b>	<b>916,525,121,861</b>
<b>ACCUMULATED DEPRECIATION</b>						
Opening 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
Charge for the year	10,435,758,975	44,223,557,929	5,672,586,300	1,394,656,334	13,731,159,258	75,457,718,796
Disposals	-	(7,145,347,409)	(1,631,837,868)	(34,893,914)	(12,025,642,872)	(20,837,722,063)
Others	-	(212,006,977)	-	-	-	(212,006,977)
<b>Closing balance</b>	<b>72,847,039,805</b>	<b>240,391,846,088</b>	<b>27,323,415,349</b>	<b>16,332,252,228</b>	<b>124,855,036,841</b>	<b>481,749,590,311</b>
<b>NET BOOK VALUE</b>						
Opening 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
<b>Closing balance</b>	<b>154,339,519,912</b>	<b>221,861,933,613</b>	<b>16,405,682,595</b>	<b>1,452,683,286</b>	<b>40,715,712,144</b>	<b>434,775,531,550</b>
<i>In which</i>						
Pledged as loan security (Note 21 and 22)	39,446,201,217	51,480,866,999	-	-	1,324,322,306	92,251,390,522

As at 31 December 2019, the cost of tangible fixed assets included VND 240,498,806,224 (as at 31 December 2018: VND 214,086,699,319) of assets which have been fully depreciated but are still in use.

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## 12. INTANGIBLE ASSETS

	LAND USE RIGHTS VND	COMPUTER SOFTWARE VND	COPYRIGHTS, PATENTS VND	OTHERS VND	TOTAL VND
<b>COST</b>					
Opening balance	16,047,625,000	48,883,622,417	367,000,000	115,978,400	65,414,225,817
Additions	-	3,789,721,814	-	-	3,789,721,814
Disposals	-	(1,655,394,320)	-	(115,978,400)	(1,771,372,720)
<b>Closing balance</b>	<b>16,047,625,000</b>	<b>51,017,949,911</b>	<b>367,000,000</b>	<b>-</b>	<b>67,432,574,911</b>
<b>ACCUMULATED DEPRECIATION</b>					
Opening balance	1,175,864,496	33,304,737,259	367,000,000	115,978,400	34,963,580,155
Charge for the year	-	4,778,903,251	-	-	4,778,903,251
Disposals	-	(1,655,394,320)	-	(115,978,400)	(1,771,372,720)
<b>Closing balance</b>	<b>1,175,864,496</b>	<b>36,428,246,190</b>	<b>367,000,000</b>	<b>-</b>	<b>37,971,110,686</b>
<b>NET BOOK VALUE</b>					
Opening balance	14,871,760,504	15,578,885,158	-	-	30,450,645,662
<b>Closing balance</b>	<b>14,871,760,504</b>	<b>14,589,703,721</b>	<b>-</b>	<b>-</b>	<b>29,461,464,225</b>
<i>In which</i>					
<i>Pledged as loan security (Note 21)</i>	8,671,760,504	-	-	-	8,671,760,504

As at 31 December 2019, the cost of intangible assets included VND 11,494,917,913 (as at 31 December 2018: VND 11,291,850,633) of assets which have been fully amortised but are still in use.



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### 13. INVESTMENT PROPERTY

	CURRENT YEAR VND	PRIOR YEAR VND
Opening balance	59,888,350,067	59,888,350,067
Addition	5,123,038,671	-
Disposal	(65,011,388,738)	-
<b>Closing balance</b>	<b>-</b>	<b>59,888,350,067</b>

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 investment property is held for sales pursuant to the Board of Directors' Resolution No. 16/2018/NQ-HDQT dated 27 November 2018. In 2019, the Group has completed the transfer of investment property to customer.

### 14. CONSTRUCTION IN PROGRESS

	CLOSING BALANCE VND	OPENING BALANCE VND
Moulds under installation	9,571,080,676	15,552,737,327
Equipment under installation	16,883,996,803	46,717,784,452
Others	257,842,500	2,433,254,276
	<b>26,712,919,979</b>	<b>64,703,776,055</b>

### 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	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)
<b>Current year's opening balance</b>	<b>12,242,600,849</b>	<b>2,510,682,511</b>	<b>10,179,946,216</b>	<b>-</b>	<b>119,055,159</b>	<b>25,052,284,735</b>
Credit/(charge) to profit for the year	2,329,481,266	2,125,612,634	1,907,644,580	-	(114,409,317)	6,248,329,163
<b>Current year's closing balance</b>	<b>14,572,082,115</b>	<b>4,636,295,145</b>	<b>12,087,590,796</b>	<b>-</b>	<b>4,645,842</b>	<b>31,300,613,898</b>

### 16. SHORT-TERM TRADE PAYABLES

	CLOSING BALANCE VND	OPENING BALANCE VND
Aubex Corporation	9,796,866,000	955,648,800
Toyo Machinery & Metal Co., Ltd	9,108,495,900	-
Other suppliers	162,394,924,806	136,379,640,038
	<b>181,300,286,706</b>	<b>137,335,288,838</b>

### 17. SHORT-TERM ADVANCES FROM CUSTOMERS

	CLOSING BALANCE VND	OPENING BALANCE VND
Crayola LLC.	1,546,424,220	-
Jhops Co., Ltd	357,329,896	-
Other customers	666,544,949	3,860,818,654
	<b>2,570,299,065</b>	<b>3,860,818,654</b>

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### 18. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

	OPENING BALANCE VND	MOVEMENTS DURING THE YEAR		CLOSING BALANCE VND
		INCREASE VND	DECREASE VND	
<b>a. Receivables</b>				
Corporate income tax	118,181,826	-	(103,126,372)	15,055,454
	<b>118,181,826</b>	<b>-</b>	<b>(103,126,372)</b>	<b>15,055,454</b>
<b>b. Payables</b>				
Value added tax	3,890,746,075	141,374,311,563	(131,184,935,167)	14,080,122,471
Import tax	-	15,534,187,691	(15,353,117,894)	181,069,797
Corporate income tax	9,033,189,216	93,908,912,293	(87,578,360,119)	15,363,741,390
Personal income tax	1,335,802,884	28,842,955,791	(28,068,837,658)	2,109,921,017
	<b>14,259,738,175</b>	<b>279,660,367,338</b>	<b>(262,185,250,838)</b>	<b>31,734,854,675</b>

### 19. SHORT-TERM ACCRUED EXPENSES

	CLOSING BALANCE VND	OPENING BALANCE VND
13 <sup>th</sup> & 14 <sup>th</sup> month salary and incentive	70,098,473,027	61,379,434,501
Advertisement and marketing expenses	2,749,627,684	1,841,443,151
Interest expense	517,238,311	508,526,936
Others	23,359,455,473	12,406,438,973
	<b>96,724,794,495</b>	<b>76,135,843,561</b>

### 20. OTHER CURRENT PAYABLES

	CLOSING BALANCE VND	OPENING BALANCE VND
Dividends	45,459,500	46,807,350
Trade union fee	2,504,830,496	2,678,492,633
Others	6,478,450,187	4,027,574,145
	<b>9,028,740,183</b>	<b>6,752,874,128</b>



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## 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
<b>a. Short-term loans</b>						
Bank for Investment and Development of Vietnam JSC - West Saigon Branch	65,309,721,906	65,309,721,906	176,062,770,922	(173,270,980,648)	68,101,512,180	68,101,512,180
Vietnam Joint Stock Commercial Bank for Industry and Trade - West Saigon Branch	14,182,307,862	14,182,307,862	136,451,459,924	(130,320,071,528)	20,313,696,258	20,313,696,258
HSBC Bank (Vietnam) Ltd.	73,382,133,714	73,382,133,714	206,113,513,620	(197,405,950,294)	82,089,697,040	82,089,697,040
United Overseas Bank (Vietnam) Limited	34,244,281,429	34,244,281,429	35,307,518,138	(65,525,363,372)	4,026,436,195	4,026,436,195
JSC Bank for Foreign Trade of Vietnam - Bien Hoa Branch	29,982,265,398	29,982,265,398	43,759,713,871	(60,913,689,429)	12,828,289,840	12,828,289,840
	<b>217,100,710,309</b>	<b>217,100,710,309</b>	<b>597,694,976,475</b>	<b>(627,436,055,271)</b>	<b>187,359,631,513</b>	<b>187,359,631,513</b>
<b>b. Current portion of long-term loans (Note 22)</b>	5,059,232,137	5,059,232,137	7,753,846,158	(5,059,232,137)	7,753,846,158	7,753,846,158
	<b>222,159,942,446</b>	<b>222,159,942,446</b>	<b>605,448,822,633</b>	<b>(632,495,287,408)</b>	<b>195,113,477,671</b>	<b>195,113,477,671</b>

Short-term loan with Joint Stock Commercial Bank for Investment and Development of Vietnam – West Saigon Branch is obtained to finance its working capital requirements. The facility bears interest determined specifically in each debit note. The Group used its buildings and structures, machinery and equipment and land use rights as collaterals for the loan (see Note 11 and 12).

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

Short-term loan with HSBC Bank (Vietnam) Ltd. is obtained to finance 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 6, 9 and 11).

Short-term loan with United Overseas Bank (Vietnam) Limited is obtained to finance its working capital requirements. The facility bears interest determined specifically in each debit note. The Group used its inventories as collaterals for the loan (see Note 9).

Short-term loan with JSC Bank for Foreign Trade of Vietnam - Bien Hoa Branch is obtained to finance its working capital requirements. The facility bears interest determined specifically in each debit note. This facility has no collateral.

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### 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	2,651,333,601	2,651,333,601	-	(2,651,333,601)	-	-
JSC Bank for Foreign Trade of Vietnam - Bien Hoa Branch	2,407,898,536	2,407,898,536	-	(2,407,898,536)	-	-
HSBC Bank (Vietnam) Ltd.	-	-	33,600,000,000	-	33,600,000,000	33,600,000,000
	<b>5,059,232,137</b>	<b>5,059,232,137</b>	<b>33,600,000,000</b>	<b>(5,059,232,137)</b>	<b>33,600,000,000</b>	<b>33,600,000,000</b>

Long-term loans are repayable as follows:

	CLOSING BALANCE VND	OPENING BALANCE VND
Within one year	7,753,846,158	5,059,232,137
From second to fifth year	25,846,153,842	-
	<b>33,600,000,000</b>	<b>5,059,232,137</b>
Less: Amount due for settlement within 12 months (Note 21)	(7,753,846,158)	(5,059,232,137)
	<b>25,846,153,842</b>	<b>-</b>

Long-term loan with HSBC Bank (Vietnam) Ltd. 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 11).

### 23. LONG-TERM PROVISIONS

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



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## 24. 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	505,562,560,000	28,281,183,000	125,884,643,498	400,226,388,751	1,059,954,775,249
Share issuance during year	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	-	-	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 Board of Directors and Supervisors	-	-	-	(6,300,000,000)	(6,300,000,000)
<b>Current year's opening balance</b>	<b>657,228,530,000</b>	<b>28,281,183,000</b>	<b>158,051,613,498</b>	<b>425,107,070,172</b>	<b>1,268,668,396,670</b>
Share issuance during year	120,716,000,000	364,663,619,300	(35,358,000,000)	(35,358,000,000)	414,663,619,300
Profit for the year	-	-	-	349,087,049,076	349,087,049,076
Dividends declared from 2018's profit after tax	-	-	-	(106,084,279,500)	(106,084,279,500)
Dividends declared from 2019's profit after tax	-	-	-	(77,794,453,000)	(77,794,453,000)
Transferred to Investment and development fund from 2018's profit after tax	-	-	35,326,109,058	(35,326,109,058)	-
Transferred to Bonus and welfare fund from 2018's profit after tax	-	-	-	(13,025,360,877)	(13,025,360,877)
Bonus for exceeding profit target from 2018's profit after tax	-	-	-	(2,192,000,000)	(2,192,000,000)
Transferred to Bonus and welfare fund from 2019's profit after tax	-	-	-	(18,531,300,023)	(18,531,300,023)
Allowance for the Board of Directors and Supervisors	-	-	-	(7,804,800,000)	(7,804,800,000)
<b>Current year's closing balance</b>	<b>777,944,530,000</b>	<b>392,944,802,300</b>	<b>158,019,722,556</b>	<b>478,077,816,790</b>	<b>1,806,986,871,646</b>

Pursuant to the Resolution No. 01/2019/NQ-HDQT dated 26 February 2019, the Board of Directors of the Company has approved the increase of the Company's charter capital by issuing private shares with the number 5,000,000 shares at par value of VND 10,000/share.

At as 5 March 2019, the Company has successfully issued 5,000,000 shares at par value of VND 10,000/share for NWL Cayman Holdings Ltd. with the selling price of 85,000 VND/share. The Company has reported the results of private placement of shares to the State Securities Commission and Ho Chi Minh City Stock Exchange with the Official Letter No. 19/19/CV-TLG dated 5 March 2019. Accordingly, the total received amount from share issuance was VND 425,000,000,000, after deducting the cost of issuing shares with amount of VND 10,336,380,700. The Company recognised the increase of "Owners' contributed capital" and "Share premium" with the amount of VND 50,000,000,000 and VND 364,663,619,300, respectively. Pursuant to Ho Chi Minh Stock Exchange's Decision No. 93/QD-SGDHCM dated 2 April 2019, the number of additional shares in circulation is 5,000,000. This change becomes effective since 4 April 2019.

Pursuant to the Resolution of the Company's Annual General Meeting No. 01/2019/NQ-DHDCD dated 31 May 2019 and Resolution of Board of Directors No. 11/2019/NQ-HDQT dated 19 August 2019, the Board of Directors of the Company has approved the issuing shares to pay 2<sup>nd</sup> dividends for 2018 with 3,536,142 shares and issuing shares to increase capital from owner's equity with 3,536,142 shares with par value of VND 10,000/share.

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As at 26 September 2019, the Company has successfully issued 7,071,600 shares at par value of VND 10,000/share to existing shareholders, in which 3,535,800 shares as 2nd dividends distribution of 2018 and 3,535,800 shares to increase Company's charter capital. The Company has reported the results of share issuance for dividends distribution and for charter capital increase to the State Securities Commission and Ho Chi Minh City Stock Exchange with the Official Letter No. 66.19/CV-TLG dated 26 September 2019. Pursuant to Ho Chi Minh Stock Exchange's Decision No. 428/QD-SGDHCM dated 18 October 2019, the number of additional shares in circulation is 7,071,600. This change becomes effective since 22 October 2019.

Pursuant to the Resolution of the Company's Annual General Meeting No. 01/2019/NQ-DHDCD dated 31 May 2019, the shareholders of the Company approved the distribution plan of VND 294,384,242,148 from consolidated profit after tax for the year ended 31 December 2018 as following: dividends distribution of 20%/par value (in which 15% in cash and 5% in shares), appropriation to Investment and development fund, Bonus and welfare fund at the rate of 12% and 10% from consolidated profit after tax, respectively, approved for the bonus for exceeding profit target and the allowance for the Boards of Directors and Supervisors. In 2018, the Company temporarily distributed an amount of VND 22,713,063,338. The remaining amount has been distributed in 2019.

Also according to this Resolution, the Company temporarily distributed an amount of VND 104,130,553,023 from consolidated profit after tax for the year ended 31 December 2019 as dividends and appropriation to Bonus and welfare fund and the allowance for the Boards of Directors and Supervisors.

According to the capital utilization plan and the capital usage purpose approved in the Resolution of the Company's Annual General Meeting No. 02/2018/NQ-DHDCD dated 8 November 2018 and the revision plan according to the Resolution of Board of Directors No. 09/2019/NQ-HDQT dated 12 August 2019, the proceeds from the share issuance after deducting fees of VND 414,663,619,300 were used to supplement working capital and invest in machinery and equipment.

According to the actual usage, the proceeds from the share issuance from 5 March 2019 were used until 31 December 2019 as follows:

	TOTAL PAID AMOUNT VND
Acquisition of machinery, equipment	14,364,509,216
Supplement working capital	174,663,619,300
	<b>189,028,128,516</b>

### Capital transactions with shareholders and distribution of dividends

#### Contributed capital

	CURRENT YEAR VND	PRIOR YEAR VND
Opening balance	657,228,530,000	505,562,560,000
Additions	120,716,000,000	151,665,970,000
<b>Closing balance</b>	<b>777,944,530,000</b>	<b>657,228,530,000</b>

#### Dividends

	CURRENT YEAR VND	PRIOR YEAR VND
Opening balance	46,807,350	50,597,703,450
Additions	183,878,732,500	50,556,256,000
Payments	(183,880,080,350)	(101,107,152,100)
<b>Closing balance</b>	<b>45,459,500</b>	<b>46,807,350</b>

#### Shares

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

	CLOSING BALANCE VND	OPENING BALANCE VND
Authorised and issued share capital	77,794,453	65,722,853
Shares issued and fully contributed	77,794,453	65,722,853
Par value (VND)	10,000	10,000



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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.

### 25. 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	11,669,684,988	12,918,710,261
Appropriation to the funds (Note 24)	33,748,660,900	28,814,364,727
Fund usage	(33,161,743,000)	(30,063,390,000)
<b>Closing balance</b>	<b>12,256,602,888</b>	<b>11,669,684,988</b>

### 26. OFF BALANCE SHEET ITEMS

Cash and cash equivalents included following foreign currencies:

	CLOSING BALANCE	OPENING BALANCE
United State Dollars ("USD")	1,874,311	1,102,288
Euro ("EUR")	45,574	67,242
Chinese Renminbi ("RMB")	7,675	19,942
Great Britain Pound ("GBP")	1,920	830
Singapore Dollars ("SGD")	139,058	925
Thai Baht ("THB")	7,680	4,840
Korean Won ("KRW")	336,000	96,000
Japanese Yen ("JPY")	2,497	28,200
Australia Dollars ("AUD")	110	110
Taiwan Dollars ("TWD")	12,570	12,570

### 27. 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
<b>Net revenue</b>		
Net revenue from domestic sales	2,742,181,752,511	2,435,335,804,429
Net revenue from export sales	510,299,763,541	420,440,545,785
	<b>3,252,481,516,052</b>	<b>2,855,776,350,214</b>
<b>Cost of goods sold</b>		
Cost of goods sold from domestic sales	1,668,306,444,789	1,470,621,212,297
Cost of goods sold from export sales	386,683,913,966	318,486,270,086
	<b>2,054,990,358,755</b>	<b>1,789,107,482,383</b>
<b>Gross profit</b>		
Gross profit from domestic sales	1,073,875,307,722	964,714,592,132
Gross profit from export sales	123,615,849,575	101,954,275,699
	<b>1,197,491,157,297</b>	<b>1,066,668,867,831</b>

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### 28. NET REVENUE

	CURRENT YEAR VND	PRIOR YEAR VND
<b>Gross revenue</b>		
Revenue from selling finished goods	2,296,157,028,107	2,139,508,133,103
Revenue from selling merchandises	906,924,706,266	741,743,101,966
Revenue from services rendered	142,590,177	143,497,425
Revenue from investment property	95,486,625,455	-
	<b>3,298,710,950,005</b>	<b>2,881,394,732,494</b>
<b>Sales deductions</b>		
Sales returns of finished goods	(26,196,750,896)	(18,428,104,855)
Sales returns of merchandises	(5,933,701,473)	(2,940,345,718)
Sales discount	(14,098,981,584)	(4,249,931,707)
	<b>(46,229,433,953)</b>	<b>(25,618,382,280)</b>
<b>Net revenue</b>		
Revenue from selling finished goods	2,255,861,295,627	2,116,830,096,541
Revenue from selling merchandises	900,991,004,793	738,802,756,248
Revenue from services rendered	142,590,177	143,497,425
Revenue from investment property	95,486,625,455	-
	<b>3,252,481,516,052</b>	<b>2,855,776,350,214</b>

### 29. PRODUCTION AND OPERATION COST BY NATURE

	CURRENT YEAR VND	PRIOR YEAR VND
Raw materials and consumables	892,785,980,460	896,389,569,782
Staff cost	664,528,667,343	634,831,657,925
Depreciation and amortisation	80,236,622,047	68,505,435,031
Out-sourced services and other expenses	407,753,272,916	352,440,413,283
	<b>2,045,304,542,766</b>	<b>1,952,167,076,021</b>

### 30. FINANCIAL INCOME

	CURRENT YEAR VND	PRIOR YEAR VND
Bank interest	25,624,421,639	6,677,801,622
Dividends received	180,003,200	180,003,000
Foreign exchange gain	4,167,594,881	6,655,350,297
	<b>29,972,019,720</b>	<b>13,513,154,919</b>

### 31. FINANCIAL EXPENSES

	CURRENT YEAR VND	PRIOR YEAR VND
Interest expense	11,434,553,822	11,068,142,459
Provision for impairment of investment	-	20,660,374
Reversal provision for impairment of investment	(655,349,577)	(762,934,406)
Foreign exchange loss	2,561,915,818	5,243,752,809
Others	992,916,098	1,338,916,640
	<b>14,334,036,161</b>	<b>16,908,537,876</b>



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### 32. SELLING, GENERAL AND ADMINISTRATION EXPENSES

	CURRENT YEAR VND	PRIOR YEAR VND
<b>Selling expenses</b>		
Staff cost	235,946,850,599	221,978,644,351
Marketing and trade fair expenses	132,766,877,524	101,184,136,564
Depreciation and amortisation	4,723,224,723	3,763,088,360
Others	126,607,242,913	105,698,112,179
	<b>500,044,195,759</b>	<b>432,623,981,454</b>
<b>General and administration expenses</b>		
Staff cost	201,454,971,636	188,500,709,544
Out-sourced services	59,870,032,428	48,735,353,122
Depreciation and amortisation	20,085,024,615	20,955,380,885
Others	3,730,189,815	14,557,415,325
	<b>285,140,218,494</b>	<b>272,748,858,876</b>

### 33. OTHER PROFIT

	CURRENT YEAR VND	PRIOR YEAR VND
<b>Other income</b>		
Compensation for damaged materials	1,076,369,741	2,129,926,462
Gains from disposal of fixed assets	1,060,573,629	1,329,349,946
Others	7,586,440,252	7,846,257,921
	<b>9,723,383,622</b>	<b>11,305,534,329</b>
<b>Other expenses</b>		
Others	817,351,647	935,307,493
	<b>817,351,647</b>	<b>935,307,493</b>
<b>Profit from other activities</b>	<b>8,906,031,975</b>	<b>10,370,226,836</b>

### 34. CORPORATE INCOME TAX EXPENSE

	CURRENT YEAR VND	PRIOR YEAR VND
<b>Current corporate income tax expense</b>		
Corporate income tax expense based on taxable income in the current year	93,464,476,443	72,603,985,173
Adjustments for corporate income tax expense in previous years to the current year	547,562,222	411,991,342
<b>Total current corporate income tax expense</b>	<b>94,012,038,665</b>	<b>73,015,976,515</b>

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

	CURRENT YEAR VND	PRIOR YEAR VND
<b>Profit before tax</b>	<b>436,850,758,578</b>	<b>368,270,871,380</b>
<b>Adjustments for taxable income</b>		
Non-deductible expenses	6,414,702,763	5,810,184,705
Change in accrued expenses	10,628,063,168	3,119,511,903
Change in provision for obsolete inventories	9,906,864,342	2,149,703,484
Difference of provision for severance allowance between Labor code and Corporate income tax law	(670,818,173)	1,214,571,414
Unrealised foreign exchange difference of cash and receivables	(589,862,995)	775,873,688
Loss in subsidiaries	2,695,902,850	461,063,061
Change in provision of doubtful debts	(35,510,181)	(27,721,601)
Dividend received	(180,003,200)	(180,003,000)
Change in provision for long-term investment	332,225,750	(762,934,406)
Allocated panel expense	-	(1,555,957,212)
Change in unrealised profit	11,456,388,372	(10,463,286,371)
<b>Current year's taxable income</b>	<b>476,808,711,274</b>	<b>368,811,877,045</b>
Corporate income tax based on taxable income in the current year	95,361,742,256	73,817,981,754
Tax deduction	(1,897,265,813)	(1,213,996,581)
<b>Current corporate income tax expense</b>	<b>93,464,476,443</b>	<b>72,603,985,173</b>

The Group is obliged to pay corporate income tax at the rate of 20% (2018: 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 the first twelve (12) 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 allowed 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 3,759,871,731 (as at 31 December 2018: VND 1,063,968,881), which may be used to offset them with taxable income arising in the future.

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

YEAR	LOSSES CAN BE CARRIED TO YEAR VND	TAX LOSSES VND	TAX LOSSES CARRIED AS AT 31 DECEMBER 2019 VND	OUTSTANDING AMOUNT AS AT 31 DECEMBER 2019 VND
2016	2021	452,778,353	-	452,778,353
2017	2022	150,127,467	-	150,127,467
2018	2023	461,063,061	-	461,063,061
2019	2024	2,695,902,850	-	2,695,902,850
		<b>3,759,871,731</b>	<b>-</b>	<b>3,759,871,731</b>

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 2019, deferred tax assets have not been recognised for the remaining cumulative tax losses is VND 3,759,871,731 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.



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### 35. 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	349,087,049,076	294,384,242,148
Less: Bonus and welfare fund (*)	(34,908,704,908)	(29,438,424,215)
<b>Profit after corporate income tax belong to shareholders of ordinary shares</b>	<b>314,178,344,168</b>	<b>264,945,817,933</b>
Weighted average number of ordinary shares in circulation (shares) (**)	76,931,439	76,931,439
<b>Basic earnings per share (VND/share)</b>	<b>4,084</b>	<b>3,444</b>

(\*) Bonus and welfare funds are provision by 10% consolidated profit after tax base on Annual General Shareholders Meeting's Resolution of 2018 dated 31 May 2019.

(\*\*) Average number of outstanding shares in circulation for year ended 31 December 2019 and 31 December 2018 are adjusted to reflect the issuance of 5,000,000 new shares to NWL Cayman Holdings Ltd., and the issuance of 7,071,600 new shares as 2nd dividends distribution and to increase Company's charter capital. Therefore, basic earnings per share for year ended 31 December 2018 was restated from 4,031 VND/share to 3,444 VND/share.

#### b. Diluted earnings per share

The Group does not have potentially dilutive ordinary shares.

### 36. RELATED PARTY TRANSACTIONS AND BALANCES

#### List of related parties:

RELATED PARTY	RELATIONSHIP
Thien Long An Thinh Investment Corporation	Main shareholder

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

	CURRENT YEAR VND	PRIOR YEAR VND
<b>Dividend declared</b>		
Thien Long An Thinh Investment Corporation	88,284,070,000	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 year:

	CURRENT YEAR VND	PRIOR YEAR VND
Salaries and bonus	42,259,461,100	36,887,874,500

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### 37. 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 11,954,655,123 (2018: VND 2,986,946,267) representing an addition in fixed assets and construction in progress during the year that has not yet been paid. Consequently, changes in payables have been adjusted by the same amount.

Cash outflows for purchases of fixed assets and construction in progress during the year include an amount of VND 3,314,734,650 (2018: nil) representing the payment to supplies in this year for the addition in fixed assets and construction in progress in next year. Consequently, changes in receivables have been adjusted by the same amount.

Dividend paid during the year excluded an amount of VND 45,459,500 (2018: VND 46,807,350) representing the amount of dividends declared but not yet paid. Consequently, changes in payables have been adjusted by the same amount.

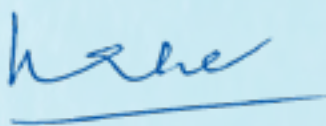
### 38. SUBSEQUENT EVENT

Pursuant to the Resolution of the Company's Annual General Meeting No. 01/2019/NQ-DHDCD dated 31 May 2019 and Resolution of Board of Directors No. 01/2020/NQ-HDQT dated 17 February 2020, the Board of Directors has approved the plan of 2nd dividends distribution in cash to existing shareholders from consolidated profit after tax for the year ended 31 December 2019 with the rate of 5%/par value. The date of finalising list of shareholders entitled to this dividends distribution is 6 March 2020 and the date of actual payment is 20 March 2020.

Owing to the current situation of the Novel Corona virus ("Covid-19") that has been disrupting the world's economy, therefore as of the date of this report, the Company's business operation may be affected as well due to uncertainty of the pandemic situation of Covid-19 in Vietnam. The Board of Managements has assessed carefully the potential impacts of Covid-19 on the Company's operational performance and management plan, together with actively revisiting its business strategy and working with its suppliers and customers to address the situation. The Board of Management found that the above issue does not have impact on the consolidated financial statements for the year ended 31 December 2019, while continues assessing the impacts for the fiscal year ending 31 December 2020.



Dao Xuan Nam  
Preparer



Nguyen Ngoc Nhon  
Chief Accountant



Nguyen Dinh Tam  
Chief Executive Officer  
30 March 2020







**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](mailto:info@thienlonggroup.com)

[🌐] : [www.thienlonggroup.com](http://www.thienlonggroup.com)