

## ANNUAL REPORT 2022



*Complete and efficient solutions for*  
**HAPPY LEARNING LIFE**







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# PART I LIST OF ABBREVIATIONS.



<b>CEO</b>	Chief Executive Officer
<b>BoM</b>	Board of Management
<b>BoS</b>	Board of Supervisors
<b>SP</b>	Semi-products
<b>SM</b>	Staff Members
<b>Company/Group/Thien Long/TLG</b>	Thien Long Group Corporation
<b>JSC</b>	Joint Stock Company
<b>DMS</b>	Distributors Management System
<b>AGM</b>	Annual General Meeting of Shareholders
<b>BOD</b>	Board of Directors
<b>IP</b>	Industrial Park
<b>PAT</b>	Profit after tax
<b>PBT</b>	Profit before tax
<b>M&amp;E</b>	Machinery & Equipment
<b>RM</b>	Raw Material
<b>S&amp;OP</b>	Sales & Operation Planning
<b>B&amp;P</b>	Business & Production
<b>MT</b>	Manufacturing - Trade
<b>R&amp;D</b>	Research and Development
<b>E-com</b>	E-commerce
<b>TSOMCL</b>	Trading and Service One Member Co., Ltd.
<b>TC</b>	Trade center
<b>FA</b>	Fixed assets
<b>RO</b>	Representative office
<b>OEM</b>	Original Equipment Manufacturer / Make to order
<b>ODM</b>	Original Design Manufacturer / Design to order
<b>PL</b>	Private label
<b>QM</b>	Quality Management
<b>WMS</b>	Warehouse Management System

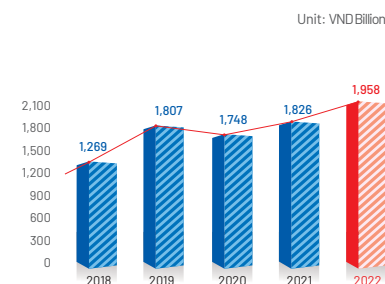


# PART II FINANCIAL HIGHLIGHTS

## MARKET CAPITALIZATION

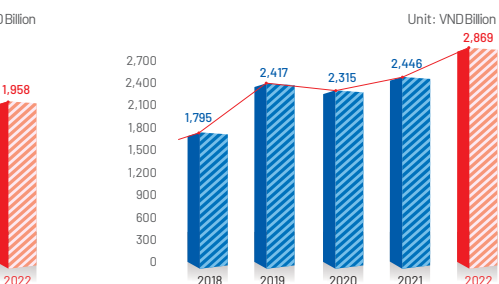
VND**3,968** billion

increase **12%** compared with 2021



## CASH DIVIDEND

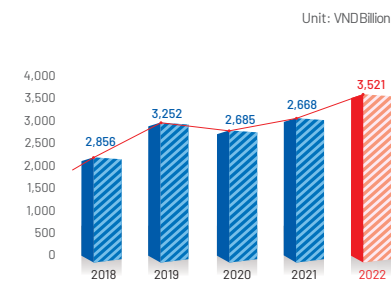
**3,000** (VND/share)



## NET REVENUE

VND**3,521** billion

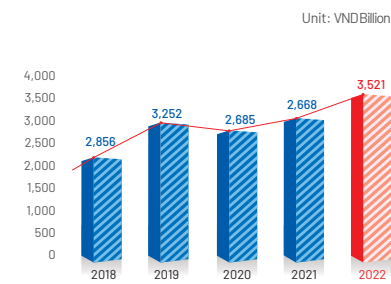
equal to **108%** of the year's plan



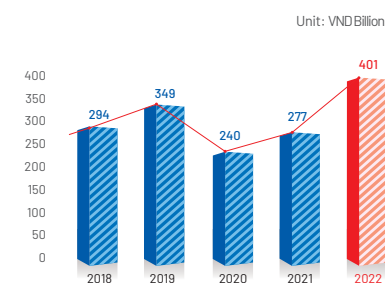
## PROFIT AFTER TAX

VND**401** billion

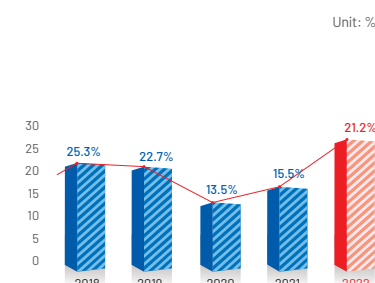
equal to **143%** of the year's plan



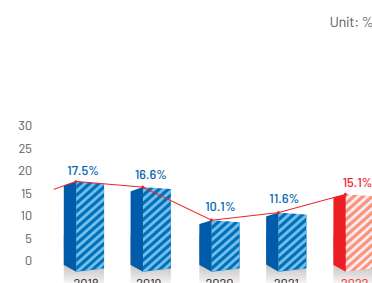
## EQUITY



## TOTAL ASSETS

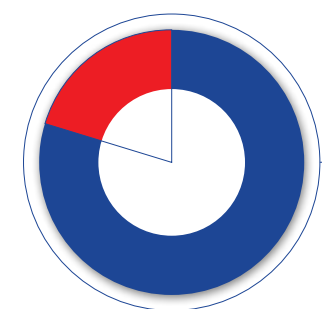


## NET REVENUE



## PROFIT AFTER TAX

	2018	2019	2020	2021	2022
Dividends in shares & Issuance of shares to increase the share capital from the equity	10%	-	-	-	-

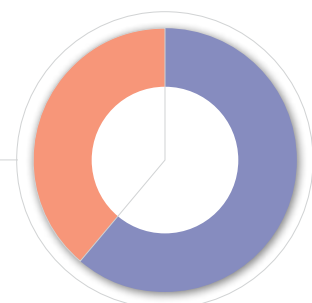


● Foreign shareholders (20.2%)

● Domestic shareholders (79.8%)

● Shareholders holding less than 5% of the charter capital (38.8%)

● Shareholders holding more than 5% of the charter capital (61.2%)

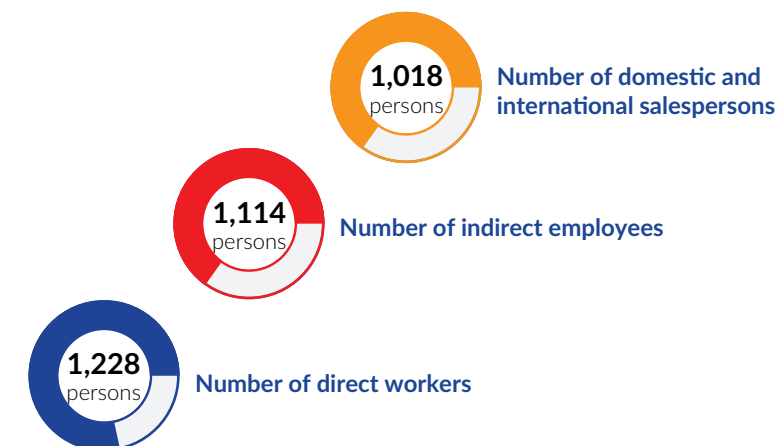


## TOTAL NUMBER OF EMPLOYEES

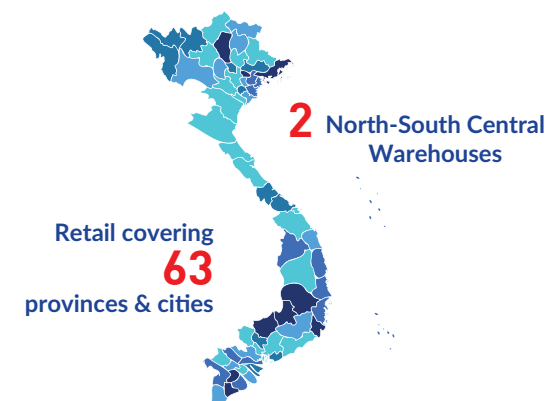
**3,360** persons

As of **31/12/2022**

Postgraduate	22 persons	1%
University	638 persons	19%
College	331 persons	10%
Vocational Intermediate	240 persons	7%
High school	2,129 persons	63%



## DOMESTIC MARKET



## EXPORT MARKETS

Be present in **70** countries and territories around the world



Factories: **2**

Used Area: **44,200m²**

The Automation Rate Reached

**81.38%**

Emissions to the Environment are Deducted by

**1,326** tons CO<sub>2</sub>/Year



## OUTSTANDING AWARDS

Top 50 Best Listed Companies in Vietnam (2013-2022), awarded by Forbes Vietnam magazine;

Top 50 Most Effective Business Companies in Vietnam for 10 consecutive years (2011-2022), voted by Nhip Cau Dau Tu magazine;

Top 500 Most Profitable Enterprises in Vietnam, announced by Vietnam Report in collaboration with VietNamNet online newspaper;

Top 10 Vietnam Gold Star Awards in 2003, 2018, 2021-2022, awarded by the Central Vietnam Young Entrepreneurs Association;

One of the enterprises whose products have been recognized as Vietnam National Brands 2022 by the Ministry of Industry and Trade;

Title of Ho Chi Minh City Typical Enterprises in 2022, awarded by the Ho Chi Minh City People's Committee;

Ho Chi Minh City Gold Brand 2022, co-awarded by Ho Chi Minh City Department of Industry and Trade and Saigon Economic Review magazine;

Won the title of typical industrial and supporting industry products of Ho Chi Minh City in 2022 by the Department of Industry and Trade of Ho Chi Minh City;

Vietnamese High-Quality Goods Award (1997-2022) awarded by the Vietnam High-Quality Goods Business Association;

Top 100 Sustainable Enterprises (2016-2022) (based on the Corporate Sustainability Index (CSI) Program) awarded by the Vietnam Chamber of Commerce and Industry (VCCI);

Top 50 Corporate Sustainability Awards 2022 (TOP50 CSA) - Listed Enterprises - voted by Nhip Cau Dau Tu magazine;

Two Records: "The largest crayon model in Vietnam" and "The painting contest with the highest number of children's paintings in Vietnam" awarded by the Vietnam Records Organization.





EQUITY

VND 1,957,871,756,822

PART III

GENERAL INFORMATION

Company name
Trading name
Abbreviated name
English name

: THIEN LONG GROUP CORPORATION
: THIEN LONG GROUP
: CÔNG TY CP TẬP ĐOÀN THIÊN LONG
: THIEN LONG GROUP CORPORATION

Stock symbol
Charter capital
Equity

: TLG
: VND777,944,530,000
: VND1,957,871,756,822

Headquarters
Tel
Fax
Email
Website

: 10<sup>th</sup> Floor, Sofic Tower, No. 10 Mai Chi Tho Street, Thu Thiem Ward, Thu Duc City, Ho Chi Minh City
: (84.28) 3750 5555
: (84.28) 3750 5577
: info@thienlonggroup.com
: www.thienlonggroup.com

Business Registration Certificate No.
Business lines

: 0301464830 issued by the Ho Chi Minh City Department of Planning and Investment for the first time on March 14, 2005, amended for the 20th time on June 7, 2022
: As specified in the 2022 Financial Statements (Section 1: Operating Characteristics)

COMPLETE AND EFFICIENT SOLUTIONS FOR HAPPY LEARNING LIFE

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### VISION - MISSION

Inspires and provides complete and efficient solutions for a happy learning life.



### CORE VALUES

1



#### DEDICATION

We always make the effort and dedicate ourselves to every activity in the pursuit of sustainable business growth to provide effective solutions to serve customers for the lifetime.

2



#### HONESTY

Thien Long is transparent, honest and keeps its commitment to customers, suppliers, consumers, and each employee of the Group.

3



#### DIVERSITY AND INCLUSION

We respect cultural differences and critical thinking; defend and do what's right; constantly learn new knowledge and values; treat everyone fairly; listen to everybody, give positive, and constructive feedback.

4



#### CHALLENGES AND INNOVATION

We are not self-satisfied but building a culture of mastery to seek new opportunities, pioneers in technology, creativity, and breakthroughs to create the best products and services that are environmentally friendly and serve the diverse needs of people.



# **PART V** MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



*Dear Shareholders, Partners and all employees of Thien Long Group,*

## **Thien Long 2022 – Bright color gamut in the picture of Economic Valatility**

In 2022, the world economy witnessed the “dark - light” interwoven colors. In addition to the bright side of recovery in the post Covid-19 period, challenges still exist due to rising energy prices, high inflation, declining global trade in goods, etc... The general difficulties of the world have a strong impact on the Vietnamese economy in various ways. Still, Vietnam’s economy had a strong recovery, GDP increased by 8.02%.

Contributing a bright picture to Vietnam’s economic situation in 2022, Thien Long Group quickly stepped out of the “pandemic shadow” and strongly transformed into a leading position. The group reached a net revenue of VND 3,521 billion, increasing by 32% with a profit of VND 401 billion, and by 45% over the previous year.

Thien Long’s almost-immediate recovery was clearly and comprehensively demonstrated through a series of events, from production to sales, product distribution to marketing campaigns... Significant events as the inauguration of a new factory run by Thien Long Long Thanh with a maximum capacity of 739 million products per year and the opening of a new distribution center in the Le Minh Xuan Industrial Area with the ability to meet 1,000 orders per shift... The group also opened a chain of Clever Box stores, which create different experiences for consumers and create the impression of a young and fresh Thien Long through the Pastel campaign “Toa tri thuc - Bung khi chat”.

Predominantly, Thien Long of 2022 has bravely stepped out of the “safety zone” to experience new things, creating leverage to bounce higher and further in the near future. Specifically, Thien Long expanded its knowledge product ecosystem when announcing a partnership with PEGA, a company in the publishing field. The Group invests in the development of many products to serve the creative, emotional, spiritual, and personality needs of users. These activities pave the way for the journey of refreshing products, laying the next bricks to diversify the product ecosystem and touch the hearts of Vietnamese consumers.

Ending 2022 with internal strength that increased persistently, Thien Long Group affirmed its top position in the stationery industry, actively creating new growth potentials, opening the door to conquering the “Ten-thousand-billion enterprise” goal.

*Mr. Co Gia Tho - Thien Long Group's President of Board of Director*

Contributing a bright picture to Vietnam’s economic situation in 2022, Thien Long Group quickly stepped out of the “pandemic shadow” and strongly transformed into a leading position. The group reached a net revenue of VND 3,521 billion, increasing by 32% with a profit of VND 401 billion, and by 45% over the previous year.

*Ladies and gentlemen,*

## **Thien Long 2023 - For a happy learning life**

In 2023, the world’s and Vietnam’s economic situations are forecast to suffer different unpredictable fluctuations. However, when looking at these fluctuations from a different perspective, challenges are the driving force for Thien Long to innovate itself, creating strong resistance for the staff. Along with the available potential, Thien Long is ready to adapt to the new situation based on a comprehensive, flexible, and sustainable business strategy.

The Group’s vision is to inspire and provide complete and efficient solutions for a happy learning life for the Vietnamese. This vision means that Thien Long will have vertical and horizontal development, “blurring the limits” in business, and joining the “emotion-seeking trend” that young consumers are waiting for.

Horizontally, new strategy expands the range of products, services, and solutions, creating a variety of new business opportunities. Thien Long’s product ecosystem will more fully serve the reading - writing - drawing - listening - visual activities of the Vietnamese.

Vertically, Thien Long develops highly innovative product lines that match the personalities, styles and trends of Vietnamese and international consumers. young. Thien Long hopes that via its products, users will be immersed in the joy and happiness of the process of working, learning and creativity. These transformations help Thien Long improve product value, increase costs and create business advantages, leading to sustainable revenue growth in the industry.

As regards international business activities, with the spirit of a national brand, Thien Long focuses on increasing market share, optimizing profits, and bringing high quality Vietnamese products to consumers in over 70 countries. Thien Long’s journey of over 2 decades of influence beyond the borders of Vietnam has never stopped, and it is getting stronger in the period of 2023-2027.

Along with Business Growth Targets, the Group persistently follows sustainable development strategy in purpose of long-term values for the business itself, the community and future generations. Over the past years, Thien Long has effectively applied the environmental management system in accordance with international standard ISO 14001:2004 and has implemented various synchronous solutions to contribute to environmental protection such as reuse of materials, energy, quality, control and treatment of wastewater - waste, invest in power-saving machines, install solar battery systems, spend research resources for environmentally friendly products... At the same time, we put our hearts and efforts to contribute to the development of the Education through meaningful social programs such as University entrance exam support, Sharing with teachers, Young talents for education, For the green school.

Based on solid business resources, effective human resources, and a deep-wide strategy within the country and abroad, Thien Long is committed to bringing new values to investors, shareholders, customers, and consumers on a lifelong learning journey of happiness.

With the remarkable business results in the past year, I would like to thank our Shareholders, all Thien Long staff & employees for trusting and joining hands to paint bright colors for Thien Long in 2022. Together, we will jointly contribute to the happiness of Vietnamese consumers in the future!

I wish you health, success, and happiness!

**Thank you very much.  
President of the Board.**

  
**CO GIA THO**



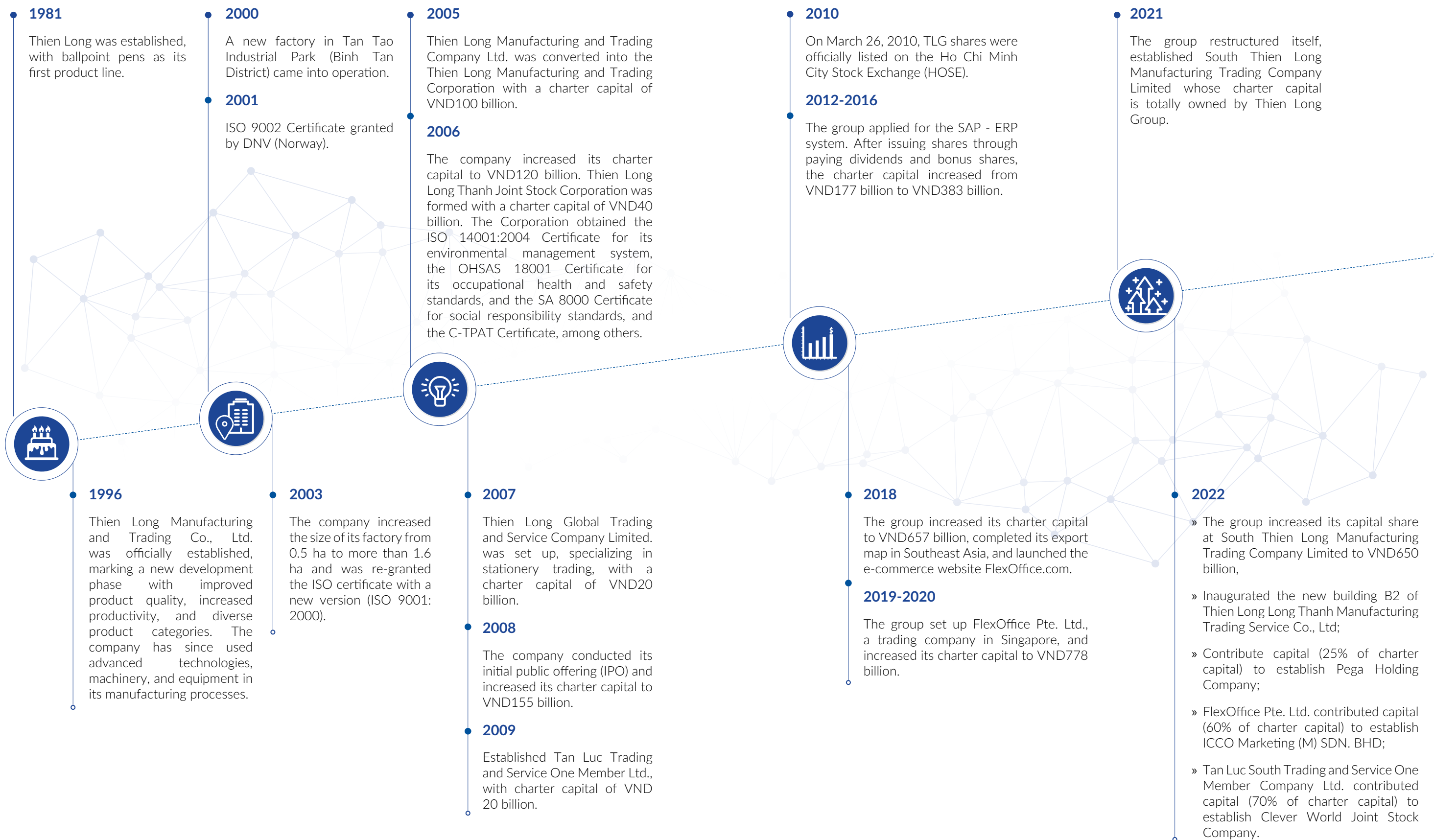
## READ FOR KNOWLEDGE

WRITE TO SHARE  
DRAW THE SOUL  
LISTEN WITH COMPASSION  
SEE FOR ENLIGHTENMENT



## PART VI THIEN LONG GROUP OVERVIEW

# 1 HISTORY OF FORMATION AND DEVELOPMENT

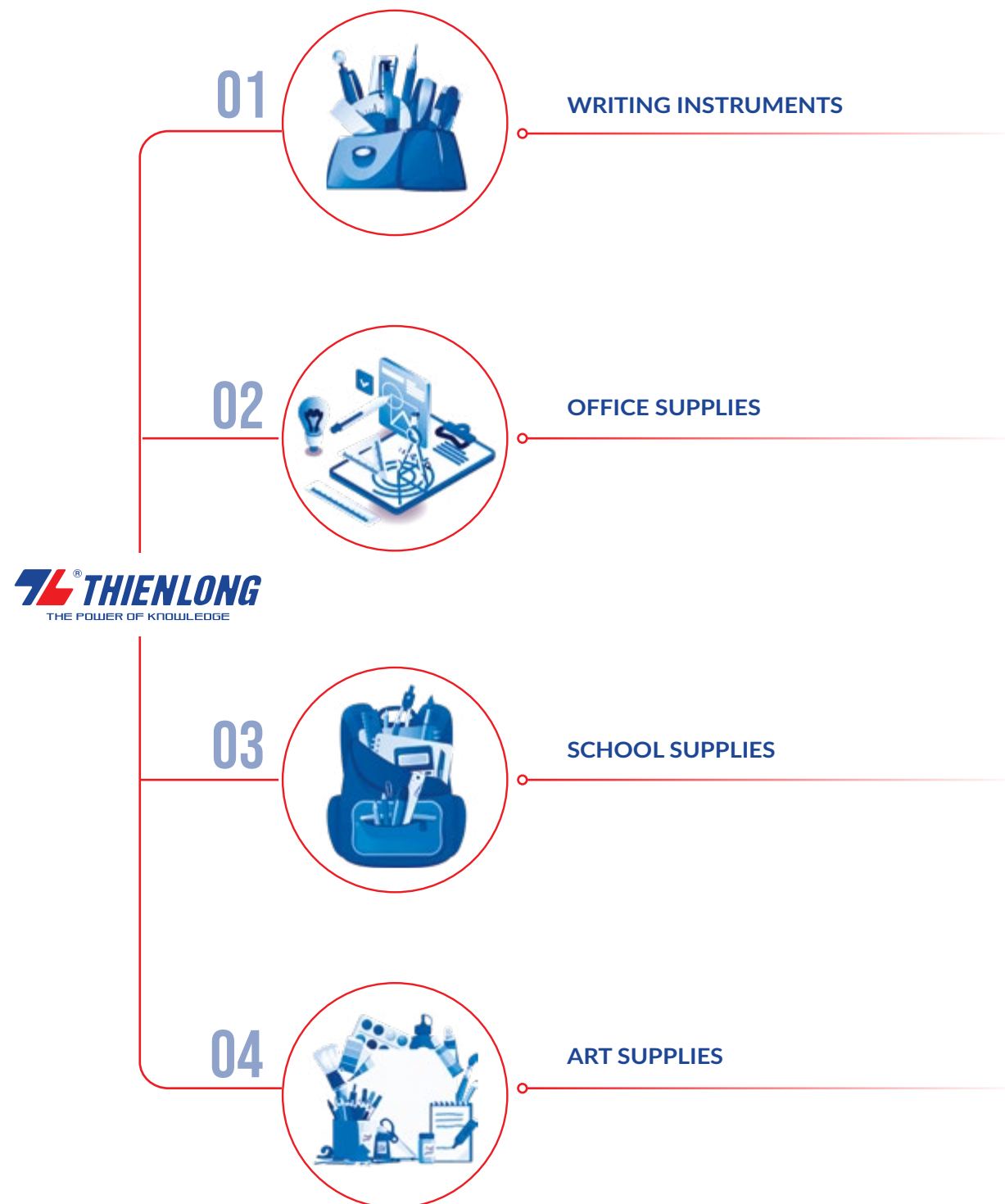




## 2 BUSINESS LINES

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

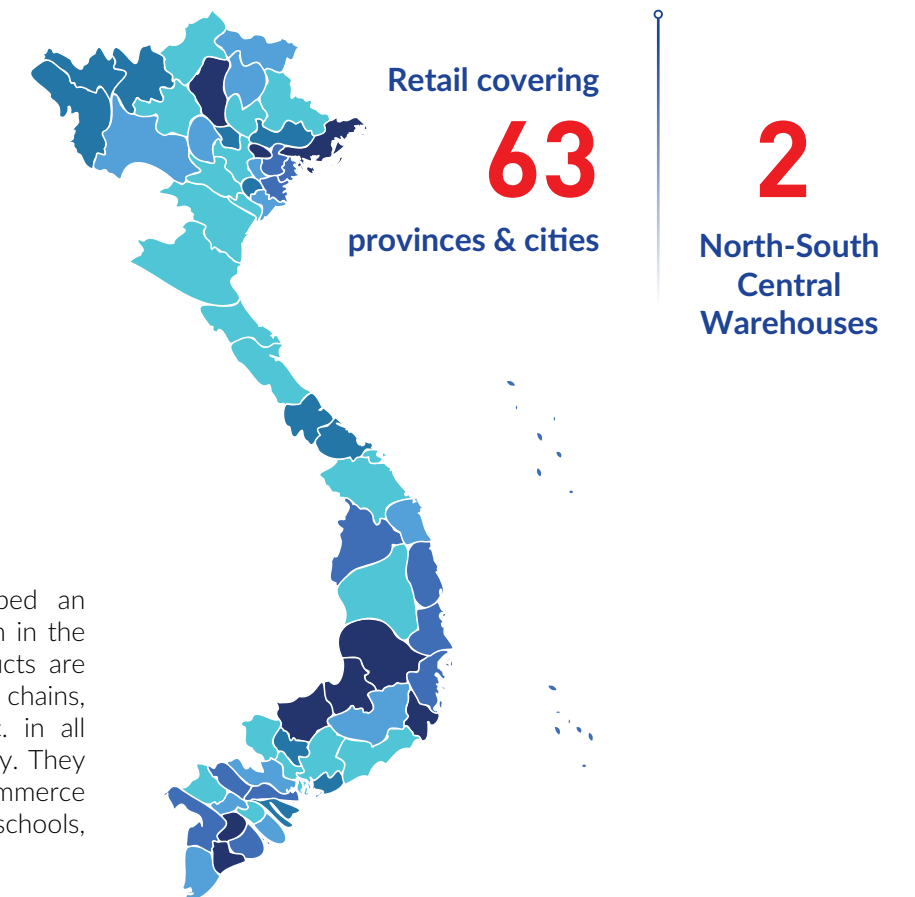
Thien Long Group manufactures and sells four main product categories:



## 3 DISTRIBUTION NETWORK

### DOMESTIC MARKET

Thien Long has built and developed an extensive distribution channel system in the domestic market. The group's products are present in commercial centers, store chains, bookstores, convenience stores, etc. in all 63 provinces/cities across the country. They are also distributed through e-commerce channels and direct sales channels for schools, businesses (B2B), etc.



### Be present in

**70** countries and territories around the world

### EXPORT MARKETS

Thien Long has continuously invested in developing export markets, bringing FlexOffice and Colokit branded products to consumers in 70 countries and territories. Besides, Thien Long has also exported OEM, ODM, Private Label products to big customers in the world.



# 4 LIST OF SUBSIDIARIES AND DOMESTIC AND OVERSEAS AFFILIATES

THIEN LONG LONG THANH MANUFACTURING TRADING SERVICE COMPANY LIMITED	Thien Long Long Thanh was established in late 2006, and officially came into operation in August 2008 at Long Thanh Industrial Park, Long Thanh District, Dong Nai Province, with a charter capital of VND180 billion, of which 100% is owned by the parent company. The factory was built on a 3-hectare site, specializing in manufacturing all kinds of school supplies, art supplies, and writing pens for domestic consumption and export. In 2022, Thien Long Group inaugurated a new building (named B2) belonging to the Thien Long Long Thanh factory. The new building has a usable area of nearly 10,000m <sup>2</sup> with 5-storey reinforced concrete structure and a floor load of more than 1,000 kg/m <sup>2</sup> , bringing the total factory area in Thien Long Long Thanh to 28,450m <sup>2</sup> .
SOUTH THIEN LONG MANUFACTURING TRADING COMPANY LIMITED	South Thien Long Manufacturing Trading Company Limited was established and officially put into operation in July 2021 in Tan Tao Industrial Park, Binh Tan District, Ho Chi Minh City, with a charter capital of VND600 billion, of which 100% is owned by the holding company. The South Thien Long Factory received from the holding company the transfer of the entire investment projects in Tan Tao Industrial Park to produce all kinds of current stationery products and pens for domestic consumption and export. In 2022, the Company's charter capital was increased to VND650 billion.
THIEN LONG GLOBAL TRADING AND SERVICE COMPANY LIMITED	Thien Long Global Trading and Service Company Limited has a charter capital of VND100 billion, 100% owned by the parent company. Specializing in commercial activities and services, Thien Long Global Trading and Service Company Limited has effectively performed sales and customer care and actively supported the Group's investment strategy for the development of new products as an important foundation for the Group's long-term sustainable development. In 2022, Tan Luc North Trading and Service One Member Company Ltd. and Tan Luc Middle Trading Service One Member Company Ltd. were merged into Thien Long Global Trading and Service Company Limited, raising charter capital to VND180 billion.
FLEXOFFICE PTE. LTD.	FlexOffice was established in 2019 in Singapore with a charter capital of about VND19 billion. The company specializes in trading and service operations in Asian markets.
TAN LUC SOUTH TRADING AND SERVICES ONE MEMBER COMPANY LTD.	Tan Luc South Trading and Services One Member Company Ltd. focuses mainly on trading and distribution activities. The company has a charter capital of VND80 billion.
PEGA HOLDINGS JSC	Pega was established in 2022 with a charter capital of VND100 billion, of which 25%, or VND25 billion, is owned by Thien Long Group. Pega Holdings focuses on trade of books, newspaper and magazine business.
ICCO MARKETING (M) SDN. BHD.	According to the Resolution of the Board of Directors dated August 31, 2022, of Flexoffice Co., Ltd., the Board of Directors of Flexoffice Co., Ltd. approved the capital contribution to establish ICCO Marketing (M) SDN. BHD. With a total capital commitment of 60,000 Malaysian Ringgit, or 60% of ICCO Marketing (M) SDN. BHD's total charter capital. This company's primary business is the retail sale of stationery, books, newspapers, and magazines.
ESTABLISHMENT OF CLEVER WORLD JOINT STOCK COMPANY	According to Decision No. 11.22/QD-CSH dated August 15, 2022, Tan Luc South Trading and Services One Member Company Ltd has approved the contribution. A total capital contribution of VND3.5 billion, or 70% of the total charter capital of Clever World Joint Stock Company, was used to form the company's capital. The company's primary business ventures include printing, advertising services, wholesale and other retail in specialty stores, and associated services to printing.

## LIST OF DOMESTIC AND FOREIGN SUBSIDIARIES AND AFFILIATES

No.	Company name	Main business line	Head office address	Charter capital (VND)	Thien Long Group's ownership rate (%)
01	Thien Long Long Thanh Manufacturing Trading Service Company Limited	Manufacturing and trading stationery	Road No. 7, Long Thanh Industrial Park, Long Thanh District, Dong Nai Province, Vietnam	180 billion	100%
02	South Thien Long Manufacturing Trading Company Limited	Manufacturing and trading stationery	Lot 6-8-10-12, Road No. 3, Tan Tao Industrial Park, Binh Tan District, Ho Chi Minh City, Vietnam	650 billion	100%
03	Thien Long Global Trading and Service Company Limited	Trading stationery	658P – 658R Pham Van Chi Street, Ward 8, District 6, Ho Chi Minh City, Vietnam	180 billion	100%
04	Tan Luc South Trading and Service One Member Company Ltd.	Trading stationery	Floor 10, Sofic Tower, No. 10 Mai Chi Tho Street, Thu Thiem Ward, Thu Duc City, Ho Chi Minh City, Vietnam	80 billion	100%
05	FlexOffice Pte. Ltd.	Trading stationery	10 Ubi Crescent #04-100 Ubi Techpark, Singapore	19 billion	100%
06	Pega Holdings JSC	Trading books, newspapers and magazines	222 Dien Bien Phu, Vo Thi Sau Ward, District 3, Ho Chi Minh City, Vietnam	25 billion	25%
07	ICCO Marketing (M) SDN. BHD.	Trading stationery	33-2 Jalan Setia Utama At U13/ At, Setia Alam, Seksyen U13, Shah Alam, Selangor, Malaysia, 40170	293 million	60%
08	Clever World Joint Stock Company	Trading stationery	Floor 10, Sofic Tower, No. 10 Mai Chi Tho Street, Thu Thiem Ward, Thu Duc City, Ho Chi Minh City, Vietnam	3.5 billion	70%

## REVENUE EXCLUDING INSIDER TRANSACTIONS:

### TAN LUC SOUTH TRADING AND SERVICE COMPANY LIMITED













about VND**33** billion

### THIEN LONG GLOBAL TRADING AND SERVICE COMPANY LIMITED

about VND**2,478** billion



# 5 OUTSTANDING AWARDS

	<b>Top 50 Best Listed Companies in Vietnam (2013 - 2022), awarded</b> by Forbes Vietnam magazine;
	<b>Top 50 Most Effective Business Companies in Vietnam for 10 consecutive years (2011-2022), voted</b> by Nhip Cau Dau Tu magazine;
	<b>Top 500 Most Profitable Enterprises in Vietnam, announced</b> by Vietnam Report in collaboration with VietNamNet online newspaper;
	<b>Top 10 Vietnam Gold Star Awards in 2003, 2018, 2021-2022, awarded</b> by the Central Vietnam Young Entrepreneurs Association;
	<b>One of the enterprises whose products have been recognized as Vietnam National Brands 2022</b> by the Ministry of Industry and Trade;
	<b>Title of Ho Chi Minh City Typical Enterprises in 2022, awarded</b> by the Ho Chi Minh City People's Committee;
	<b>Ho Chi Minh City Gold Brand 2022, co-awarded</b> by Ho Chi Minh City Department of Industry and Trade and Saigon Economic Review magazine;
	<b>Won the title of typical industrial and supporting industry products of Ho Chi Minh City in 2022</b> by the Department of Industry and Trade of Ho Chi Minh City;
	<b>Vietnamese High-Quality Goods Award (1997 - 2022) awarded</b> by the Vietnam High-Quality Goods Business Association;
	<b>Top 100 Sustainable Enterprises (2016-2022) (based on the Corporate Sustainability Index (CSI) Program) awarded</b> by the Vietnam Chamber of Commerce and Industry (VCCI);
	<b>Top 50 Corporate Sustainability Awards 2022 (TOP50 CSA) - Listed Enterprises - voted</b> by Nhip Cau Dau Tu magazine;
	<b>Two Records: “The largest crayon model in Vietnam” and “The painting contest with the highest number of children's paintings in Vietnam” awarded</b> by the Vietnam Records Organization.

THIEN LONG GROUP  
OVERVIEW

CORPORATE GOVERNANCE  
REPORT

REPORT OF  
BOARD OF MANAGEMENT

SUSTAINABLE DEVELOPMENT  
REPORT

CONSOLIDATED FINANCIAL  
REPORT



## 6 PRODUCT HIGHLIGHTS

### PENS AND UTILITY STATIONERY PRODUCTS (THIEN LONG BRAND)

The THIEN LONG brand satisfies the diverse needs of consumers, from students to office workers, small traders, producers, and service providers, among others.



The categories of pens and office supplies (Thien Long brand) include traditional product lines for studying, taking notes, marking, storage, and printing, such as ballpoint pens, gel pens, rollerball pens, fine-liner pens, whiteboard markers, permanent markers, rulers, erasers, pencil sharpeners, etc. This is a long-standing key product category of the Group, which is now leading the domestic market with a share of about 60%, and these aforementioned products are popular with consumers, especially students, for their good quality and reasonable price.

In 2022, THIEN LONG launched the PAZTO product lines with many improvements in both quality and appearance in order to meet the new consumer taste of "Generation Z" (GenZ) students. This new line included the GEL-B015 smooth ink pens, HL-016 highlighter pens, E-010 erasers, and SR-010 rulers that were designed finely and in fresh, youthful pastel colors, making writing more convenient and interesting. With pastel highlighters, users had fewer eyestrains and stress whenever they had to read or write much. Pastel ink was safe and easy to clean if it got on the skin or clothes. The birth of the PAZTO

product lines marked Thien Long's renovation in terms of product images that were modern, youthful, and ready to change to continue to accompany the current generation of students on their journey of conquering knowledge. Along with the PAZTO product line targeting high school and university students, Thien Long also launched new TP-GEL038 & TP-GEL039 gel pens with European nibs, with the message "Slender Tip - Smooth Vivid Color Ink" aimed to boost the competitive edge of the group's pen product line for elementary and middle school students.

### PREMIUM PRODUCTS (BIZNER BRAND)

Along with its uninterrupted technical and technological research, Thien Long has affirmed its long-standing brand on the market by launching high-end products that require sophistication in design and workmanship in manufacturing, which is the philosophy of the BIZNER brand. BIZNER products target middle and senior managers, business people, or simply customers who love elegance and sophistication.



Over the past years, the group has continuously boosted its research and development to create more BIZNER gel pen products that are leading in quality and technology: BIZ-GEL23 and BIZ-GEL24 with advanced double-ball pen tip technology that help ink get out regularly and continuously. The ink is produced by water-and light-resistant technologies, making it suitable for signing and storing important documents. In particular, BIZ-16 products have luxurious designs and are made from high-quality materials with 22K gold-plated details, making them unique and high-ranking pens; Or BIZ-12 products that have become favorites of a majority of consumers not long after their debut thanks to their impressive appearance, high-value compositions and affordable prices, which make themselves as choices of those who want to buy them as gifts for teachers or business partners. The above products serve as proof of the development of pen manufacturing technology of the BIZNER brand in particular and Thien Long Group in general.



## PRODUCT HIGHLIGHTS (continued)

### OFFICE SUPPLIES (FLEXOFFICE BRAND)

Office supplies (FLEXOFFICE brand) include diverse stationery products that comprehensively serve the needs of office staff, such as file holders, clipboards, staplers, office scissors, printing paper, sticky notes, tapes, glues, and other office supplies. All products undergo rigorous research, development, and quality control to provide the best experience for consumers. In addition, FLEXOFFICE is also a key brand in Thien Long Group's international markets.



In 2022, the FLEXOFFICE brand also contributed new products in the PAZTO product line, namely Pastel FO-CB03 double clipboards and Pastel FO-DB007 display books, which helped the file storage and submission of documents for approval become more "colorful" and created more inspiration at work. In addition, the brand also covered convenient file folder products such as high-quality lever arch files FO-CB015 and FO-CB016, clear bags for name cards FO-CBF019 and FO-CBF020, envelope file holder FO-BT002, multi-purpose clear holders that made file storage more convenient and work efficiency higher.

### SCHOOL SUPPLIES

Thien Long' School Supplies includes quality, diverse, and safe school tools that effectively serve the learning of Vietnamese students.



Based on the characteristics of Vietnamese education and the advanced production technology, Thien Long's school supplies products serve all students at all levels and are suitable for any educational programs. These products include boards, rulers, compasses, pencils, erasers, glues, scissors, notebooks and others, as well as special products such as anti-glare pads, fountain pens for writing in bold and light lines, erasable gel pens, antibacterial erasers, etc. trusted by a lot of students and their parents.

In 2022, in the context of strong competitions in the market, many new and high-quality product lines have been launched to meet customers' increasing demands, including sketch books, dust-free chalks, and eco-friendly erasers, among others.



## PRODUCT HIGHLIGHTS (continued)

### ART SUPPLIES (COLOKIT BRAND)

Colokit is a brand specializing in Fine Art Tools of Thien Long, including a variety of products that is used in art activities, such as crayons, oil pastels, colored pencils, fiber pens, watercolors, acrylics, gouache colors, multi-functional crayons, others.



Colokit's fine art products are loved by parents, students, and young people thanks to their high quality, diverse designs, unique features, and safety according to European and US standards.

In 2022, the group launched a campaign entitled **"Color Multiverse"** that encouraged children to be creative and learn with the message "Drawing and having fun - Numerous places to explore" with new products with excellent features such as multi-functional crayons with 3 outstanding features: (1) being usable on various materials, (2) being clean easily, (3) being used as color wax or watercolors.

The **"Color Multiverse"** campaign was further promoted with more diverse product lines such as DIY products including wood coloring sets, plaster coloring sets, and canvas painting sets; canvas drawing pens; Washable fiber pens SWM-C008 with 20 bright trendy pastel colors, which can be used to write or paint on notebook paper or specialized drawing paper. With a specialized nib, SWM-C008 products are very useful for the current writing and decorating trends of young people.

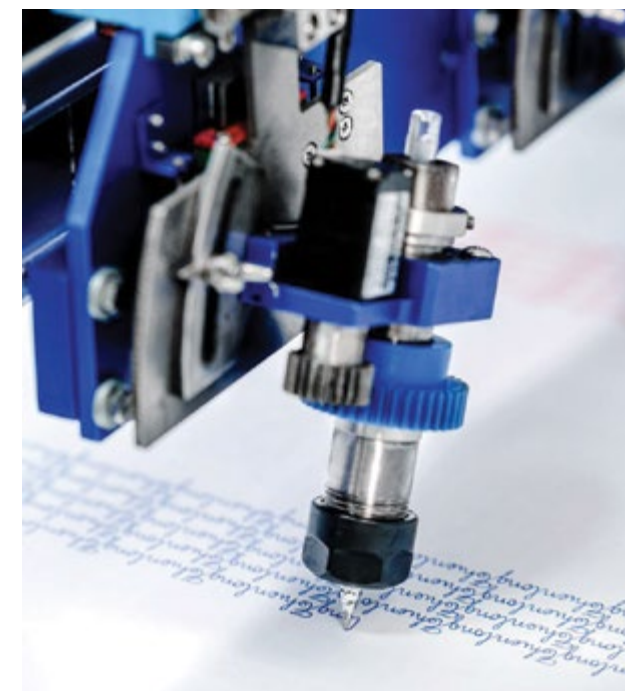
## 7 MANUFACTURING TECHNOLOGY

Thien Long focused on researching, self-designing, and manufacturing machinery and equipment for use in production. The group also promoted designing and manufacturing molds to replace imported ones in order to reduce product costs and improve production capacity and competitiveness.

Mold making was oriented to apply high technology for mold structures, optimized molds according to press capacity, and automatized injection molding in order to make semi-product production more efficient and with higher performance.

In addition, the research and manufacture of molds for the production of other types of semi-products, such as injecting multiple plastic components on the same semi-products, was also ongoing, in order to reduce the number of product components and diversify product models.

The group imported modern machinery and technologies from advanced countries, such as injection machines from Japan to optimize the SP manufacturing processes and enhance the quality of SPs. The arrangement and reorganization of factories and production stages towards modernization and automation are conducted across the group production to further boost production efficiency.



## 8 ACCELERATION OF AUTOMATION

In 2022, the group improved the structures and parameters of various molds to make the best use of the current machinery capacity.

### AUTOMATION RATE

# 81.38%



During the year, the group made many renovations to adapt to the market situation and increase the automation rates in its factories. The year saw many high-productivity automatic technology lines put into operation, along with hot runner molds and plastic multi-component molds. The group mastered precision mechanical technologies to continue manufacturing pen tips with Swiss and German machinery and equipment. It has invested in and applied energy-saving injection machines with high accuracy. The automation rate at South Thien Long was raised to 81.38% compared to 78.86% at the end of 2021. As a result, the Group's overall productivity has been increasingly improved.



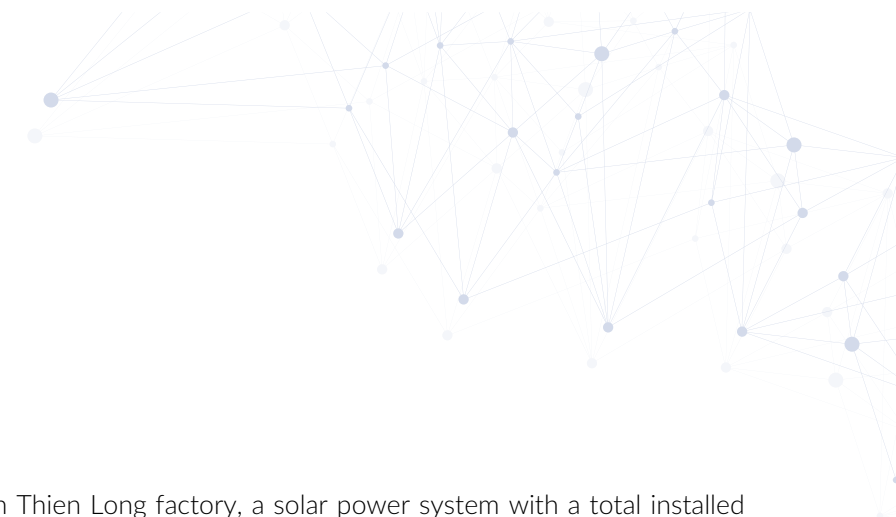
# 9 PURSUIT OF GREEN TECHNOLOGY

Since its establishment, Thien Long has considered the GREEN factor as one of the top criteria in its operation. Accordingly, the group has developed a standard wastewater treatment system that does not cause environmental pollution while saving energy and raw materials.



EMISSIONS TO THE ENVIRONMENT ARE DEDUCTED BY

**1,326** ton CO<sub>2</sub>/year



Solar power system  
product  
**1,548,146**  
kWh/year

At the South Thien Long factory, a solar power system with a total installed capacity of 198.4 kW has been put into use since February 2018. This system generates about 248,146 kWh per year (or 20,679 kWh per month on average). As a result, a total of 221 tons of CO<sub>2</sub> were prevented from emitting into the environment, contributing to protecting the environment and developing the green economy.

Thien Long Long Thanh Factory started to install a solar power system with a total installed capacity of 970.2 kWp in late 2022 and put it on a trial run in March 2023. This system generates about 1,300,000 kWh per year (or 105,000 kWh per month on average). As a result, a total of 1,105 tons of CO<sub>2</sub> were prevented from emitting into the environment, contributing to protecting the environment and developing the green economy.

Green technologies were also represented by products that are safe for users. Thien Long's products fully meet current safety standards in the world such as U.S. standards (ASTM D-4236, CPSIA, TPCH, AP Seal, FHSA, California Proposition 65, the acts of five states), European standards (CE marking, EN 71/1,2,3, EN 71/9, REACH and RoHS), and Vietnamese safety standards such as QCVN 03:2019/BKHCN.

Thien Long invested in manufacturing hot runner molds to reduce the amount of plastic scrap in production, while reusing scrap plastic in the injection of semi-products to contribute to environmental protection. The group also developed environmentally friendly materials and products to help consumers save costs by reusing products such as ballpoint/gel ballpoint/gel pen cartridges and pen ink cartridges in replacement for blackboard markers, ballpoint markers, etc.

The group used types of material that are environmentally friendly and safe for consumers, especially children, such as flour-based play dough with food colors. All products used for children meet the very strict safety standards of the U.S and Europe.

# 10 STRICT QUALITY CONTROL SYSTEM

In order to ensure product quality and safety, Thien Long applies a strict quality control system throughout its entire supply chain, including support for quality control at the factories; check of input materials; quality control at each stage of Thien Long's production; quality control of finished products; control of preservation and storage; and display of products at all warehouses of Thien Long and its distributors and at all outlets of all distribution channels.

In order to inspect and test products, Thien Long has a laboratory according to ISO/IEC 17025:2017 standard, equipped with specialized equipment such as German pen-testers, atomic absorption spectrometers, an electrical conductivity meter, aging machine, viscosity, pH, humidity, etc. Therefore, all test and inspection results are highly accurate and reliable.

Applying the quality management module "QM" on the SAP system to ensure that quality is always strictly controlled throughout the entire supply chain.

Currently, Thien Long has been certified under international standards and is operating its integrated management systems accordingly.



## INTEGRATED MANAGEMENT SYSTEM

Thien Long is effectively operating integrated management systems according to international standards, including:



Quality Management System - ISO 9001:2015



Environmental Management System - ISO 14001:2015



Social Responsibility Management System - SA 8000:2014



Occupational Health and Safety Management System - ISO 45001:2018



Medical Device Quality Management System - ISO 13485:2016



Laboratory Management System - ISO/IEC 17025:2017



ICTI certificate of social responsibility standards in the children's toy industry.

Effectively using the above-integrated management systems helps Thien Long's Board of Directors realize its strong commitment to maintaining and ensuring effective management and quality on every product delivered to consumers, and to protecting the health and safety of consumers as well as its employees.



# INFORMATION ABOUT SHARES AND THE PROCESS OF CHARTER CAPITAL INCREASE

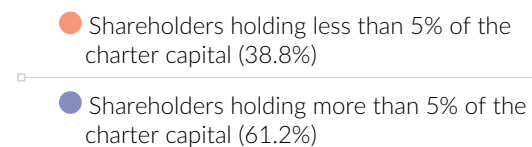
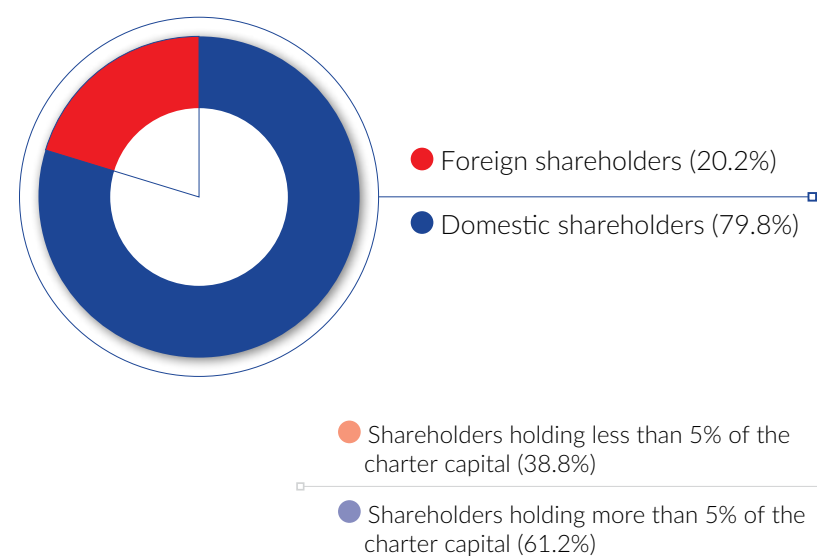
## SHARES

Total outstanding shares: **77,794,453** shares, of which:

» Number of freely transferable shares: **77,794,453**

» Number of shares with transfer restrictions: **0**

Type of outstanding shares: common shares



## SHAREHOLDER STRUCTURE

(On December 30, 2022)

Shareholder	Number of shareholders	Number of shares held	Ratio
<b>Domestic shareholders</b>	<b>2,307</b>	<b>62,097,819</b>	<b>79.8%</b>
Individual	2,265	19,736,976	25.4%
Organization	42	42,360,843	54.4%
<b>Foreign shareholders</b>	<b>113</b>	<b>15,696,634</b>	<b>20.2%</b>
Individual	70	650,551	0.8%
Organization	43	15,046,083	19.4%
<b>Total</b>	<b>2,420</b>	<b>77,794,453</b>	<b>100.0%</b>

## LIST OF SHAREHOLDERS HOLDING MORE THAN 5% OF THE CHARTER CAPITAL

(On December 30, 2022)

No.	Shareholder	Number of shares	Ratio
1	Thien Long An Thinh Investment Corporation (Ownership representative: Mr. Co Gia Tho)	37,350,952	48.0%
2	NWL Cayman Holdings Ltd.	5,500,000	7.1%
3	Mr. Co Gia Tho	4,744,605	6.1%
<b>Total</b>		<b>47,595,557</b>	<b>61.2%</b>

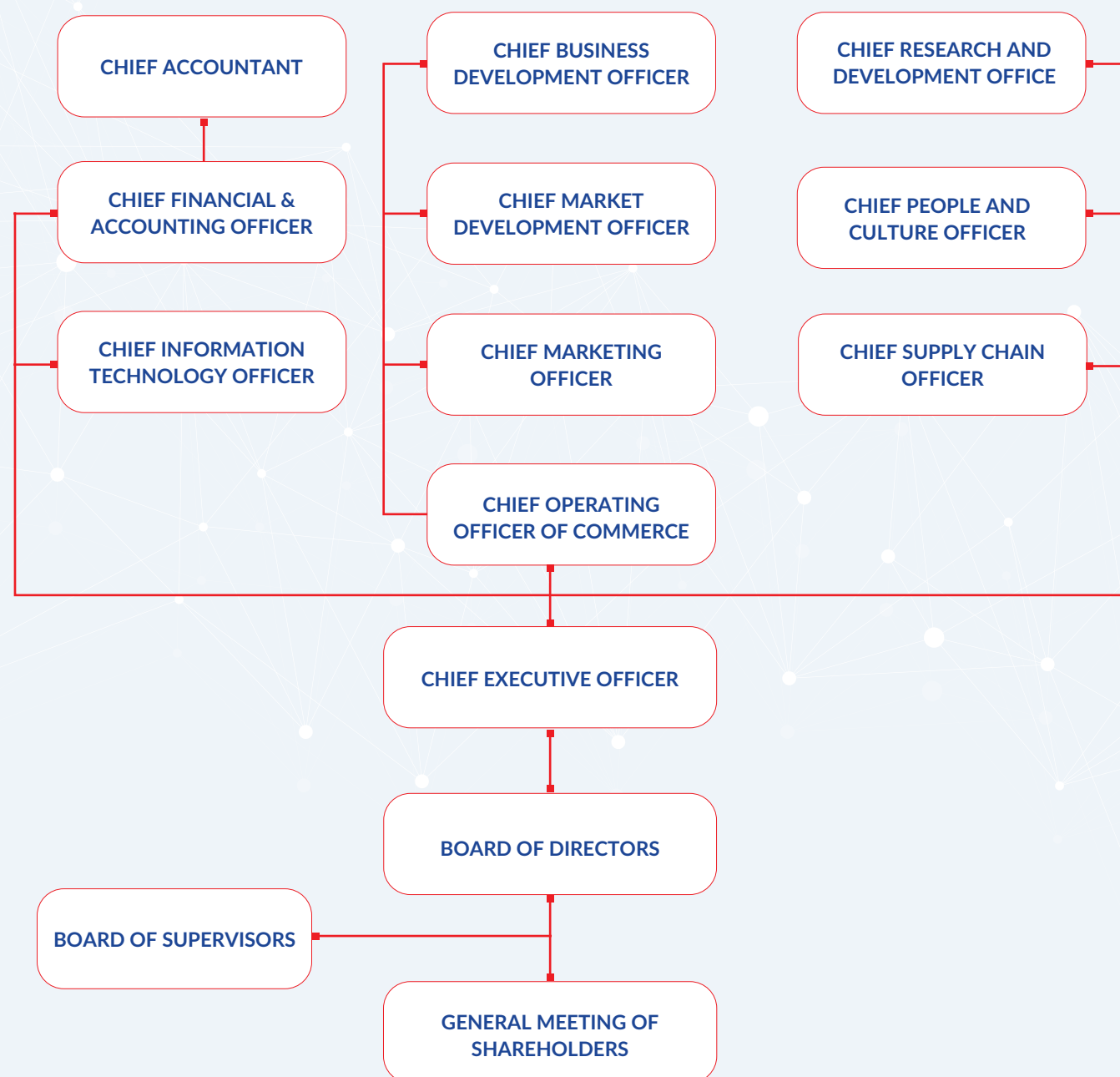
## CHARTER CAPITAL INCREASING PROCESS

Unit: VND Billion

Year	Initial charter capital	Increase of charter capital	Accumulated charter capital	Form of capital increase
2019	707	71	778	Issuance of shares to pay dividends and issue of shares to increase the share capital from equity
2019	657	50	707	Private placement of shares
2018	506	152	657	Issuing shares to increase the share capital from owner's equity
2017	383	123	506	Issuing shares to increase the share capital from owners' equity and issuing ESOP shares to employees
2016	295	88	383	Issuing shares to increase the share capital from owner's equity
2015	268	27	295	Issuing shares to increase the share capital from owner's equity
2014	233	35	268	Issue shares to pay dividends
2013	212	21	233	Issue shares to pay dividends
2012	177	35	212	Issue shares to pay dividends and issue shares to increase the share capital from owner's equity
2010	155	22	177	Initial public offering
2008	120	35	155	Initial public offering by auction as a public company
2006	100	20	120	Additional capital contribution by existing shareholders, at a capital contribution rate of 20%

## TRANSACTION OF TREASURY STOCKS: No

# 12 CORPORATE GOVERNANCE STRUCTURE





## BOARD OF DIRECTORS AND BOARD OF SUPERVISORS

Mr. **CO GIA THO**  
Chairman of the BoD

He founded Thien Long in 1981 and has been with Thien Long since its inception. With a focus on trade, he has developed Thien Long from a family-owned manufacturing facility to the leading stationery group in Vietnam and the region.

He is also currently holding the position of Chairman of the BoD cum General Director of Thien Long An Thinh Investment Corporation, which owns 48.01% of the share capital of Thien Long Group.



Ms. **TRAN THAI NHU**  
Member of the BoD

She has been a member of Thien Long's BoD since 2008. She used to hold the position of Assistant to the CEO of Thien Long Group, General Director of Thien Long Long Thanh JSC, and Advisor to the Board of Management of Thien Long Group JSC. She is also a member of the BOD of Thien Long An Thinh Investment Corporation.



Ms. **CO NGAN BINH**  
Member of the BoD

She has been a member of Thien Long's BoD since 2008. She has worked at the Corporation for more than 35 years and has held different positions at Thien Long since its inception. She spent 10 years as the Production Manager of Thien Long Ballpoint Pen Facility before being promoted to Assistant Director, Head of the Quality Assurance Department, Assistant to the CEO, and Head of the Basic Construction Department of Thien Long. Currently, she is also a member of the BoD of Thien Long An Thinh Investment Corporation.



Ms. **CO CAM NGUYET**  
Member of the BoD

She has held the position of Member of Thien Long's BoD since 2008. She joined Thien Long in 1993. She was in charge of the group's investment and relations with investors for many years. She is also a member of the BoD of Thien Long An Thinh Investment Corporation.



Mr. **PHAM NGUYEN TRI**  
Independent member of the BoD

Mr. Nguyen Tri has joined Thien Long's BoD since 2020. He is currently the Chairman of Vnexus Capital Advisors (VNCA). Before that, he held senior positions at Bitexco Group, Deutsche Bank (DB) AG, Vietnam, and World Bank Group, IFC.



Mr. **TAYFUN UNER**  
Independent member of the BoD

Mr. Tayfun has joined Thien Long's BoD since 2019. He currently holds senior management positions at Newell Brands Group and its subsidiaries. He previously had many years of experience working at multinational corporations such as Procter & Gamble, McKinsey, and Company, Carlsberg, and others.



Mr. **NGUYEN DINH TAM**  
Member of the BoD cum Chief Research  
and Development officer

He has been a member of the BoD since July 2021. He has worked at the Group since 1994 and held different positions at Thien Long: Deputy Technical Director; R&D Director; Chief Production officer; Standing Chief Operating officer cum Chief Production officer and CEO of Thien Long Group from May 2017 to May 2021. He has extensive industry experience and profoundly masters the Group's key manufacturing engineering areas.

## BOARD OF DIRECTORS AND BOARD OF SUPERVISORS (continued)

Ms. **NGUYEN THI BICH NGA**  
Head of BoS

She has worked at Thien Long since 1992, in charge of several positions in the Accounting Department. From 2010 to the present, she has been the Head of the BoS of the Company. Before that, she was a member of the BoS. She currently holds the position of Chief Accountant of Thien Long An Thinh Investment Corporation.



## 14 BOARD OF MANAGEMENT

(Updated to 01/04/2023)

Ms. **TRAN PHUONG NGA**  
Chief Executive Officer (CEO)

She has joined Thien Long since 2012 and has been appointed CEO since June 2021. She has extensive experience in the fields of accounting, banking, financial consulting, and investment fund management.

She once held many important positions such as Chief Financial & Accounting Officer; Chief Operating officer of Business



Ms. **TA HONG DIEP**  
Member of BoS

She has joined the BoS since 2017. Before that, she worked at the Investment Banking Department of HSBC Vietnam, and at the Institutional Customer Department of VN-Direct Securities JSC.



Ms. **VU THI THANH NGÀ**  
Member of BoS

She has joined the BoS since 2022. Before that, she worked at Saigon Commercial Joint Stock Bank, FPT Securities JSC, Finance and Accounting Department of Thien Long Group. She is currently Deputy Director of Corporate Finance at FPT Securities JSC.



Mr. **BUI VAN HUONG**  
Chief Supply Chain Officer

He joined Thien Long in 2007 as Chief Total Quality Management Officer. Since September 2008, he was Chief Compliance and Total Quality Management Officer and, at the same time, Chief Human Resources Officer. From September 2021, he was Chief Compliance and Total Quality Management Officer. In April 2023, he was appointed Chief Supply Chain Officer.

He once held managerial positions in multinational corporations in Vietnam for many years, including Production Manager at Escatec Electronics Co., Ltd. (Vietnam), Quality Director at Nitto Denko Vietnam Co., Ltd., etc.



## BOARD OF MANAGEMENT (continued)

### Mr. **TRAN TRUNG HIEP**

Chief Market Development Officer

He joined Thien Long in 1994 and was Director of Thien Long Global Trading and Service Company Ltd. in 2020. In 2022, he was appointed Chief Business Development officer. From April 2023, he became Chief Market Development Officer

He had many years of experience in the field of business expansion, and once held such positions as Chief International Business Development Officer, Director of Domestic Sales, and Head of Thien Long's China Representative Office



### Ms. **DAO THI THANH BINH**

Chief People & Culture Officer

She joined Thien Long in July 2021 and currently holds the position of Chief People & Culture Officer.

She had more than 18 years of experience in the field of human resources at multinational companies. She once was Human Resources Director at Lavifood; Human Resources Director of Medical Devices at Abbott; Head of the Senior Human Resources Business Partner Department at Saint-Gobain Vietnam and Suntory PepsiCo Vietnam.



### Mr. **NGUYEN DUC HANH**

Chief Information Technology Officer

He joined Thien Long in 2011 and was appointed Chief Information Technology Officer in March 2021.

He held the post of Director of Information Technology in January 2017. Before joining Thien Long, he used to hold information technology management positions at KPMG Vietnam, Dong Tam Group, and Biti's.



### Ms. **VO THI HAI HA**

Chief Financial & Accounting Officer

She joined Thien Long in September 2021 and currently holds the position of Chief Financial & Accounting Officer

She had more than 28 years of experience in the field of finance and accounting at multinational companies. Previously, she held various managerial positions including Chief Financial Officer, Director of Business Planning, etc. at multinational companies such as Suntory PepsiCo Vietnam, Premier Oil, Friesland Campina Vietnam, and others.



### Ms. **LE THI BICH NGOC**

Chief Business Development Officer

She joined Thien Long and was appointed Chief Market Development Officer in December 2021. From April 2023, she became Chief Business Development Officer

She had over 23 years of experience in business administration at multinational companies. She once held various managerial positions related to business administration at many leading FMCG companies in Vietnam such as Suntory PepsiCo, NutiFood, etc.



### Mr. **NGUYEN NGOC NHON**

Chief accountant

He joined Thien Long Group in April 2017. With more than 20 years of experience in the field of finance and accounting, he currently holds the position of Chief Accountant.



## 15

## SHARE OWNERSHIP RATIO

(Updated to 30/12/2022)

No.	Full name	Position	Share ownership ratio
1	Co Gia Tho	Chairman of BoD	6.10%
2	Tran Thai Nhu	Member of BoD	1.34%
3	Co Ngan Binh	Member of BoD	1.17%
4	Co Cam Nguyet	Member of BoD	0.79%
5	Tayfun Uner	Member of BoD	0.00%
6	Pham Nguyen Tri	Member of BoD	0.03%
7	Nguyen Dinh Tam	Member of BoD	0.61%
8	Tran Phuong Nga	Chief Executive Officer (CEO)	0.17%
9	Tran Trung Hiep	Member of BoM	0.11%
10	Bui Van Huong	Member of BoM	0.08%
11	Nguyen Duc Hanh	Member of BoM	0.02%
12	Vo Thi Hai Ha	Member of BoM	0.00%
13	Dao Thi Thanh Binh	Member of BoM	0.00%
14	Le Thi Bich Ngoc	Member of BoM	0.00%
15	Nguyen Thi Bich Nga	Head of BoS	0.10%
16	Ta Hong Diep	Member of BoS	0.01%
17	Vu Thi Thanh Nga	Member of BoS	0.01%
18	Nguyen Ngoc Nhon	Chief Accountant	0.02%

## 16

## CHANGES IN THE BOARD OF MANAGEMENT

- In 2022, the Board of Management had no change.
- On April 1, 2023, BoD Resolution No. 02/2023 approved the resignation of Mr. Lam Van Hai as Chief Operating Officer of Commerce and the same of Mr. Ly Nguyen Khuong as Chief Marketing Officer.







READ FOR KNOWLEDGE  
**WRITE TO SHARE**  
DRAW THE SOUL  
LISTEN WITH COMPASSION  
SEE FOR ENLIGHTENMENT

## PART VII CORPORATE GOVERNANCE REPORT

# 1 REPORT OF THE BOARD OF DIRECTORS ABOUT THIEN LONG'S OPERATIONS IN 2022

## ACTIVITIES OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS (AGM)

In 2022, Thien Long held the AGM for the fiscal year 2021 on April 26, 2022.

Thien Long has fully complied with current legal regulations on announcements, invitations, attendance rights, voting rights, etc. in order to ensure maximum benefits for the group's shareholders.

## BOD'S ACTIVITIES IN 2022

The BoD always played the role of orientation, direction, management, and supervision of the Company's activities in accordance with the AGM's Resolutions, the Charter, the Corporate Governance regulations, and applicable laws.

In 2022, the BoD held 08 meetings to implement the resolutions of the AGM and to exercise other rights of the BoD with an aim to approve important policies in the group's development orientation.

The approval of the resolutions of the BoD was always consistent with the group's visions and business strategies in each period. The Resolutions/Decisions that were issued are as follows:

No.	Resolution/Decision No	Date	Content
1	01/2022/NQ-HĐQT	March 1, 2022	Convening the AGM for the fiscal year 2021
2	02/2022/NQ-HĐQT	March 28, 2022	Personnel structure for executive positions of Thien Long Group
3	03/2022/NQ-HĐQT	May 5, 2022	Approving the election of the Chairman of the BoD, the selection of an auditing company and the closing date for the list of shareholders for purpose of advance payment of dividend
4	04/2022/NQ-HĐQT	May 30, 2022	Approving the merger of subsidiaries with 100% charter capital owned by Thien Long Group
5	05/2022/NQ-HĐQT	August 19, 2022	Approving the increase of the capital contribution at South Thien Long Manufacturing Trading Co., Ltd
6	06/2022/NQ-HĐQT	October 6, 2022	Approving the capital contribution to establish Pega Holdings JSC
7	07/2022/NQ-HĐQT	December 13, 2022	Approving the closing date for the list of shareholders to pay dividends for the second time in 2022 in cash
8	08/2022/NQ-HĐQT	December 28, 2022	Approving the adjustment of overseas investment activities relating to the FlexOffice Pte Ltd project

## ACTIVITIES OF INDEPENDENT MEMBERS OF BOD

In 2022, the independent member of the BoD always considered transparency and objectivity in the work as the motto of operation, contributing to limiting, preventing, and controlling risks in all activities of Thien Long Group. In addition, the independent members also played a significant part in improving the effectiveness of the BoD's decisions by providing critical thinking about the orientations and business plans. They also provided the group with profound strategic advice, while closely monitoring the activities of the BoD and the BoM.



## ASSESSMENT OF THE GROUP'S OPERATIONS IN 2022

After the outbreak of the Covid-19 pandemic in 2021, 2022 was also a year when countries around the world had to face many great challenges affecting the global economy, including the military conflict between Russia and Ukraine and the record high inflation in many decades. However, with a strong determination to recover the economy under the timely direction and policy changes of the Government, Vietnam successfully made an economic recovery with a GDP growth of 8.02 percent in 2022, much higher than the 2.58 percent growth in 2021.

Despite experiencing the year of 2022 full of fluctuations and unpredictable challenges, the group has achieved the following results thanks to the direction of the BoD, the determination of the BoM, and, above all else, the consensus of all employees:

### CONSOLIDATED NET REVENUE

**VND3,521 billion**

equal to **108%** of the year's plan approved by the AGM

### CONSOLIDATED PROFIT AFTER TAX

**VND401 billion**

equal to **143%** of the year's plan approved by the AGM



# REPORT OF THE BOARD OF DIRECTORS ABOUT THIEN LONG'S OPERATIONS IN 2022 (continued)

## SUPERVISION OF THE BOM'S OPERATION

Along with the Government's determination to restore the national economy, the BoM as well as all units of Thien Long Group have always tried their best to implement production and business plans and expand investment activities. These efforts were recognized and highly appreciated by the BoD throughout 2022.

The BOM has always shown a pioneering role, proactively grasped the situation, and clearly identified opportunities and challenges in the volatile context of the domestic and international economy and politics. The BoM thereby initiated appropriate and effective solutions that kept Thien Long Group's production and business activities stable and expanded. In the face of many difficulties and challenges, the BoM has operated all activities of the Company towards the set goals and applied many flexible solutions to timely respond to market difficulties with a motto to determine to meet all the business targets of the group.

In addition, the BoM has also strictly complied with the provisions of the Charter and Corporate Governance regulations, internal management regulations, and applicable laws. The Board has implemented most of the tasks in accordance with the spirit of the Resolution of the AGM and the Resolution of the BoD, based on the annual review and follow-up of the Company's development strategy. The BoM has also set forth a new development orientation to flexibly adapt to the changes in the market.

## REMUNERATION AND REWARDS FOR THE BOD, BOS AND BOM

Thien Long always upholds compliance with laws in all its activities and operations, so the policy on remuneration, salary, and bonus for the BoD, BoS, and BoM is always implemented in accordance with relevant laws and regulations. In addition, such remuneration, salary, and bonus must also be in harmony with the group's salary policy and annual wage fund, ensuring they conform to the responsibilities and actual performance of each individual.

Allowances for the Board of Directors, salary, and bonus for the General Directors in 2022 are about VND 13 billion and are presented in Note 38 of the audited Consolidated Financial Statements for 2022.

## RELATIONSHIP WITH INVESTORS AND OBLIGATIONS TO SHAREHOLDERS

Thien Long Group is a public company, so it must always be transparent and comply with the obligation to disclose information not only in order to comply with the law, but also to ensure fairness and equality and protect the best interests of the investors and shareholders.

THE FINAL DIVIDEND PAYMENT OF **5%** FOR 2021  
AND AN ADVANCE PAYMENT OF **15%** FOR 2022

## FOCUS OF DEVELOPMENT

In order to realize the strategic goals for the period 2023-2027, Thien Long will focus on the following key tasks:



In 2023, the BoD plans to submit the following business plan targets to the AGM for approval:

NET REVENUE OF

VND **4,000** Billion

PROFIT AFTER TAX OF

VND **400** Billion

DIVIDEND RATE OF

**35%** per par value

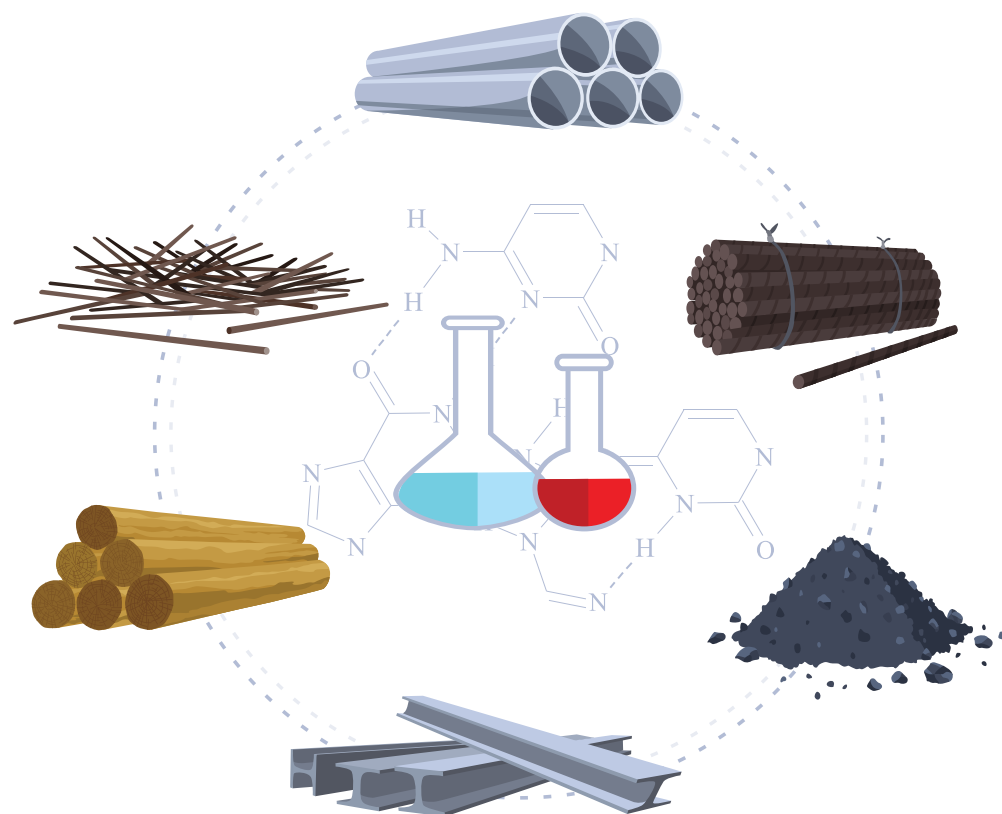
## 2 RISK MANAGEMENT

### MATERIAL PRICE RISK

With its main products being writing pens, Thien Long mainly imports materials such as pen tips, plastic beads, ink, inner tubes, springs, chemicals, etc. The total value of raw materials accounts for about 70% of production cost, in which plastic beads are the main raw material, accounting for nearly 25% of the value of all raw materials. In 2022, the price of raw materials in general and plastic beads, in particular, fluctuated strongly, affecting the Group's production cost.

#### Risk Mitigation Solutions

The company always fully updates information on raw material prices (plastics, chemicals, packaging, etc.), maintains relationships with large traditional suppliers, compares prices offered by different suppliers, and negotiates to buy raw materials in suitable volumes and at reasonable prices. In addition, the Group makes different scenarios for purchasing, importing, and storing raw materials in accordance with its production and business plans. At the same time, the Group boosts its self-production of raw materials to meet production needs, reducing dependence on the market, especially the world market.



### FOREIGN EXCHANGE RISK

As an enterprise that regularly imports key materials, especially plastic beads, machinery, and equipment, Thien Long is significantly affected by exchange rate fluctuations, especially the VND/USD and VND/JPY exchange rates. Facing unpredictable exchange rate fluctuations in the context of the high inflation and global economic recession risk, countries are constantly introducing new monetary policies, making the forecast of exchange rate fluctuations more difficult and affecting the Company's business results.

#### Risk Mitigation Solutions

The Group has closely followed exchange rate fluctuations, made detailed calculations about payment terms for import contracts, and planned short-term and long-term cash flows to maintain the foreign currency balance. At the same time, the Group has promoted the self-manufacturing of machinery, equipment, molds, and raw materials to gradually reduce imports.





## RISK MANAGEMENT (continued)

### INVESTMENT RISK

Investment always goes along with the Group's business development process. Risks arising from ineffective investments will affect the Group's capital and business results.

#### Risk Mitigation Solutions

The Group has strictly appraised and managed investment activities right from the start to assess their feasibility assessment in order to limit risks that may affect the Company's business results as well as assets. In addition, large projects have been comprehensively analyzed based on market demand, competition, business efficiency, etc. in order to identify the risks involved as well as the impact level of each affecting factor.



### COMPETITION RISK

The speed of globalization, the competitive pressure in many countries around the world, and the tendency to find markets with strong purchasing power and high growth potential have made Vietnam an attractive destination for many large corporations in the world. The Vietnamese stationery market is no exception, which creates competitive risks for Thien Long in both short and long term.

#### Risk Mitigation Solutions

The Group has improved operational efficiency, consolidated its leadership structure and management system, and continued developing consistent policies to attract, retain and develop talents. At the same time, the Group has increased investment in business and marketing activities to bring the Thien Long brand and Bizner, TL, FlexOffice, and Colokit brands/trademarks to new heights. The Group has applied new technologies and digital transformation to improve production capacity and create more products with distinctive, beautiful designs and outstanding quality. In addition, the Group has developed product lines and categories to meet new consumption trends. It has also boosted cooperation in many fields to maintain high and sustainable growth in the long term.



## RISK MANAGEMENT (continued)

### PRODUCTION SAFETY & PRODUCT QUALITY RISK

With the continuous development of automation in the manufacturing industry, ensuring safety and efficiency during the operation of machinery and equipment is an indispensable requirement for any business or factory. As Thien Long is a direct manufacturer, safety risks may occur to the Group and affect its workers, product quality, and competitiveness.

#### Risk Mitigation Solutions

The company always checks, maintains, and overhauls its machinery and equipment every year as it is well aware of the importance of ensuring product safety and product quality. Inspections are maintained regularly, combined with the dissemination, propaganda, and practice of safety technical measures. Workers are equipped with personal protective equipment and the fire prevention and fighting team always have proactive plans to deal with bad situations, if any. The group has built a strict product quality control process at all stages from purchasing, production, and packaging to circulation, and has also effectively applied the Integrated Management System (Safety - Quality - Environment), which has continuously improved, according to international standards.



### LEGAL RISK

As an enterprise operating in Vietnam, Thien Long Group is directly governed by Vietnamese laws including those on enterprises, securities, tax, etc. Therefore, when such laws are amended, they will directly affect the Company's operations as well as its law compliance.

#### Risk Mitigation Solutions

In order to limit legal risks, the Group regularly reviews and makes necessary changes to its regulations in conformity with amendments to applicable laws. The Group sends staff to attend courses on law modifications when necessary and organizes training for employees about such law amendments.



### OTHER RISKS

In addition to the aforementioned risks, a number of other risks also may occur in force majeure events such as epidemics, natural disasters, floods, fires, explosions, etc. These risks are very rare and difficult to predict, but once any of them happens, it will have a great impact on the Company in terms of both life and property.

#### Risk Mitigation Solutions

In order to minimize possible impacts from potential risks, Thien Long Group always actively copes with them by buying insurance for employees and the Company's assets.



# 3 ACTIVITIES OF THE BOARD OF SUPERVISORS IN 2022



Ms. NGUYEN THI BICH NGA  
Head of BoS

- » Appointment Date: **April 26, 2022**
- » Number of attendances of the BoS's meetings: **5/5**
- » Meeting attendance rate: **100%**



Ms. TA HONG DIEP  
Member of BoS

- » Appointment Date: **April 26, 2022**
- » Number of attendances of the BoS's meetings: **5/5**
- » Meeting attendance rate: **100%**



Ms. VU THI THANH NGA  
Member of BoS

- » Appointment Date: **April 26, 2022**
- » Number of attendances of the BoS's meetings: **3/3**
- » Meeting attendance rate: **100%**

In the fiscal year 2022, the BoS held five (05) periodical meetings to exchange information, approve the action plans and summarize the results of work performance. The main contents of these meetings are as follows:

- » Inspecting and supervising the implementation of the business plan in 2022, the observance of the Resolution of the AGM, relevant law regulations and the Company's Charter;
- » Checking the reasonableness, legitimacy, honesty, and level of caution in management and control of business and investment activities during the year; and
- » Appraising quarterly and annual financial statements.

## RESULTS OF SUPERVISION OF BUSINESS OPERATIONS AND FINANCIAL ACTIVITIES IN 2022

The BoS recognized the data in the 2022 financial statements audited by PwC (Vietnam) Co., Ltd., which gives a true and fair view of the Group's financial position and its compliance with current law regulations.

### CONSOLIDATED NET REVENUE REACHED

**VND 3,521 Billion**  
completed **108%** of the plan

### PROFIT AFTER TAX REACHED

**VND 401 Billion**  
completed **143%** of the plan

To set aside 10% of the Bonus and Welfare Fund and 12% of the Development Investment Fund in 2021 following the Resolution of the General Meeting of Shareholders approved

Completing the payment of 5% of the final dividend of 2021 and an advance of 15% for 2022.



## ACTIVITIES OF THE BOARD OF SUPERVISORS IN 2022 (continued)

### RESULTS OF SUPERVISION OF ACTIVITIES OF THE BOD, BOM

The members of the Group's BoD and the BoM always comply with and properly perform their functions and duties in accordance with law regulations, the Company's Charter, and the contents of the Resolutions approved by the AGM.

In 2022, the BoD adopted appropriate and timely guidelines, management models, and solutions to direct and support the BoM in the implementation of business and investment strategies and plans, in order to maintain the Group's sustainable development and ensure the interests of its shareholders.

The BoM and its functional divisions tried to innovate business operations, implemented comprehensive digitization in management, improved professionalism in management, over-fulfilled the Group's business targets set by the AGM for 2022, and brought the Group to a new height of sustainable development.



### COORDINATION BETWEEN BOS AND BOD, BOM AND OTHER EXECUTIVES

The BoS has attended all meetings with the BoD and the Executive Board, and regularly discussed with the BoD and other managers about the Group's operations.

The BoD, Executive Board, and functional departments always cooperate and create favorable conditions for the BoS to perform its duties. All necessary documents and reports are timely provided to the BoS.

## 4 TRANSACTIONS OF SHARES BY INSIDERS AND RELATED PERSONS

No.	Transaction maker	Transaction with insiders	Share ownership in the beginning of period		Share ownership in the end of period		Reason for increase/decrease (purchase, sale, conversion, reward, etc....)
			Number of shares	Ratio	Number of shares	Ratio	
1	Co Cam Nguyet	Member of BoD	604,473	0.78%	614,173	0.79%	Purchase
2	Tran To Du	Sister of BoD member Nguyen Dinh Tam	-	0.00%	241	0.00%	Purchase
3	Tran Phuong Nga	CEO	128,588	0.17%	129,888	0.17%	Purchase
4	Lam Van Hai	Member of BoM	-	0.00%	4,400	0.04%	Purchase
5	Tran Trung Hiep	Member of BoM	84,648	0.11%	87,100	0.11%	Purchase
6	Bui Van Huong	Member of BoM	53,863	0.07%	65,863	0.08%	Purchase
7	Vo Thi Hai Ha	Member of BoM	-	0.00%	2,000	0.00%	Purchase
8	Ta Hong Diep	Member of BoS	6,974	0.01%	6,500	0.01%	Sale
9	Pham Thi Thu Huong	Mother of member of BoS Ta Hong Diep	-	0.00%	100	0.00%	Purchase
10	Nguyen Ngoc Nhon	Chief accountant	18,064	0.02%	18,564	0.02%	Purchase

(The list is closed on 30/12/2022)



READ FOR KNOWLEDGE  
WRITE TO SHARE  
**DRAW THE SOUL**  
LISTEN WITH COMPASSION  
SEE FOR ENLIGHTENMENT



## PART VIII REPORT OF BOARD OF MANAGEMENT



# 1 PRODUCTION AND SUPPLY CHAIN

Thien Long ensured enough key materials (pen tips, ink) for internal production needs.

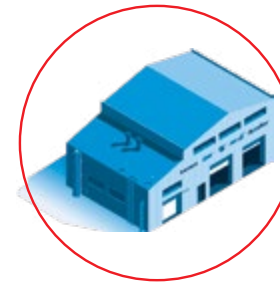


Thien Long ensured enough key materials (pen tips, ink) for internal production needs. The group manufactured and automatized machinery and equipment to meet 90 percent of the group's demand for machinery and equipment while designing and manufacturing machinery and equipment for its customers. The automation rate of Thien Long in 2022 was 81.38%, an increase of 14.5% compared to 2015. A unique point of Thien Long is that the group has not only focused on productivity but also improved the production process in order to create products that are beautiful, high quality, and affordable.

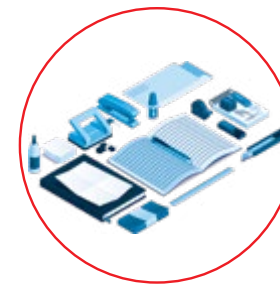


Thien Long built a complete supply chain and supported warehouse operation and management, and transportation to ensure that goods were delivered to customers/distributors/consumers as quickly and cost-effectively as possible. In Q4 of 2022, the group completed the construction of the Central Warehouse and put it into operation by using a comprehensive Warehouse Management (WHM) system application, thereby optimizing administration capacity, reducing operating costs, and increasing concentration in the distribution of goods.

The group's operating efficiency was improved in all fronts: In 2022, Thien Long implemented a series of improvements to improve productivity, reduce costs, increase time efficiency, and most importantly, enhance product quality and ensure sufficient raw materials sources.



Thien Long effectively boosted productivity not only in production but also in all other fields including R&D, purchasing, logistics, sales, etc., thereby increasing the Group's profit. In addition, Thien Long reviewed the product portfolios, cut low-efficiency product lines, focus on new value-added product lines, and improved existing product quality in a modern and youthful trend with the aim of repositioning the Thien Long brand.



At the same time, investment and research activities for self-reliance and replacement of the supply of scarce materials were promoted to overcome the consequences of the disruption of the global supply chain that affected the supply of raw materials. The Group continued to strongly produce pen tips and ink and manufacture molds, machinery, and equipment in 2022. The activities to improve manufacturing processes, enhance product quality, cut down production costs, and reduce inventory were maintained as in previous years.



The group developed a set of operational targets for its factories to timely monitor their operating efficiency, provide solutions to improve work performance, minimize waste and losses, lower production costs, and enhance the Group's profit.

## ORIENTATION IN 2023

To continue to strongly implement the strategy of "Increasing efficiency, reducing costs", build outsourcing services to optimize production activities, enhance flexibility, and quickly supply goods when there is a need to suddenly increase output and reduce the pressure of investment in factories in a short time;

To improve and increase operational efficiency, while reducing costs and boosting productivity;

To build an elite team, especially the direct workforce to improve the ability to meet multi-purpose tasks;

To strengthen the digitization of production data, real-time updates, and transmission to the production;

To maximize the use of recycled plastic, use renewable energy and save materials and energy.



## 2 DOMESTIC BUSINESS

The year 2022 saw a strong recovery from the Covid-19 pandemic in Vietnam with the “new normal” state being established. Thien Long’s domestic business segment also achieved many important milestones in its 40-year development, helping the Group earn a revenue record of VND2,869 billion, an increase of 28% compared to 2021. In addition, the business team’s capabilities were improved increasingly

- » The restructuring of the domestic business segment, with the four main trading channels: general channel (GT), modern channel (MT), Business-to-business (B2B), and E-commerce channel (EC), has brought high efficiency through close coordination to optimize resources and improve the customer service quality.
- » In order to support and promote its trading operations in 2022, Thien Long focused its efforts on three key fields:

01



Strengthening its brand activities, improving the efficiency of its commercial and marketing activities, and increasing its sales teams’ capability. Accordingly, the Group always strived to find new solutions, including effectively applying digitalization in administration.

02



Thien Long’s key stores program was widely deployed across the country with an aim to build a professional image for the Group and provide customers with an excellent experience when using Thien Long’s extensive product portfolio. By the end of 2022, **Thien Long completely built 57 key stores and 577 key sales points, and the revenue of these outlets increased by 10% on average compared to the previous time when they had yet to be invested.**

03



Training courses were held continuously as a testament to our commitment to improving our customer service quality.



- » With the explosive trend of e-commerce in Vietnam in recent years, this business channel of Thien Long brought impressive results by **doubling its revenue from nearly 200,000 purchase orders in 2022**. E-commerce has gradually become a strategic channel for the corporation when providing consumers with attractive sales promotion programs that were carried out quickly and conveniently.
- » Clever Box was a new component of the domestic business segment in 2022, marking the milestone of Thien Long entering the retail industry with a chain of stores located in busy shopping locations in Ho Chi Minh City. Clever Box was positioned as a companion with consumers through stationery products, smart toys, and gifts. The chain of stores, with a strong growth potential in the coming years, is promised to provide customers with breakthrough and impressive experiences.
- » Despite negative fluctuations in the global supply chain, Thien Long, with its sound judgments and strong decisions from the management, invested in expanding its factory by 10,000 m<sup>2</sup> and opened a 14,000 m<sup>2</sup> distribution center to its supply of goods to the market, avoiding interruption even during peak seasons.

### ORIENTATION FOR 2023

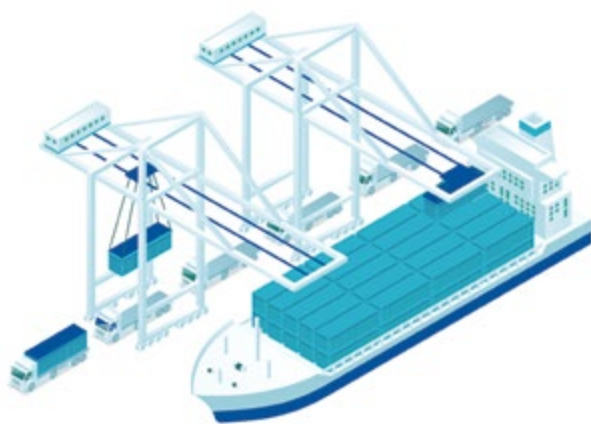
In 2023, the domestic business section in particular, and the Thien Long Group, in general, will promote the application of digital transformation for its distribution channels, business operations, and work administration. The E-commerce channel served as a strategic spearhead for the Group to expand its domestic market shares and promote its new products in 2022.



## 3 MARKET DEVELOPMENT

In 2022, Thien Long's net export revenue reached VND832 billion, up 46% compared to 2021. Thien Long continued to affirm its position as one of the leading stationery groups in Asia.

After two years of being affected by the Covid-19 pandemic, Thien Long 2022 was successful in promoting the export of Thien Long's own branded products – FlexOffice and Colokit – to its traditional markets in Southeast Asia, especially the five key markets in ASEAN, **including the Philippines, Myanmar, Cambodia, Indonesia, and Malaysia, attaining the growth rates of 67%, 1,543%, 78%, 127%, and 690%, respectively.**



The Philippines became the export market from which Thien Long earned the largest revenue in 2022, during which the Group maintained and promoted its marketing activities and developed distribution and sales channels systematically in this country. Thien Long also successfully organized a factory tour program intended for its loyal customers coming from the Philippines. The program was successful beyond expectations, creating a great resonance in the Philippines and thereby tightening the relationship between Thien Long and its Philippine distributor and customers.

In the fourth quarter of 2022, FlexOffice Singapore, a member company wholly owned by Thien Long Group, decided to make a capital contribution to establish a joint venture in Malaysia, named ICCO based in Kuala Lumpur, Malaysia, with an aim to further boost its business development.

Thien Long not only strongly developed traditional markets but also expanded its global distribution network to serve its new customers in the Middle East and Africa. In addition, Thien Long also had more new outsourcing customers in the US and Japan. During the past year, Thien Long also made a strong investment in promoting its brand image in the said area, with its signs and billboards appearing more and more in the key trade areas with dense populations and a large base of customers. Thien Long also gradually professionalized in organizing programs to promote and sell products in foreign countries. The number of such programs increased over time, helping to attract more and more customers to try and use FlexOffice and Colokit products.

### ORIENTATION FOR 2023

In 2023, Thien Long will focus on enhancing the FlexOffice and Colokit brands, expand its distribution channels and product portfolios in seven main markets of Southeast Asia (the Philippines, Cambodia, Myanmar, Indonesia, Malaysia, and Thailand) by developing new points of sale with more SKUs to be created at each of them, improving human resources and professionalizing its distribution channel management in Southeast Asia. Besides, the Group will also develop its markets in Europe, the Middle East, and Africa.

## 4 NEW PRODUCTS RESEARCH & DEVELOPMENT

Understanding the market's diverse demand and the factory's production capacity is the foundation and focus of the R&D section.



The demand for pens and stationery in Vietnam showed no sign of decline, even when students could not go to school, or office workers had to work online. In addition, creative and artistic products have increasingly been popular with diverse types and models, and they have been sought and used by a large customer base. However, consumers have had an increasingly higher demand for features, designs, and identities of products, in addition to their reasonable prices.

With the motto **"Continuous improvement, sustainable development"**, Thien Long's R&D team 2022 launched on the market many new products with designs suitable for young consumers' trends, and made a debut for products manufactured from green, recycled, environmentally friendly, and child-safe materials.

### ORIENTATION FOR 2023

In 2023, the Group will put more emphasis on the research and production of products that are aimed to satisfy customers' demand in terms of aesthetics, convenience, and personal tastes, in addition to environmentally-friendliness when buying Thien Long's products. The Group will not only develop its products in the domestic markets but also boost exports to the main markets in Southeast Asia and other regions of the world.



# 5 HUMAN AND CULTURE

During its history of more than 40 years of establishment and development, Thien Long has always valued the human factor, considering it the top priority in all of its decisions. This spirit will always be maintained along with the development of the Group.

Following the cohesive activities of 2021, after the Covid pandemic passed, production and business activities gradually entered the orbit, in 2022 Thien Long still focuses on the cohesion between enterprises and employees. and diversification of the staff. In 2022, the Company organized many programs and activities that were participated by a large number of employees, specifically including:



Sports activities that created interesting playgrounds and improved the health of employees, such as the program entitled walk and run, "Jog with Techcombank", football and badminton tournaments. Such activities helped create a good habit of practicing gymnastics and sports among the group's staff who have since maintained their habit.



The "book station" for employees to improve their knowledge and relax after work.



The Chain of Diversity and Inclusion (D&I) that helped Employees realize that they were being respected and treated equally regardless of age, gender, religion, material condition, origin, background, or difference.



The personal development plan that helped employees determine their own job objectives, based on which their managers would create favorable conditions for them to achieve their goals.



Coaching activities that helped motivate employees to initiate solutions and take actions to achieve their objectives and improve their work performance.



In addition, the Company also conducted many other activities for employees such as Giving and Receiving Feedback that enhances trust and strengthened the relationship between employees and their supervisors; the Thank You Letter; the Recognition & Reward Program; the Employee Survey, etc.



## ORIENTATION FOR 2023

In bringing into play the achievements in 2022, the Human Resources & Culture Division will continue to implement various activities in 2023 to strengthen team cohesion and build the Thien Long culture, including the following key programs:

- » Training all the staff on the new Value Standards & Behavioral Culture according to Thien Long's 5-year development orientation;
- » Communicating the CEO's message about the Culture of Empowerment and the Culture of Learning through sharing - Share to Learn;
- » Continuing to practice the Diversity and Inclusion activities, Giving and Receiving Feedback, Thank You Letters, Coaching, etc.
- » Organizing many activities to create more connections among staff and provide more playgrounds for them.

# 6 INFORMATION TECHNOLOGY

Considering technological applications and digitization as the key factors that help maintain the Group's business development and competitiveness, Thien Long has focused its investments on them over the past several years. In particular, this investment process has been accelerated post-Covid-19 and gained many very positive results.



The Group has applied many high-productivity automatic technology lines. The automation rate at the South Thien Long factory has been raised to 81.38% from 78.86% at the end of 2021. As a result, the Group's overall productivity has been increasingly improved.

Thien Long wants the trust and satisfaction of customers not only to come from product quality but also from purchasing experience, which is quite challenging, as the Group provides customers with more than 1 billion products of various kinds every year. Therefore, in addition to the dedication of employees, the Group has actively improved and innovated sales and delivery methods. Thien Long has been applying the DMS to manage the distribution of goods to the market. This system helps employees to capture instant information about the number of online deals, sales, revenue, liabilities, inventory, etc. to timely support the group in making business decisions appropriate to market situations.



In addition, the Group has also applied the Warehouse Management System (WMS) in central warehouse management in Le Minh Xuan Industrial Park. The system helps efficiently control and manage warehouse operations, thereby ensuring the prompt and effective delivery of goods to customers and optimizing the Group's omnichannel operating costs. The Group's modern technology system combined with its team that always puts customers at the center of its business has helped Thien Long increasingly bring better experiences to its agents as well as customers.

All operations of Thien Long are now operating on the SAP-HANA technology integrated with satellite transaction application systems, in which all applications are connected to ensure smooth and instant data. Technology and people are two inseparable factors in digital transformation. Therefore, besides technologies, Thien Long has focused on building "One Thien Long", in order to make staff into a unified force that wholeheartedly serves the digital transformation. Many operating processes in the digital transformation roadmap have been actively built by Thien Long's teams in order to improve daily work efficiency.

## ORIENTATION FOR 2023

Thien Long's leaders are determined to invest in digital transformation, without any hesitation, as the Group considers it a must to do. Thien Long's team now sees digital transformation as not only a need but also an indispensable thing. All departments of the Group have set their own targets for digital transformation and determined how to meet them, without waiting for requests from the Group's leaders. So far, Thien Long has achieved certain successes in its digital transformation and will continue to promote it in the coming time.



## THE MEDIA CAMPAIGN “TOA TRI THUC BUNG KHI CHAT”



**MEDIA MISSION:** Over 40 years of its establishment and development, the THIEN LONG brand has become familiar to generations of consumers through its quality products and its close, mature, and prestigious image. In order to approach new generations of students, Thien Long needs to change itself with more youthful and modern breakthroughs but without losing the core foundation of its brand - the POWER OF KNOWLEDGE.

**CREATIVE SOLUTION:** Based on its “knowledge”, combined with the very unique values of Generation Z, the media campaign entitled “Toa Tri Thuc Bung Khi Chat” (“Spread Knowledge – Brighten Temperament”) was launched with a key message: After more than 40 years of its development and companion with customers, and after going through a lot of changes, “Knowledge” has been, is and will be the value that Thien Long always highly respects and pursues.

Today, knowledge has no longer been encapsulated in books or lecture halls, nor owned only by teachers, doctors, engineer’s athletes, singers, content creators or gamers, etc., but it exists in any industry or field in various forms and is accumulated as a source of energy of every individual. When being used by each person, these sources reflect his or her characteristics and also spread into communities to become an inspiration for the whole generation.

Thien Long believes that the young Vietnamese generation, with diverse personalities, will effectively combine their knowledge and vitality to surpass all limits, exploit potentials, create breakthroughs, and make differences to affirm their values. Knowledge is a solid foundation for personal development. On the threshold of the transfer of generations, Thien Long is proud to accompany young people on the journey to conquer the knowledge of the times during the journey of “Toa Tri Thuc Bung Khi Chat” (“Spread Knowledge – Brighten Temperament”).

## SALES PROMOTION PROGRAM “DON TRI THUC – RINH QUA CHAT” (CATCH THE KNOWLEDGE – GET THE COOL GIFTS)



Along with the media campaign “Toa Tri Thuc Bung Khi Chat” (Spread Knowledge – Brighten Temperament), Thien Long launched the sales promotion program “DON TRI THUC – RINH QUA CHAT” (CATCH THE KNOWLEDGE – GET THE COOL GIFTS) as a gratitude to customers who have trusted in choosing Thien Long products during the past time. Accordingly, customers who buy Thien Long pens nationwide had opportunities to own valuable and attractive gifts.

The program took place during the back-to-school season in 2022 and attracted the participation of millions of customers who bought Thien Long products. The Group offered prizes valued at over VND2 billion in total to lucky customers across the country.








## COMMUNICATION (continued)

### MEGA COLOR EVENT - A SUPER COLOR FESTIVAL FOR FAMILIES IN HO CHI MINH CITY



The “Mega Color Event” conducted by Thien Long’s Colokit brand from September 1 - 4, was successful far beyond initial expectations, attracting more than 55,000 children and their parents, who enjoyed exciting and funny multi-colorful spaces. Participants not only enjoyed coloring but also engaged in both physical and intellectual activities and had hi-tech experiences. The impressive numbers recorded in the Mega Colokit Event were a testament to its resounding success that had resulted from the efforts of the color festival’s organizers along with the enthusiastic response of families in Ho Chi Minh City.

The impressive numbers recorded at the 4-day color festival are as follows:

	<b>71,831 people</b> , or <b>26,065 families</b> , registered for participation through the Check-in Online portal.
	The appearance of <b>6 Color Squad</b> characters and their interesting stories.
	More than <b>30,000 children</b> directly experienced over <b>50 creative</b> and movement games.
	A giant Colokit crayon was created at a height of <b>14 meters</b> (equivalent to the height of a 4-storey building)
	The festival attracted <b>25 brands</b> including those belonging to Thien Long and businesses in the field of consumer goods for mothers and babies, book companies, preschools, and firms specializing in entertainment services for children, contributing to creating so the success of the event.



**55,252** people, or **18,492** families, directly attended the event.



In particular, the event also set a recognized record for **“The tallest crayon model in Vietnam.”**



## COMMUNICATION (continued)

### COLOKIT INSPIRES A PASSION FOR DISCOVERY AND CREATIVITY WITH MV “MULTI-COLOR UNIVERSE”



Children continued to be inspired by the Colokit brand to have a passion for exploration and creativity with the MV **“Multi-Color Universe”**. Colokit tells stories based on children’s imagination in the universe, jungles, and oceans, which were made up of sketches of domestic objects; thereby introducing the superior features of Multi-Purpose Color Wax, a new product that can be used on various materials and are easy to clean and transform wax and watercolor. MV had more than 20 million views within 2 months of its release on social media platforms and more than 8 million views of MV dance covers and product reviews on Tiktok.

During the campaign, many outstanding new products of the brand were also introduced to provide a wide selection of painting tools to help children enjoy painting, enhance creativity, and learn more about colors. Forty-two major outlets in Hanoi and Ho Chi Minh City took part in the campaign to promote their brands and products to more than 3,000 direct customers. These activities were accompanied by the Color Squad, a group of characters loved by children.

Colokit is ready to be a companion with children throughout their process of unlimited creative learning in a world of color, and to be a mentor for parents with safe products with breakthrough features.

### THE PAINTING COMPETITION ENTITLED “COLOR FESTIVAL” WAS RE-ORGANIZED INTENSIVELY



This was an annual contest organized by the Colokit brand in collaboration with the Central Council of Ho Chi Minh Young Pioneers’ Organization. In just 3 months, the Organizing Board successfully spread the message of **“Smart Colors”** with experience trips along with meaningful entertainment activities for children and inspired children nationwide to love painting.

Back in season 5, the contest featured hundreds of thousands of impressive stories, reflecting a new perspective on the topics related to the Ho Chi Minh Communist Youth Union and the Ho Chi Minh Young Pioneers’ Organization.

The images of the Ho Chi Minh Communist Youth Union members who were not afraid of difficulties in supporting people in disaster areas, strengthening houses for residents, planting trees, or teaching children in highland areas, etc. have been revived realistically and closely through the colorful lenses of children.

On November 28, 2022, the representative of Vietnam Records Organization (VietKings) awarded a record certificate for **“The painting contest with the theme of ‘Vietnamese Children Celebrating the Ho Chi Minh Communist Youth Union’”**, which was held online with nearly 200,000 entries from children in 63 provinces and cities to the Central Council of the Young Pioneers’ Organization and Thien Long Group Corporation. This event was expected to contribute to the efforts to help children across the country realize their passion for painting in the most comprehensive way.





## COMMUNICATION (continued)

### BIZNER RELAUNCH GRATITUDE SEASON 2022



**November** - The month of the special gratitude season after two years of Covid-19, during which teachers and students only met each other online. Although the epidemic created many difficulties and obstacles, it did not stop teachers from continuing on the path of seeding knowledge during those two years. However, the gratitude season was suspended over that period, during which teachers could have recollected handwritten cards, flowers, or small gifts offered to them by students as a replacement for their words of gratitude.

In 2022, **BIZNER** brought the gratitude season back to Thien Long's sales points nationwide with the message of **"TRON TRAO TRI THUC - TRON LONG TRI AN"** (Giving full of knowledge, giving full of gratitude) as sincere thanks for teachers, and with subtle and meaningful pen products from which students and parents can choose as gifts to express their gratitude to teachers.

In addition to expanding the number of outlets with sales promotion programs to nearly 500 stores, **BIZNER** also conducted the program **"TREE OF GRATITUDE"** at major bookstores in Ho Chi Minh City, where students could design their own cards and wrote their words of thanks on them. Thien Long sent those cards to teachers on Vietnam Teachers' Day, 20/11.





Unit: VND billion

	2018	2019	2020	2021	2022	2022 vs 2021
Net revenue	2,856	3,253	2,685	2,668	3,521	32%
Gross profit	1,067	1,198	1,030	1,127	1,524	35%
Net operating profit	358	428	297	355	499	41%
Other profit	10	9	7	3	8	128%
Earnings before tax	368	437	304	359	507	41%
Earnings after tax	294	349	240	277	401	45%
<b>Current assets</b>	<b>1,177</b>	<b>1,831</b>	<b>1,702</b>	<b>1,868</b>	<b>2,133</b>	<b>14%</b>
Cash & cash equivalents	146	191	372	503	405	-19%
Short-term receivables	338	582	415	398	370	-7%
Inventories	685	582	530	693	914	32%
Othe current assets	8	10	13	33	84	158%
<b>Non-current assets</b>	<b>618</b>	<b>586</b>	<b>613</b>	<b>579</b>	<b>736</b>	<b>27%</b>
<b>Total assets</b>	<b>1,795</b>	<b>2,417</b>	<b>2,315</b>	<b>2,446</b>	<b>2,869</b>	<b>17%</b>
<b>LIABILITIES</b>	<b>526</b>	<b>610</b>	<b>566</b>	<b>621</b>	<b>911</b>	<b>47%</b>
Short-term liabilities	496	555	500	578	831	44%
Long-term liabilities	30	55	67	42	80	89%
<b>OWNER'S EQUITY</b>	<b>1,269</b>	<b>1,807</b>	<b>1,748</b>	<b>1,826</b>	<b>1,958</b>	<b>7%</b>

(Source: Audited consolidated financial statements for 2018-2022)

TARGET	2021		2022	
	Amount	Proportion (%)	Amount	Proportion (%)
EXPORT	569	21%	832	24%
DOMESTIC CONSUMPTION	2,099	79%	2,689	76%
<b>TOTAL</b>	<b>2,668</b>	<b>100%</b>	<b>3,521</b>	<b>100%</b>

(Source: Audited consolidated financial statements for 2021-2022)



# 10 FINANCIAL INDICATORS

Target	Unit	2018	2019	2020	2021	2022
<b>SOLVENCY</b>						
Current ratio	Time	2.4	3.3	3.4	3.2	<b>2.6</b>
Quick ration	Time	1.0	2.3	2.3	2.0	<b>1.5</b>
Cash ratio	Time	0.3	0.3	0.7	0.9	<b>0.5</b>
<b>OPERATIONAL EFFICIENCY</b>						
Average days in inventory	Day	123	113	123	145	<b>147</b>
Asset turnover ratio	Time	1.7	1.5	1.1	1.1	<b>1.3</b>
Net revenue/Total assets (average)	Time	1.6	1.3	1.2	1.1	<b>1.2</b>
<b>PROFITABILITY</b>						
Gross profit/Net revenue	%	37.4%	36.8%	38.4%	42.2%	<b>43.3%</b>
Operating profit/Net revenue	%	12.5%	13.2%	11.1%	13.3%	<b>14.2%</b>
Earnings after tax/Net revenue	%	10.3%	10.7%	8.9%	10.4%	<b>11.4%</b>
Earnings after tax/Owners' equity (ROEA)	%	25.3%	22.7%	13.5%	15.2%	<b>21.2%</b>
Earnings after tax/Total assets (ROAA)	%	17.5%	16.6%	10.1%	11.4%	<b>15.1%</b>
<b>CAPITAL STRUCTURE</b>						
Debt/Total assets	%	29.3%	25.2%	24.5%	25.4%	<b>31.8%</b>
Debt/Owners' equity	%	41.5%	33.8%	32.4%	34.0%	<b>46.5%</b>

(Source: Audited consolidated financial statements for 2018 – 2022)

# 11 BUSINESS PERFORMANCE

In 2022, the net revenue amounted to a record VND3,521 billion, up 32% from a year earlier and equal to 108% of the year's plan.

Net domestic revenue reached VND2,689 billion, up 28% from a year earlier; net export revenue reached VND832 billion, up 46% from a year earlier.

The Group's consolidated gross profit margin in 2022 amounted to 43.3%, up 100 basis points from a year earlier. Consolidated earnings after tax for the first time exceeded VND400 billion, equivalent to EPS of VND4,643, up 45% from a year earlier and equal to 143% of the year's plan. The net profit margin was 11.4%.

Consolidated selling, general, and administrative expense in 2022 reached 30% of net revenue. Business operating costs were significantly optimized, creating investment capital for the Group's image and brand development strategy, ensuring revenue growth.

Revenue and profit after tax for the whole year 2022 grew very well compared to the previous year. The main reason is that the epidemic situation was well controlled, facilitating economic recovery. At the same time, the Corporation continued to restructure its sales channels, boosting sales efficiency. In addition, the Group had stockpiled low-priced raw materials, resulting in optimal production costs.



## NET REVENUE

VND**3,521** billion  
up **32%**



## NET DOMESTIC REVENUE

VND**2,689** billion  
up **28%**



## NET EXPORT REVENUE

VND**832** billion  
up **46%**



## EPS

VND**4,643** billion  
up **45%**



# 12 ASSET STRUCTURE

In 2022, Thien Long Group's total assets reached VND2,869 billion, up 17% compared to 2021, in which the short-term assets increased by VND266 billion, up 14%, and its long-term assets grew by VND157 billion, up 27%. Accordingly, the proportions of the short-term and long-term assets in the total assets in 2022 were 74% and 26%, respectively, compared to the rates of 76% and 24% in 2021.

Among the short-term assets, cash and deposits on maturity increased slightly by 3% to VND765 billion; inventories increased by 32% to VND914 billion mainly because the Group optimized its factory capacity at the end of the year to fulfill purchase orders for exports at early 2023. Besides, the Group also reserved a part of raw materials at good prices for its production in 2023.

The increase in long-term assets mainly came from the cost of construction in progress, which was part of the expense that had yet to be checked and accepted for the expansion of the B2 building under Thien Long Long Thanh Manufacturing Trading Service Company Limited. The construction of the building was completed in 2022, and the first floors of the factory were gradually put into operation.

## TOTAL ASSETS

**VND 2,869 billion**

up **17%**

## SHORT-TERM ASSETS

**VND 266 billion**

up **14%**

## LONG-TERM ASSETS

**VND 157 billion**

up **27%**



# 13 CAPITAL STRUCTURE



In 2022, the Group's liabilities increased by 47% to VND911 billion compared to 2021, in which, the short-term liabilities increased by 44% to VND831 billion and the long-term liabilities grew by 89% to VND80 billion from a year earlier. The increase in short-term liabilities was mainly caused by the salaries, bonuses, and dividends payable in the first month of 2023 and the payables to the Group's suppliers. In addition, the Corporation increased its long-term loans for the purpose of purchasing and installing fixed assets. The rates of short-term liabilities and long-term liabilities in the total liabilities in 2022 were 91% and 9%, respectively, compared to the rates of 93% and 7% in 2021.

# 14 KEY PROJECTS IN 2022

The year 2022 marked many important milestones for Thien Long besides its record business results.

Accordingly, the Group completed the expansion project at Thien Long Long Thanh factory (VND230 billion) and opened a distribution center in Le Minh Xuan Industrial Park, boosting the Group's productivity. The group invested VND25 billion in Pega Holdings (equivalent to 25% of its charter capital) to expand the ecosystem of Read for knowledge - Write to share - Draw the soul. The Group established Clever World JSC and Clever Box experience store at the end of the year as an important part of the development of Thien Long's multi-channel ecosystem.



# PART IX STRATEGIC OBJECTIVES FOR THE PERIOD 2023-2027

Thien Long has experienced more than 40 years of development and companionship with many generations of consumers. The Group has noticed that there have been obvious changes in the demand for writing and stationery products, and this change has taken place rapidly after the pandemic. Currently, shopping has gradually shifted to a sustainable consumption experience.

Changes in consumer tastes have been the catalyst for the comprehensive innovation as a “refreshment” at Thien Long. The Group is required to make a strong determination and take great efforts to realize such innovation in order to enhance its competitive advantage and at the same time meet the expectations of its customers, especially those of the younger generations, for its products and services.

With a vision to become a Group that inspires and provides complete and efficient solutions for a happy learning life of our customers, Thien Long confidently enters the 2023 - 2027 strategic period with the following key task:

## BOOST BRAND



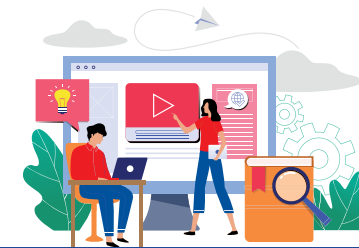
- » Boosting Thien Long brand that gives inspiration of Vietnamese values and provides its clients with solutions for lifelong learning and happiness. Thien Long will also be a favorite recruitment brand and a brand that reflects the values and reputation of its investors on the Vietnamese stock market.
- » Promoting FlexOffice brand to be a leading recognized brand of pens and stationery in Southeast Asia.

## OPTIMIZE OMNI-CHANNEL



- » Optimizing the advantages of traditional channels (GT), promoting the key stores program, transforming the model from customers to sales partners to increase the connection between the Group and points of sale.
- » Increase the image of displaying and experiencing Thien Long products at points of sale in modern models (MT) and retail. At the same time, promoting brand promotion activities in the media, focusing on emerging channels with direct contact with consumers to bring a full and fast experience to customers about Thien Long's new products
- » The Group will improve the quality of its sales teams and increase operational productivity based on the prioritized application of technologies in daily sales activities to improve business efficiency.

## WORLD-CLASS EXPANSION



- » The Group will strive to localize the Southeast Asian markets, increase its revenue, and gradually optimize its profits. International business development serves as a bridge for Thien Long to further move forward as it creates more opportunities for OEM and ODM segments facilitating the Group in learning more from its domestic and foreign partners about sustainable product development.
- » The Group will promote communication and marketing activities in the international market to make it the number one supplier of pens and stationery in Southeast Asia.
- » The Group will further cooperation with and distribute stationery products to large corporations around the world, aiming to be the sole distributor of stationery products bearing the world's famous brands in Vietnam and Southeast Asia.

## EXPAND ECOSYSTEM



- » The Group will rely on its strength of distribution channels and brands to develop new products/ categories to expand its ecosystem to a comprehensive solution for reading, writing, drawing, listening and watching.

## ORGANIZE FOR GROWTH



- » The Group will strongly invest in human resources development, and flexibly accept the calculated risks related to its potential projects to promote rapid but sustainable development so that it can achieve its business ambitions.
- » The Group will encourage the startup model within the Corporation and promote the entrepreneurial spirit of Thien Long's people, to stimulate creativity and create a foundation for long-term development for both the group and its employees.
- » The Group will develop a talent retention policy with many appropriate remuneration policies, including issuing shares under the Employee Share Options Program to establish long-term attachment between the Corporation and its staff.
- » The Group will promote digital transformation in its business operations to improve the work performance of each staff member.
- » The Group will further strengthen sustainable development practices (ESG) to achieve measurable results and boost the emotional connection between the Group and its consumers.





READ FOR KNOWLEDGE  
WRITE TO SHARE  
DRAW THE SOUL  
**LISTEN WITH COMPASSION**  
SEE FOR ENLIGHTENMENT

# 1 SUSTAINABLE DEVELOPMENT MESSAGE

Not only Thien Long is a leading enterprise in the stationery industry with great contributions to the country's economy, but we are also a company that is highly regarded for its commitment to sustainable values for the environment, society, and the community on the journey towards sustainable development.

As a corporation specializing in the production and sales of pens and office, school, and art supplies, Thien Long is always ready to meet the needs of domestic and foreign customers through its large domestic distribution network in 63 provinces and 70 countries around the world. In 2022, the Group earned a fairly large revenue of VND3,521 billion and an after-tax profit of VND401 billion and paid about VND327 billion to the State budget.

In addition to achieving high economic efficiency and contributing to the country's socio-economic development, the Group has been highly appreciated for its sustainable development in terms of economics, environment, and society. The Group's development policies are as follows:



Pioneering in technology and creativity, and constantly boosting R&D to create advanced, high-quality, environmentally friendly, and competitively priced products; thereby contributing to saving materials and energy while increasing productivity and economic efficiency.

Treating people humanely; considering people as the key factor in every operation; wholeheartedly joining the building of a strong society; contributing to social progress through humanity and benevolent activities.



Treating people fairly, behaving honestly and transparently in all activities and transactions, and harmonizing benefits for all stakeholders.



Complying with law regulations and cooperating with all parties to raise awareness of green and clean environment protection for future generations.

# 2 OVERVIEW OF SUSTAINABLE DEVELOPMENT REPORT



## CONTENT OF THE REPORT

Thien Long Group prepared its Sustainable development report 2022 using a method that combines long-term economic growth goals with social development and environmental protection goals.



## SCOPE OF THE REPORT

The report was prepared in Vietnam, reflecting the operations of Thien Long Group and its member companies in the field of production and trading of stationery.



## PERIOD OF THE REPORT

All information and data in this report were prepared for the financial year 2022 of Thien Long Group from January 1, 2022, to the end of December 31, 2022.

The financial figures in the report are referenced from the audited consolidated financial statements for 2022. They have been recorded by the Editorial Board of the Annual Report, under the Investor Relations Department of Thien Long Group.

## CONTACT INFORMATION

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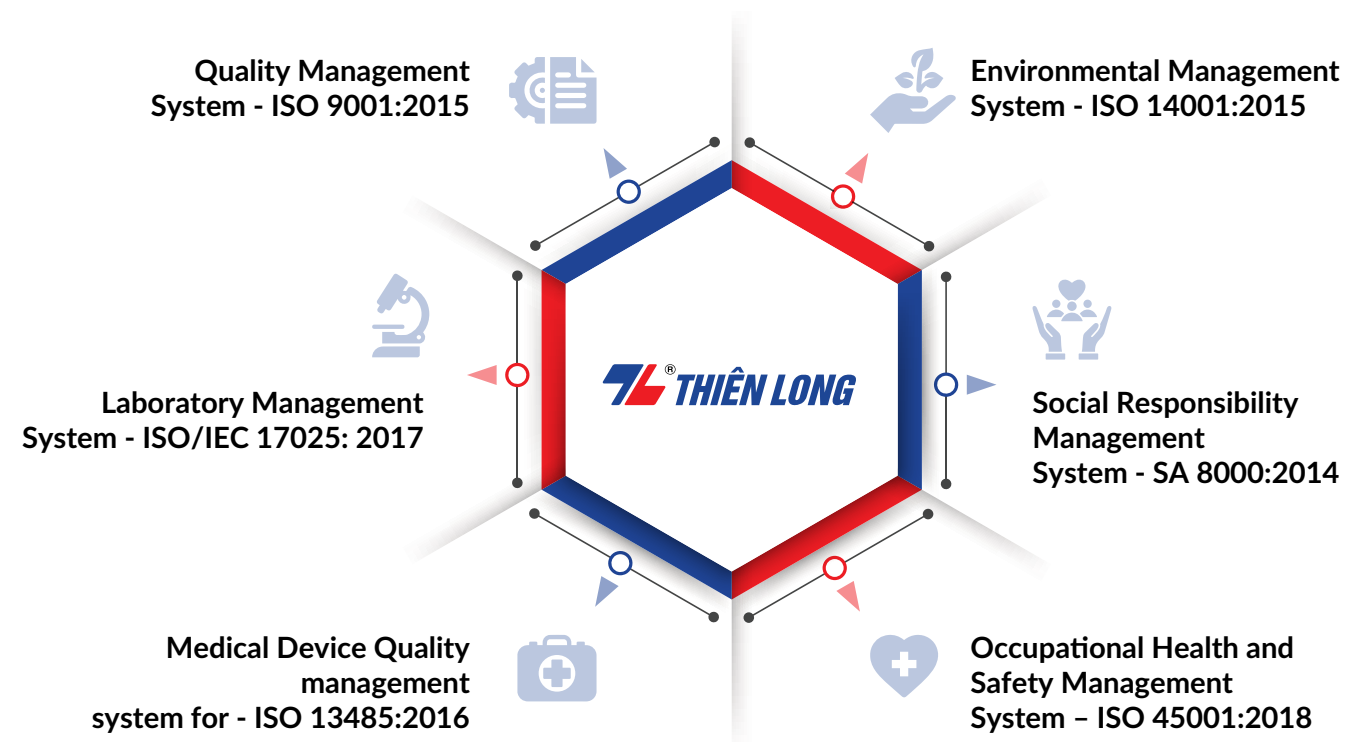
### 3 SUSTAINABLE DEVELOPMENT INDICATORS 2022

Indicator	Description	Data
Sustainable economic growth	Net Revenue	VND3,521 billion
	Profit after tax	VND401 billion
	Payment to State budget	VND327 billion
	» VAT	VND150 billion
	» Import and export tax	VND15 billion
	» Corporate income tax – current	VND124 billion
	» Personal income tax	VND35 billion
	» Other	VND3 billion
Occupational safety, environmental protection	Cash dividends, paid during the year	VND156 billion
	Fire prevention and fighting training	3,360 participants
	Occupational safety and health, first aid	Periodic rehearsals as regulated
Human resource development	Total cost of environmental treatment	Nearly VND1.5 billion
	Number of training courses realized	Over 100 training courses
Contribution to communities	Contribution Amount	Over VND10 billion
	Creation of jobs	3,360 people





# 4 INTEGRATED MANAGEMENT SYSTEM



Thien Long is effectively operating an integrated management system according to international standards, including:

- » Quality Management System - ISO 9001:2015
- » Environmental Management System - ISO 14001:2015
- » Social Responsibility Management System - SA 8000:2014
- » Occupational Health and Safety Management System - ISO 45001:2018
- » Medical Device Quality management system for - ISO 13485:2016
- » Laboratory Management System - ISO/IEC 17025: 2017.
- » ICTI certificate of social responsibility standards in the children's toy industry.



Effectively using the integration of the above systems helps Thien Long's Board of Management realize its strong commitment to maintaining and ensuring effective management and quality on every product delivered to consumers, and to protecting the health and safety of consumers as well as its employees.



## 5 ECONOMIC ISSUES



### DIVIDEND PAYMENT POLICY

Thien Long implements a stable annual dividend payment policy over time. (For details, please see the “Investor Relations and Obligations to Shareholders” section on page 52 and Note 23 to the Financial Statements).



### SUSTAINABLE ECONOMIC GROWTH

Thien Long's production and business activities were significantly affected by macroeconomic fluctuations and geopolitical conflicts around the world, but its business results in 2022 continued to affirm its continuous efforts in the domestic market. (For details, please see the “Financial Position” section in the Annual Report page 84).

## 6 PRODUCT SAFETY AND LIABILITY

Thien Long applies a strict control process at all stages, from supplier selection, input material inspection, examination of quality in each production stage and control of finished product quality in order to ensure the quality and safety of all products before they are put on the market.

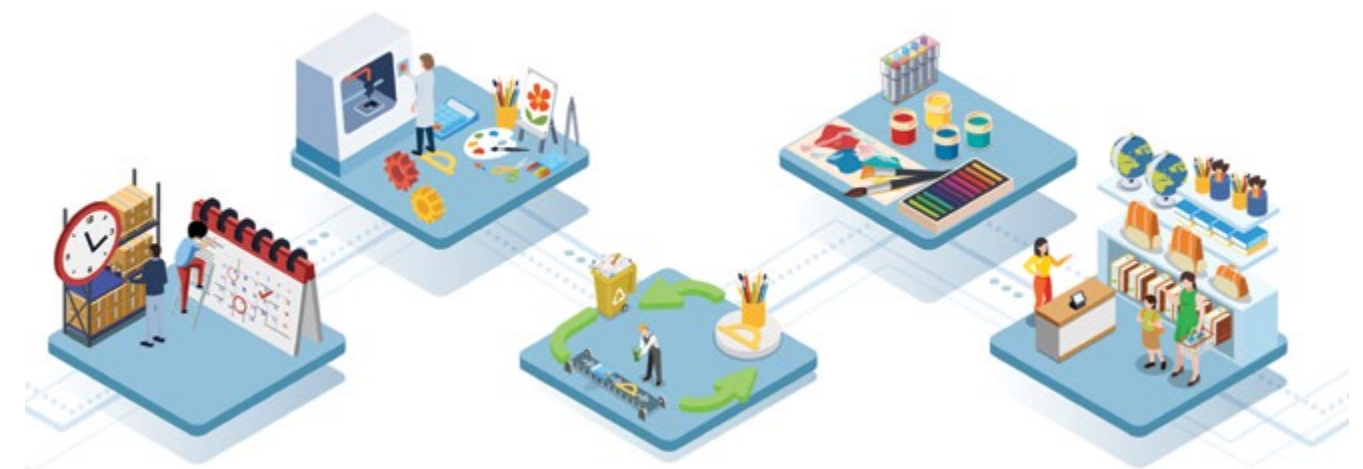
To inspect and test products, Thien Long uses a laboratory according to ISO/IEC 17025:2017, equipped with specialized equipment such as a German Hutt pen tester, absorption spectrometer, electrical conductivity meter, aging meter, viscosity, pH, humidity, etc. Therefore, all test results are highly accurate and reliable.

Thien Long's products fully meet the safety standards and certifications by the U.S. and EU, as well as those by Vietnam, ensuring safety for consumers, especially children, according to the product grouping table as follows:

Market	Main Standard	Product Applied				
		Stationery	Art	Toys	Electronic product	Medical product
United State	» CPSIA	✓	✓	✓		
	» FHSA	✓	✓	✓		
	» ASTM F963			✓		
	» LHAMA		✓			
	» TPCH (Only for packaging)			✓		
	» ISO 10993 (Skin Sensitization)					✓
Europe	» REACH Regulation	✓	✓	✓	✓	
	» CE Marking			✓	✓	
	» Directive 94/62/EC on packaging and packaging waste			✓	✓	
Vietnam	QCVN 03:2019/BKHCN			✓		

## 7 PRODUCT RESEARCH

Besides designing products that bring comfort to users, Thien Long always pays attention to the possible impacts of its products on the environment. Through continuous research, development, and improvement of its products, Thien Long has:



- » Increased the shelf life of products and reduce packaging to protect the environment;
- » Continuously improved product quality, prolonged the product usage time, and created more comfort for users on the basis of meeting consumers' taste while minimizing the use of consumable materials;
- » Developed products to help users to save costs through reusing products such as cartridges of ballpoint pens, ballpoint gel pens, and gel pens; ink for all kinds of board markers and oil markers; and ink cartridges in replacement for board markers, ballpoint pens, etc.
- » Reduced the use of plastic materials by consuming fewer production materials, while reusing plastic scrap as a contribution to environmental protection. In addition, the Group has also invested in making hot runner molds to reduce the amount of plastic scrap in production;
- » Used materials that are environmentally friendly and safe for consumers, especially children, such as flour-based play dough with food colors; ensured that all products used for children meet the very strict safety standards of the US and Europe.
- » Created a close and continuously interaction between the distribution systems and R&D teams, and between production teams and supply partners to receive timely updates on market trends, competitive situations, consumer tastes, production technologies, new raw materials, etc., thereby helping the Company catch up with new consumer trends so that it can create new products with high competitiveness and in line with such tendencies.

## ENERGY

In 2022, the figures for energy consumed to serve the production and business process at Thien Long Group (the South Thien Long factory and the Thien Long Long Thanh factory) are as follows:

- » **Electricity (kWh): 20,291,812**
- » **Water (m³): 100,903**
- » **Oil (liter): 810**

Monitoring, monitoring, and managing energy costs in production and business are summarized in the annual plan report on the economical and efficient use of energy submitted to the Ho Chi Minh City Department of Industry and Trade every year.

## SOLUTIONS, INNOVATIONS TO SAVE ENERGY AND MATERIALS

Invest in a solar battery system to save electricity costs (about 3% of electricity consumed from the grid) and reduce about 221 tons of CO2 emissions into the environment.

Replacing the hydraulic drive type plastic injection machine using an oil pump without an inverter with the hydraulic transmission using an oil pump with an inverter can save 40% power consumption compared to the old machine.



Invest in 24 plastic injection molding machines of 100% electric type using servo motors, saving over 60% of electricity.

Installing a cooling ventilation system for the factory instead of an industrial fan system to save electricity and improve the working environment. The lighting system has been replaced with an energy-saving LED system. In particular, light switches are installed in the factories, which are turned on only in places where there is work to reduce electricity waste. The factory has a scientific structure to take advantage of natural light and limit the use of electricity during the day.

Building an E-office internal information system, and online signing programs to save time in signing, issuing, and archiving soft copies of documents, limiting the use of paper/ink, and reusing paper on one side, ...

Monitor/contract electricity and water usage norms per product unit for each workshop and production line. Deploying the movement to save electricity and water for all employees such as: Turning off all machinery and equipment, lights when not in use, installing automatic hand washing faucets, using circulating water in production, etc.

Reusing plastic materials: The amount of recycled plastic scrap accounted for nearly 27% of plastic used in 2022 compared to 24.14% in 2021.

**In 2022, the Group's Productivity movement (renovation activities) throughout the Group was promoted and spread widely, bringing many benefits. The Group had a total of 68 innovation projects that were applied, bringing a saving of VND8.2 billion.**

Using materials that are environmentally friendly and safe for consumers, especially for children, such as flour-based play dough and food coloring. All the group's products used for children meet the very strict safety standards of the US and Europe.

## ENVIRONMENTAL PROTECTION LAW COMPLIANCE

During its operation, Thien Long commits to complying with all regulations and rules of State management agencies on environmental protection and sustainable development. There were no cases of violations of environmental laws in Thien Long in 2022, which means the Group did not have to pay any fines for environmental infringements.

## ENVIRONMENTAL PROTECTION & CONTROL OF WASTE AND WASTEWATER

During its operation, Thien Long has been fulfilling its responsibility for environmental protection and strictly adheres to environmental protection standards.

The Group applies solutions to reduce solid waste, and collects, classifies, and treats ordinary solid waste and solid waste in daily life and production and business activities.

Thien Long has built and applied an environmental management system according to international standards ISO 14001 to control and reduce environmental pollution.

The Group has built production wastewater treatment systems:

- » At the South Thien Long factory: Capacity of 40 m³/day (built-in 2005); capable of treating wastewater from Tan Tao Industrial Park.
- » At the Thien Long Long Thanh factory: Capacity of 80m³/day (built-in 2008), capable of treating wastewater from.

Separately rainwater and wastewater drainage systems are built and connected to the industrial parks' drainage systems.

Collection and transportation of industrial solid waste and hazardous solid waste are carried out in accordance with regulations and required procedures.

During its production and business process, Thien Long has obtained all the following necessary materials from authorities:

- » Environmental impact assessment report;
- » Register of hazardous waste source owner;
- » Certificate of completion of environmental protection works; and
- » Permits to discharge waste into the centralized wastewater treatment stations of industrial parks; and
- » Paying environmental protection taxes/charges/ fees as prescribed by law.

The Group has adequate equipment and tools to prevent and respond to environmental incidents.

The Group organizes propaganda activities to raise awareness among officials, employees, and employees about environmental protection.

The Group adequately and promptly submits to competent agencies accurate reports on environmental protection.



## ENVIRONMENTAL ISSUES (continued)

### SPECIFIC ACTIVITIES

20,000 students collected used old pens to raise funds for scholarships in the program  
“FOR A GREEN SCHOOL”



This annual program was conducted by the Central Council of the Ho Chi Minh Young Pioneer Organization in collaboration with Thien Long Group in order to contribute to helping studious children and raising awareness of environmental protection. The program also provides children with skills to classify organic waste, recyclable waste, and other types of waste.

In its second year, this program attracted 20,000 students to collect used pens and school supplies to raise funds for scholarships for poor children at 30 schools across the country. The program collected VND300 million for the scholarship fund for studious students.

The “For a green school” program contributes to raising awareness of environmental protection and educating children about sorting organic waste, recyclable waste, and other types of garbage. The program affirms the sustainable development strategy that the corporation has pursued for decades.

With the number of used items collected, the organizers also invite art design groups to use them to create artistic products of high educational significance as gifts to schools.

Thien Long introduces products for export and environment-friendly products at the “ASEAN ++ BRIDGE” forum in 2022.



Thien Long Group participated in the “ASEAN ++ Bridge” forum in 2022 with the theme of “Connection for sustainable development” jointly organized by the Ho Chi Minh City Department of Industry and Trade and the Ho Chi Minh City Association for Women Executives and Entrepreneurs (HAWEE).

With such a theme, this forum was aimed to get businesses together, promote trade after the pandemic, and offer opportunities for multi-dimensional connection through Business Matching – a trade bridge for businesses. At the event, Thien Long Group introduced its products for export and environmentally friendly products.

## CONTRIBUTIONS TO STAKEHOLDERS

TRANSACTIONS WITH SUPPLIERS

VND **1,557** billion

SALARY AND BONUS

VND **837** billion

TAX

VND **327** billion

LOAN INTEREST PAID

VND **9** billion

DIVIDEND PAID

VND **156** billion

SOCIAL PROGRAM

OVER VND **10** billion





CORPORATE SOCIAL RESPONSIBILITIES (CSR)  
& COMMUNITY ACTIVITIES

With a strong belief in “the power of knowledge”, Thien Long will continue to carry out many meaningful CSR programs related to education, making a positive effect on Vietnamese customers and increasingly strongly spreading profound human values.

In 2022, Thien Long not only maintained its core social programs but also strengthened them to give practical support to students, teachers, and young intellectuals. Thien Long’s CSR programs in 2022 strongly demonstrated the Group’s belief in its intellectual power, received positive social feedback, and conquered the love and loyalty of Vietnamese consumers.

2022 UNIVERSITY ENTRANCE  
EXAM SUPPORT  
NEW ENERGY FOR GEN Z STUDENTS

In its 21st time, the “2022 University Entrance Exam Support”, with its new and youthful image, served as a solid mainstay for students. The program was changed creatively to make it suitable for Gen Z students’ psychology as well as their exam preparation forms such as “exam preparations with valedictorians.” The program also included dances to encourage examinees on TikTok, online exam preparations, etc.

The 2022 program was also accompanied by ambassadors who are famous actors, singers, valedictorians, and many social resources.

“2022 University Entrance Exam Support” was closely associated with the image of Thien Long devoted to students and the program is constantly renovated to provide maximum support for examinees, becoming an indispensable part of important university exams.





## PROGRAMS THAT CONTRIBUTE TO SOCIETY AND COMMUNITIES (continued)



### “SHARING WITH TEACHERS” PROGRAM 2022

**A BIG RESOUND AFTER EIGHT YEARS OF ORGANIZATION**



In 2022, This program honored 68 typical teachers who had many good initiatives in teaching. The program covers three visits to teachers and eight online and offline gratitude-paying activities, including the meetings with Deputy Prime Minister Vu Duc Dam and Deputy Minister of Education and Training, and the ceremony for commendation to and sharing with teachers in 2022, among others.

In particular, this year, with the companionship of TikTok Vietnam, the program conducted the #TriAnthayCo and #ChiaSeCungthayCo campaigns that attracted a total of 800 million hits on the TikTok platform.

Overcoming the hashtag #TinhThanTheThao about the biggest football event on the planet – World Cup 2022, the hashtag #TriAnthayCo in the “Sharing with teachers” program has become the most impressive Hashtag Challenge on the Vietnamese Tiktok platform in November.



### “YOUNG TALENTS FOR EDUCATION” IN 2022

**MULTIPLE VALUABLE IDEAS FOR THE EDUCATIONAL SECTOR**



This program received up to 1,555 good ideas/initiatives/works/contributions intended for the education industry. This was the highest number of entries ever recorded by the annual program and twice as many as in previous years.

In terms of quality, leading experts assessed that the submitted works not only had a higher scientific content but also higher applicability and commercialization.





## PROGRAMS THAT CONTRIBUTE TO SOCIETY AND COMMUNITIES (continued)



### MEGA COLOR EVENT 2022 A RECORD WAS SET FOR THE LARGEST PAINTING COMPETITION IN VIETNAM



With 200,000 paintings submitted from children across the country, the painting contest “Mega Color Event 2022” was recognized by the Vietnam Record Organization as the “most attended painting contest in Vietnam.”

“Mega Color Event 2022” has become one of the events that are awaited by children and parents every year. The program strongly promotes Colokit products and the message “smart colors.”



## NO DISCRIMINATION



In compliance with the laws of Vietnam, Thien Long Group commits and ensures that it prohibits any discrimination for any reason related to skin color, ethnicity, religion, belief, family background, etc. In 2022, there was no discrimination case detected within the Group.

## CHILD LABOR AND FORCED LABOR

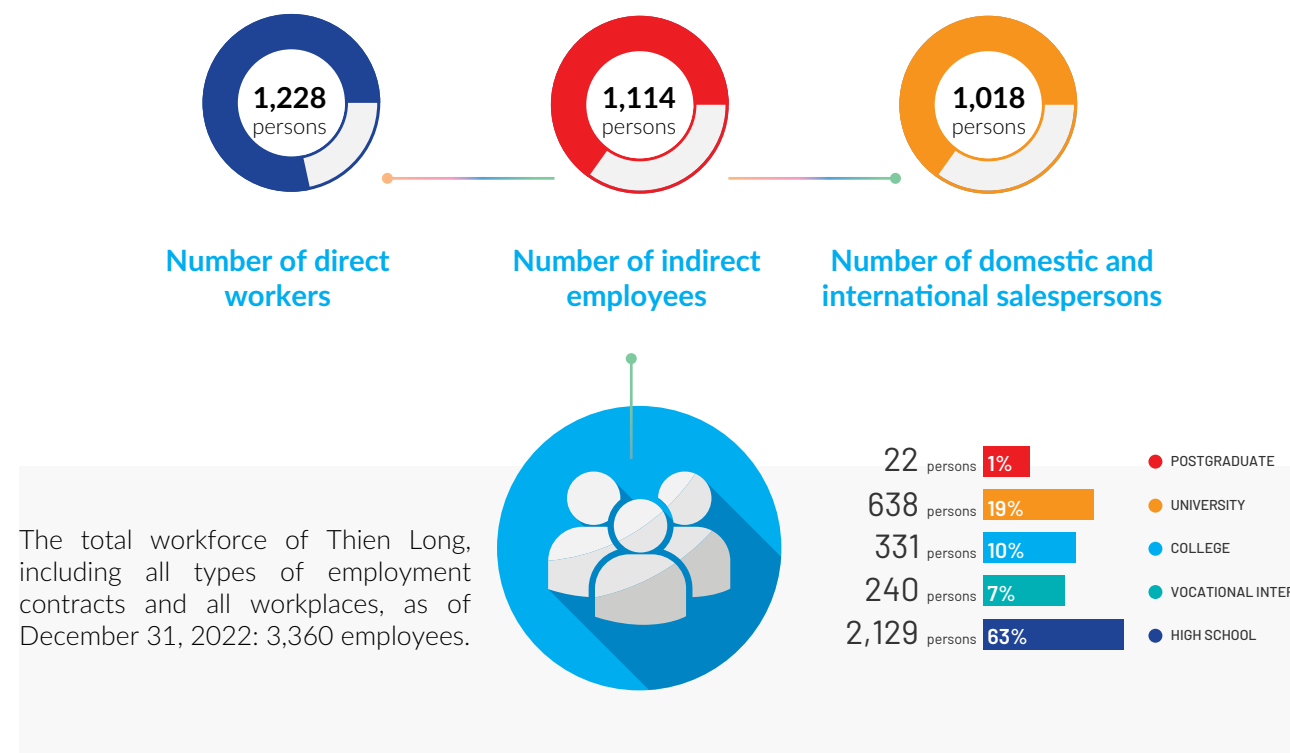


Thien Long says no to child labor and forced labor. In 2022, no forced labor case or child labor abuse was recorded within the Group.

# 11 RESPONSIBILITIES TOWARDS EMPLOYEES

## TOTAL EMPLOYEES IN 2022

By the end of December 31, 2022, the total number of employees of the whole Group was 3,360, with increasing staff qualifications as well as attachment levels.



### EMPLOYEES

The total workforce of Thien Long, including all types of employment contracts and all workplaces, as of December 31, 2022: 3,360 employees, with the following structure:

Number of indirect employees: **1,114**

Number of direct workers: **1,228**

Number of domestic and international salespersons: **1,018**

## WAGE AND WELFARE POLICIES FOR EMPLOYEES

**Determining people as the biggest asset and key endogenous strength of the Group in the integration period, Thien Long continuously established and improved human resource development strategies in order to create the ideal working environment for employees.**

The wage system is built based on the contribution value of each job position, and the qualifications and skills required to perform that job, ensuring that the income levels are commensurate with the capacity and work results and can compete with those on the market. In addition to monthly salary, some positions such as direct production workers, salespersons, etc. are also entitled to a monthly/quarterly performance-based bonus.

In addition to wage and bonus policies, the Group also pays attention to taking care of the health and spiritual life of employees by giving them much other welfare, including annual team building tours; mid-shift meals; uniforms and labor protection equipment; music and sports competitions; gifts on Mid-Autumn Festival, Tet and International Women's Day, and for excellent employees through the programs such as "Golden Hand Award" and "No. 1 Salesperson", etc., thereby boosting motivation for staff and enhancing internal exchange and solidarity.

Last year, the Group organized events honoring Excellent Employees (for the first 6 months and the last half of the year), which resonated throughout the Group.

Also in 2022, the Company began to apply the Performance Evaluation system for employees, and the "360-degree assessment" for staff at the manager level and above in order to evaluate their achievements in a comprehensive and objective manner. Such evaluation forms a basis for the consideration of bonuses, annual salary increases, and transfer/appointment in accordance with staff capacity, and for appropriate training and development plans.

In 2022, the Group also restructured and standardized its job title system, which serves as a premise for assessing job positions, making a competency dictionary, and setting up a suitable salary scale in 2023.

► **The composition of the Group's management apparatus and the classification of employees by gender:** the number of female employees holding managerial positions or above in Thien Long is 66, accounting for over 30% of the total number of managers

► **The ratio of the basic salary of men to women by employee classification:** there is no discrimination in salary and bonus between female and male employees in Thien Long. Employees' income depends on their contributions to the Group's business results.





## RESPONSIBILITIES TOWARDS EMPLOYEES (continued)

### OCCUPATIONAL SAFETY AND HEALTH



Being aware of the importance of human resources, Thien Long always wishes to build a team of staff who have special advantages and play a decisive role in successfully implementing the set goals and plans. In order to have the desired human resources, Thien Long always focuses on developing human resource policies that both ensure legal requirements and transparency but still create motivation for employees.

The Group also places emphasis on ensuring occupational safety and health. Currently, the Corporation is controlling this field under ISO 45001:2018. General and specific occupational safety and health rules for each job and each area are defined in detail in hazard identification tables, work instructions, machinery, and equipment operating procedures, internal working regulations, etc. Employees are disseminated and trained on safety rules on the first day of employment and annually according to their jobs in accordance with state regulations. They are provided with labor protection equipment, noise-canceling devices while working in areas with high noise, periodical medical check-ups, and occupational disease examinations. The Group has also established such units as the Council of Occupational Safety and Health, Safety and Hygiene Team, First Aid Team, Fire Prevention, and Fighting Team, etc. These units are professionally trained and rehearse every 6 months/year to be able to respond to possible incidents.

In 2022, the Group carried out annual medical check-ups and found no cases of occupational diseases causing impairment of working capacity.

### JOINING COLLECTIVE ORGANIZATIONS



Thien Long's employees are free to join associations and unions such as the Trade Union, Ho Chi Minh Communist Youth Union, and Communist Party of Vietnam. Currently, more than 90% of the Group's employees are Trade Union members. The Group also has a unit of the Ho Chi Minh Communist Youth Union and a cell of the Communist Party of Vietnam.

### TRAINING

**Due to a specific emphasis on training, Thien Long has a team of talented, united, and brave personnel who dedicate themselves day and night to create the highest-quality goods and services.**



The group conducted many training courses in 2022. Training courses are conducted with diverse contents and forms, typically including D&I, Coaching, advanced management skills, DISC, Leader Mindset, etc. Improving the capacity of staff with a lot of experience and knowledge in line with modern trends and building a successor team have always been the passions of Chairman Co Gia Tho over the past years.

The Group also established the Production Team Capability Development Department in 2022, in addition to the Sales Team Capability Development Department, so Thien Long's staff are increasingly being trained in professional expertise.

Besides training courses, the Company pays attention to training through tutoring and practical experience.

In 2023, in addition to organizing professional training courses, the Company continued to organize courses on improving soft skills for staff as Team Leaders/Managers and above, along with several internal sharing workshops. With a budget of over VND4 billion for training activities, the Group demonstrates its interest in improving the professional knowledge and skills of its employees.

### COMPLIANCE WITH ECONOMIC AND SOCIAL LAWS



Thien Long Group commits and strictly enforces all the applicable regulations and laws governing its operations. In 2022, the Group recorded no significant violations of economic and social laws.

## 12 PRESTIGIOUS AWARD FOR SUSTAINABLE DEVELOPMENT

In 2022, Thien Long won two major sustainable development titles, including **"Sustainable Enterprises in Vietnam in 2022"** organized by the Vietnam Federation of Trade and Industry (VCCI) and **Top 50 Sustainable Development Enterprises 2022** (TOP50 CSA) for listed companies voted by Nhip Cau Dau Tu Magazine.

With these two awards, Thien Long demonstrated its sustainable development strategy and compliance with international criteria/practices such as stable growth, sustainable corporate culture, corporate governance, a sense of implementing corporate social responsibility, and environmental protection.



READ FOR KNOWLEDGE  
WRITE TO SHARE  
DRAW THE SOUL  
LISTEN WITH COMPASSION  
**SEE FOR ENLIGHTENMENT**



## PART XI CONSOLIDATED FINANCIAL REPORT



## CORPORATE INFORMATION

Enterprise registration certificate	No. 0301464830 dated 14 March 2005 was initially issued by the Department of Planning and Investment of Ho Chi Minh City and the 20th amendment dated 7 June 2022.	
Board of Directors	Mr. Co Gia Tho	Chairman
	Ms. Tran Thai Nhu	Member
	Ms. Co Ngan Binh	Member
	Ms. Co Cam Nguyet	Member
	Mr. Tayfun Uner	Member
	Mr. Pham Nguyen Tri	Member
	Mr. Nguyen Dinh Tam	Member
	Mr. Tran Le Nguyen	Member (until 26 April 2022)
	Mr. Huynh Van Thien	Member (until 26 April 2022)
Board of Supervision	Ms. Nguyen Thi Bich Nga	Head
	Ms. Ta Hong Diep	Member
	Ms. Vu Thi Thanh Nga	Member (from 26 April 2022)
	Mr. Dinh Duc Hau	Member (until 26 April 2022)
Chief Executive Officer	Ms. Tran Phuong Nga	Chief Executive Officer
Legal Representative	Mr. Co Gia Tho	Chairman
Registered office	10th Floor, Sofic Tower, No. 10, Mai Chi Tho Street, Thu Thiem Ward, Thu Duc City, Ho Chi Minh City, Vietnam	
Auditor	PwC (Vietnam) Limited	

## STATEMENT OF THE CHIEF EXECUTIVE OFFICER

### STATEMENT OF RESPONSIBILITY OF THE CHIEF EXECUTIVE OFFICER OF THE COMPANY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Chief Executive Officer of Thien Long Group Corporation (“the Company”) is responsible for preparing the consolidated financial statements of the Company and its subsidiaries (together, “the Group”) which give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of the consolidated results of its operations and its consolidated cash flows for the year then ended. In preparing these consolidated financial statements, the Chief Executive Officer is required to:

- » Select suitable accounting policies and then apply them consistently;
- » Make judgments and estimates that are reasonable and prudent; and
- » Prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The legal representative has authorized the Chief Executive Officer of the Company to approve and sign the consolidated financial statements for the year ended 31 December 2022 as per Power of Attorney No. 08.21/UQ-TLG dated 1 June 2021.

### APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

I hereby, approve the accompanying consolidated financial statements as set out on pages 120 to 171 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements.



Tran Phuong Nga  
Chief Executive Officer  
Authorised by Legal Representative

Ho Chi Minh City, Vietnam  
28 March 2023

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THIEN LONG GROUP CORPORATION

We have audited the accompanying consolidated financial statements of Thien Long Group Corporation ("the Company") and its subsidiaries (together, "the Group") which were prepared on 31 December 2022 and approved by the Chief Executive Officer of the Company on 28 March 2023. The consolidated financial statement comprises the consolidated balance sheet as at 31 December 2022, the consolidated income statement and the consolidated cash flow statement for the year then ended, and explanatory notes to the consolidated financial statements including significant accounting policies, as set out on pages 124 to 171.

### THE CHIEF EXECUTIVE OFFICER'S RESPONSIBILITY

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

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the 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 standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the consolidated financial statements of the Group 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 auditor's judgment, including an assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and true 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 Chief Executive Officer, 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.

### AUDITOR'S 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 2022, its consolidated financial performance and consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements.

### OTHER MATTER

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

### FOR AND ON BEHALF OF PwC (VIETNAM) LIMITED



Mai Viet Hung Tran  
Audit Practising Licence No.:  
0048-2023-006-1  
Authorised signatory

Report reference number: HCM13291  
Ho Chi Minh City, 28 March 2023

Vo Ngoc Huyen  
Audit Practising Licence No.:  
2610-2023-006-1



**CONSOLIDATED BALANCE SHEET**

AS AT 31 DECEMBER 2022

Form B 01 – DN/HN

Code	ASSETS	Note	Closing balance VND	Opening balance VND
100	<b>CURRENT ASSETS</b>		<b>2,133,213,102,262</b>	<b>1,867,453,670,532</b>
110	Cash and cash equivalents	3	405,368,125,624	503,425,694,773
111	Cash		405,368,125,624	339,074,817,864
112	Cash equivalents		-	164,350,876,909
120	<b>Short-term investment</b>		<b>359,670,000,000</b>	<b>239,999,139,200</b>
123	Held-to-maturity investments	4(a)	359,670,000,000	239,999,139,200
130	<b>Short-term receivables</b>		<b>370,055,589,054</b>	<b>398,342,077,637</b>
131	Short-term trade receivables	5	336,997,466,885	360,613,054,625
132	Short-term prepayments to suppliers	6	29,193,396,046	30,644,903,658
136	Other short-term receivables	7	10,093,073,242	19,423,980,217
137	Provision for doubtful debts - short-term	8	(6,270,311,172)	(12,339,860,863)
139	Shortage of assets awaiting resolution		41,964,053	-
140	<b>Inventories</b>	9	<b>914,140,453,757</b>	<b>693,114,318,297</b>
141	Inventories		930,756,948,615	704,241,213,936
149	Provision for decline in value of inventories		(16,616,494,858)	(11,126,895,639)
150	<b>Other current assets</b>		<b>83,978,933,827</b>	<b>32,572,440,625</b>
151	Short-term prepaid expenses	10(a)	18,870,696,354	13,186,182,712
152	Value added tax ("VAT") deductibles		58,087,118,106	15,920,601,434
153	Tax and other receivables from the State	15	7,021,119,367	3,465,656,479
200	<b>LONG-TERM ASSETS</b>		<b>735,822,949,093</b>	<b>578,684,880,396</b>
210	<b>Long-term receivable</b>		<b>12,449,274,241</b>	<b>5,799,200,123</b>
216	Other long-term receivables		12,449,274,241	5,799,200,123
220	<b>Fixed assets</b>		<b>478,349,797,287</b>	<b>445,543,913,696</b>
221	Tangible fixed assets	11(a)	453,705,201,167	425,390,545,912
222	Historical cost		1,134,421,550,236	1,031,042,278,559
223	Accumulated depreciation		(680,716,349,069)	(605,651,732,647)
227	Intangible fixed assets	11(b)	24,644,596,120	20,153,367,784
228	Historical cost		75,490,966,251	68,137,527,411
229	Accumulated amortisation		(50,846,370,131)	(47,984,159,627)
240	<b>Long-term asset in progress</b>		<b>102,815,871,219</b>	<b>19,040,558,603</b>
242	Construction in progress	12	102,815,871,219	19,040,558,603
250	<b>Long-term investments</b>		<b>58,723,584,000</b>	<b>33,621,440,000</b>
252	Investments in associate	4(b)	25,000,000,000	-
253	Investments in other entities	4(b)	37,685,000,000	37,685,000,000
254	Provision for long-term investments	4(b)	(3,961,416,000)	(4,063,560,000)
260	<b>Other long-term assets</b>		<b>83,484,422,346</b>	<b>74,679,767,974</b>
261	Long-term prepaid expenses	10(b)	56,689,092,291	64,581,906,877
262	Deferred income tax assets	20	26,795,330,055	10,097,861,097
270	<b>TOTAL ASSETS</b>		<b>2,869,036,051,355</b>	<b>2,446,138,550,928</b>

The notes on pages 128 to 171 are an integral part of these consolidated financial statements.

Code	RESOURCES	Note	Closing balance VND	Opening balance VND
300	<b>LIABILITIES</b>		<b>911,164,294,533</b>	<b>620,560,103,651</b>
310	<b>Short-term liabilities</b>		<b>831,255,708,627</b>	<b>578,295,639,397</b>
311	Short-term trade payables	13	260,162,035,465	192,966,654,832
312	Short-term advances from customers	14	4,379,600,530	6,770,431,424
313	Tax and other payables to the State	15	25,063,262,634	23,159,487,331
314	Payables to employees		40,288,640,067	27,023,465,313
315	Short-term accrued expenses	16	134,394,283,546	96,976,213,042
319	Other short-term payables	17	171,925,952,658	49,255,503,644
320	Short-term borrowings	18(a)	182,885,122,900	173,272,413,271
322	Bonus and welfare fund	24	12,156,810,827	8,871,470,540
330	<b>Long-term liabilities</b>		<b>79,908,585,906</b>	<b>42,264,464,254</b>
338	Long-term borrowings	18(b)	63,613,468,906	11,689,230,754
342	Provision for long-term liabilities	19	16,295,117,000	30,575,233,500
400	<b>OWNERS' EQUITY</b>		<b>1,957,871,756,822</b>	<b>1,825,578,447,277</b>
410	<b>Capital and reserves</b>		<b>1,957,871,756,822</b>	<b>1,825,578,447,277</b>
411	Owners' contributed capital	21, 22	777,944,530,000	777,944,530,000
411a	- <i>Ordinary shares with voting rights</i>		<b>777,944,530,000</b>	<b>777,944,530,000</b>
412	Share premium	22	361,633,483,771	361,633,483,771
417	Foreign exchange differences	22	526,982,987	(300,043,194)
418	Investment and development fund	22	261,896,462,556	228,691,572,556
421	Undistributed earnings	22	554,720,805,316	457,608,904,144
421a	- <i>Undistributed post-tax profits of previous years</i>		<b>396,733,273,144</b>	<b>345,990,396,887</b>
421b	- <i>Undistributed post-tax profits of current year</i>		<b>157,987,532,172</b>	<b>111,618,507,257</b>
429	Non-controlling interests	22	1,149,492,192	-
440	<b>TOTAL RESOURCES</b>		<b>2,869,036,051,355</b>	<b>2,446,138,550,928</b>


Dao Xuan Nam  
Preparer

Nguyen Ngoc Nhon  
Chief AccountantTran Phuong Nga  
Chief Executive Officer  
28 March 2023

The notes on pages 128 to 171 are an integral part of these consolidated financial statements.

**CONSOLIDATED INCOME STATEMENT**

FOR THE YEAR ENDED 31 DECEMBER 2022

Form B 02 – DN/HN

Code	Note	Current year VND	Previous year VND
01	Revenue from sales of goods and rendering of services	3,550,405,692,241	2,686,850,511,330
02	Less deductions	(29,547,743,316)	(18,575,418,243)
10	Net revenue from sales of goods and rendering of services	3,520,857,948,925	2,668,275,093,087
11	Cost of goods sold and services rendered	(1,996,781,932,537)	(1,541,112,345,410)
20	Gross profit from sales of goods and rendering of services	1,524,076,016,388	1,127,162,747,677
21	Financial income	62,117,465,329	32,025,269,716
22	Financial expenses	(29,129,202,927)	(6,854,564,215)
23	- Including: Interest expense	(8,881,716,860)	(7,019,978,348)
25	Selling expenses	(738,522,525,878)	(504,674,977,559)
26	General and administration expenses	(319,389,279,653)	(292,392,358,391)
30	Net operating profit	499,152,473,259	355,266,117,228
31	Other income	10,163,649,081	5,391,709,425
32	Other expenses	(2,649,474,138)	(2,092,942,627)
40	Net other income	7,514,174,943	3,298,766,798
50	Net accounting profit before tax	506,666,648,202	358,564,884,026
51	Corporate income tax ("CIT") - current	(122,426,716,645)	(63,006,307,674)
52	CIT - deferred	16,697,468,958	(18,851,163,095)
60	Net profit after tax	400,937,400,515	276,707,413,257
Attributable to:			
61	Owners of the Company	401,370,891,172	276,707,413,257
62	Non-controlling interests	(433,490,657)	-
70	Basic earnings per share	25(a) 4,643	3,201
71	Diluted earnings per share	25(b) 4,643	3,201


Dao Xuan Nam  
Preparer

Nguyen Ngoc Nhon  
Chief AccountantTran Phuong Nga  
Chief Executive Officer  
28 March 2023**CONSOLIDATED CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31 DECEMBER 2022 (Indirect method)

Form B 03 – DN/HN

Code	Note	Current year VND	Previous year VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	Net accounting profit before tax	506,666,648,202	358,564,884,026
Adjustments for:			
02	Depreciation and amortisation	82,485,634,011	83,919,429,257
03	Reversal of provisions	(15,038,842,760)	(10,060,980,737)
04	Unrealised foreign exchange losses/(gains)	31 6,966,897,124	(318,054,357)
05	Profits from investing activities	30,34 (24,663,621,794)	(23,868,121,847)
06	Interest expense	31 8,881,716,860	7,019,978,348
08	Operating profit before changes in working capital	565,298,431,643	415,257,134,690
09	(Increase)/decrease in receivables	(26,902,790,739)	24,949,485,918
10	Increase in inventories	(226,515,734,679)	(142,286,693,964)
11	Increase in payables	143,144,163,947	17,702,900,285
12	Decrease in prepaid expenses	1,715,302,118	14,993,621,322
14	Interest paid	(8,804,653,480)	(6,928,466,153)
15	CIT paid	15 (123,738,872,889)	(62,699,502,885)
17	Other payments on operating activities	(35,021,384,068)	(39,800,891,600)
20	Net cash inflows from operating activities	289,174,461,853	221,187,587,613
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets and other long-term assets	(169,603,926,893)	(58,046,246,969)
22	Proceeds from disposals of fixed assets	1,736,833,818	2,166,609,649
23	Term deposits placed at banks	(616,732,323,288)	(515,999,139,200)
24	Collection of term deposits placed at banks	497,061,462,488	648,000,000,000
25	Investments in other entities	(25,000,000,000)	(7,000,000,000)
27	Dividends and interest received	21,502,569,973	30,217,926,187
30	Net cash (outflows)/inflows from investing activities	(291,035,383,902)	99,339,149,667
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Proceeds from issuance of shares to non-controlling shareholders	1,656,180,000	-
33	Proceeds from borrowings	780,517,479,565	583,271,414,505
34	Repayments of borrowings	(718,980,531,784)	(577,366,111,472)
36	Dividends paid	(155,619,167,000)	(194,455,871,500)
40	Net cash outflows from financing activities	(92,426,039,219)	(188,550,568,467)
50	Net increase in cash and cash equivalents	(94,286,961,268)	131,976,168,813
60	Cash and cash equivalents at beginning of year	3 503,425,694,773	371,680,211,939
61	Effect of foreign exchange differences	(3,770,607,881)	(230,685,979)
70	Cash and cash equivalents at end of year	3 405,368,125,624	503,425,694,773


Dao Xuan Nam  
Preparer

Nguyen Ngoc Nhon  
Chief AccountantTran Phuong Nga  
Chief Executive Officer  
28 March 2023

The notes on pages 128 to 171 are an integral part of these consolidated financial statements.

The notes on pages 128 to 171 are an integral part of these consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Form B 09 – DN/HN

## 1 GENERAL INFORMATION

Thien Long Group Corporation (the “Company”) is a joint stock company established in SR of Vietnam pursuant to Enterprise registration certificate No. 0301464830 dated 14 March 2005 which was issued by the Department of Planning and Investment of Ho Chi Minh City and the 20th amendment dated 7 June 2022.

The Company’s shares were listed on the Ho Chi Minh Stock Exchange (“HOSE”) on 26 March 2010 with securities code (“TLG”) pursuant to Decision No. 20/QĐ-SGDHCM dated 2 February 2010 of the HOSE.

Owners’ of the Company include Thien Long An Thinh Investment Corporation, NWL Cayman Holdings Ltd., a company incorporated in the United Kingdom, Mr. Co Gia Tho and other shareholders. Details of the capital contribution are presented in Note 21(b).

The principal activities of the Group are to manufacture and trade stationary products, classroom equipment, plastic teaching instruments, plastic household appliances, stamps printing, tampo (pad) printing, flexo printing and performing screen - printing and pressing on products.

The normal business cycle of the Group is 12 months.

As at end of year, the Company had 5 direct investment subsidiaries and 2 indirect investment subsidiaries as disclosed in Note 4(b) – Investments (as at beginning of year: 7 subsidiaries). Details are as follows:

Direct subsidiaries	Principal activities	Place of incorporation and operation	At end of year		At beginning of year	
			% of ownership %	% of voting rights%	% of ownership %	% of voting rights%
South Thien Long Manufacturing Trading Company Limited	Manufacturing and trading stationery	Ho Chi Minh City	100	100	100	100
Thien Long Long Thanh Manufacturing and Trading Company Limited	Manufacturing and trading stationery	Dong Nai Province	100	100	100	100
Thien Long Global Trading and Service Company Limited (i)	Trading stationery	Ho Chi Minh City	100	100	100	100
Tan Luc South Trading and Service One Member Company Limited	Trading stationery	Ho Chi Minh City	100	100	100	100
Flexoffice Pte. Ltd.	Trading stationery	Singapore	100	100	100	100
Tan Luc North Trading and Service One Member Company Limited (i)	Trading stationery	Ha Noi City	-	-	100	100
Tan Luc Middle Trading and Service One Member Company Limited (i)	Trading stationery	Da Nang City	-	-	100	100

## 1 GENERAL INFORMATION (CONTINUED)

Direct subsidiaries	Principal activities	Place of incorporation and operation	At end of year		At beginning of year	
			% of ownership %	% of voting rights%	% of ownership %	% of voting rights%
ICCO Marketing (M) SDN. BHD. (ii)	Trading stationery	Malaysia	60	60	-	-
Clever World Joint Stock Company (iii)	Trading stationery	Ho Chi Minh City	70	70	-	-

### (i) Merger

According to the Resolution No. 4/2022/NQ-HĐQT dated 30 May 2022 of the Board of Directors, the Board of Directors of the Company approved the merger of subsidiaries in which the Company owns 100% of the charter capital. Specifically, merging Tan Luc North Trading and Service One Member Company Limited and Tan Luc Middle Trading and Service One Member Company Limited into Thien Long Global Trading and Service Company Limited.

On 5 July 2022, the merger process was completed and the Department of Planning and Investment of Ho Chi Minh City issued the 11th admended Enterprise registration certificate for Thien Long Global Trading and Service Company Limited with charter capital of VND180,000,000,000.

### (ii) Establishment of ICCO Marketing (M) SDN. BHD.

According to the Resolution dated 31 August 2022 of the Board of Directors of Flexoffice Co., Ltd., the Board of Directors approved capital contribution to ICCO Marketing (M) SDN. BHD. of MYR60,000, equivalent to 60% of the charter capital of this company. The principal activities of this company are trading books, newspapers, magazines and stationery.

### (iii) Establishment of Clever World Joint Stock Company

According to the Resolution No. 11.22/QĐ-CSH dated 15 May 2022 of Tan Luc South Trading and Service One Member Company Limited, Tan Luc South Trading and Service One Member Company Limited approved capital contribution to Clever World Joint Stock Company of VND3,500,000,000, equivalent to 70% of the charter capital of this company. The principal activities of this company are wholesale and retail in specialized stores, printing, provision of advertising and related printing services.

As at end of year, the Group had 3,360 employees (as at beginning of year: 2,974 employees).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

Form B 09 – DN/HN

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. The consolidated financial statements have been prepared under the historical cost convention except for investments in associate and business combination as presented in Note 2.5.

The accompanying consolidated financial statements are not intended to present the consolidated financial position and consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam's. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

The consolidated financial statements in the Vietnamese language are the official statutory consolidated financial statements of the Group. The consolidated financial statements in the English language have been translated from the Vietnamese version.

#### 2.2 Fiscal year

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

#### 2.3 Currency

The consolidated financial statements are measured and presented in Vietnamese Dong ("VND"), which the Company's accounting currency.

On consolidating, if the currencies used on financial statements of subsidiaries are different from that of the Company, the Company is required to translate those financial statements into the currency used in the Company's consolidated financial statements under the following principles:

- » Assets and liabilities of overseas subsidiaries is translated at actual exchange rate at the year end;
- » Undistributed earnings or losses are translated based on the translation of income and expenses in the income statement;
- » Items of the income statement and the cash flow statement are translated at the average exchange rate of the accounting year; and
- » The cumulative amount of exchange differences is presented in a separate component of equity at "Foreign exchange differences" in the consolidated balance sheet.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.4 Exchange rates

Transactions arising in foreign currencies are translated at exchange rates prevailing at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the consolidated income statement.

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

#### 2.5 Basis of consolidation

##### Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies in order to gain future benefits from their activities generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The financial statements of the subsidiaries are prepared for the same accounting period of the Group for the consolidation purpose. If there are differences in end dates, the gap must not exceed 3 months. Adjustments are made to reflect impacts of significant transactions and events occurring between the end dates of the subsidiaries' accounting period and that of the Group's. The length of the reporting period and differences in reporting date must be consistent between years.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

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### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.5 Basis of consolidation (continued)

##### Operations and interests of non-controlling shareholders

The Group applies the same policy to transactions with non-controlling shareholders as transactions with parties outside the Group.

Non-controlling interest is measured as a percentage of the non-controlling shareholder's share in the net assets of the acquired entity at the acquisition date.

Transactions that change the Group's percentage of ownership in a subsidiary without resulting in a loss of control are accounted for in the same manner as equity transactions. The difference between the change in the Group's share of the subsidiary's net assets and the expenditure or receipts from the divestment of the subsidiary is recognized in undistributed post-tax profits under equity.

Transactions that change the Group's ownership percentage in a subsidiary resulting in the loss of control over the subsidiary, the difference between the value of the change in ownership of the Group in the net assets of the subsidiary and the expenditure or receipts from the divestment of the subsidiary are recognized in the consolidated statement of income. The remaining ownership in this company will be accounted for as a normal financial investment or accounted for using the equity method since the parent company no longer holds control of the subsidiary.

##### Associate

Associate is investment that the Group has significant influence but not control over and the Group would generally have from 20% to less than 50% of the voting rights of the investee. Investment in associate is accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associate includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of the post-acquisition profits or losses of its associate is recognised in the consolidated income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Accounting policies of associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

Unrealised gains and losses on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, demand deposits and other short-term investments with an original maturity of three months or less.

#### 2.7 Receivables

Receivables represent trade receivables from customers arising from sales of goods and rendering of services, non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on overdue days in payment according to the initial payment commitment (exclusive of the payment rescheduling between parties) or based on the estimated loss that may arise. Bad debts are written off when identified.

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

#### 2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

The Group applies the perpetual method for inventories.

Provision is made, when necessary, for obsolete, slow-moving and defective inventory items. The difference between the provision of this year and the provision of the previous year are recognised as an increase or decrease of cost of goods sold in the year

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FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

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2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9

Financial investments

(a)

Investments held to maturity

Investments held to maturity are investments which the Group has positive intention and ability to hold until maturity.

Investments held to maturity include term deposits and bonds for interest earning. Those investments are initially accounted for at cost. Subsequently, the Chief Executive Officer reviews all outstanding investments to determine the amount of provision to recognise at the year end.

Provision for diminution in value of Investments held to maturity is made when there is evidence that the investment is uncollectible in whole or in part.

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

(b) Investments in other entities

Investments in other entities are investments in equity instruments of other entities without controlling rights or co-controlling rights, or without significant influence over the investee. These investments are accounted for initially at cost. Subsequently, the Chief Executive Officer reviews all outstanding investments to determine the amount of provision to recognise at the year end.

Provision for investments in other entities is made when there is a diminution in value of the investments at the year end. It is calculated based on market value if market value can be determined reliably. If market value can not be determined reliably, the provision for investments in other entities is calculated based on the loss of investees.

Changes in the provision balance during the fiscal year are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10

Fixed assets

Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation and amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets bringing them to suitable conditions for their intended use. Expenditure which is incurred subsequently and has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, such expenditure is charged to the consolidated income statement when incurred.

Depreciation and amortisation

Fixed assets are depreciated and amortized using the straight-line basis so as to write off the depreciable amount of the fixed assets over their estimated useful lives. Depreciable amount equals to the historical cost of fixed assets recorded in the consolidated financial statements minus (-) the estimated disposal value of such assets. The estimated useful lives of each asset class are as follows:

Plant, buildings and structures	3 - 25 years
Machinery and equipment	3 - 15 years
Motor vehicles	6 - 8 years
Office equipment	2 - 7 years
Molds and other fixed assets	3 - 5 years
Computer software	3 - 10 years
Copyrights, patents	3 years

Land use rights are comprised of land use rights with an indefinite useful life, recorded at historical cost and are not amortised.

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount of the fixed assets and are recognised as income or expense in the consolidated income statement.

Construction in progress

Construction in progress represents the cost of assets in the course of installation or construction for production, rental or administrative purposes, or for purposes not yet determined, which are recorded at cost and are comprised of such necessary costs to construct, repair and maintain, upgrade, renew or equip the projects with technologies as construction costs; costs of tools and equipment; project management expenditures; construction consulting expenditures; and capitalised borrowing costs for qualifying assets in accordance with the Group's accounting policies. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use



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FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.11 Operating leases**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the lease.

**2.12 Prepaid expenses**

Prepaid expenses include short-term and long-term prepayments on the consolidated balance sheet. Short-term prepaid expenses reflect prepayments for services; or tools that do not meet the recognition criteria for fixed assets for a period not exceeding 12 months or a business cycle from the date of prepayments. Long-term prepaid expenses reflect prepayments for services; or tools that do not meet the recognition criteria for fixed assets for a period exceeding 12 months or more than one business cycle from the date of prepayments. Prepaid expenses are recorded at historical cost and allocated on a straight-line basis over their estimated useful lives.

Prepayments for land rental contracts which are effective after the effective date of the land law 2003 (ie. 1 July 2004) or which land use right certificates are not granted are recorded as prepaid expenses and allocated using the straight-line method over the terms of such land use right certificates.

**2.13 Payables**

Classifications of payables are based on their nature as follows:

- » Trade accounts payable are trade payables arising from purchase of goods and services; and
- » Other payables are non-trade payables and payables not relating to purchases of goods and services.

Payables are classified as short-term and long-term payables on the consolidated balance sheet based on remaining period from the consolidated balance sheet date to the maturity date.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.14 Borrowings and borrowing costs**

Borrowings include borrowings from banks.

Borrowings are classified into short-term and long-term borrowings on the consolidated balance sheet based on their remaining period from the consolidated balance sheet date to the maturity date.

Borrowing costs are recognised in the consolidated income statement when incurred.

**2.15 Accrued expenses**

Accrued expenses include liabilities for goods and services received in the year but not yet paid for, due to pending invoices or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting year.

**2.16 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the level of the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a financial expense. Changes in the provision balance during the fiscal year are recorded as an increase or decrease in operating expenses.

**2.17 Provision for severance allowance**

In accordance with Vietnamese labour laws, employees of the Group who have worked regularly for full 12 months or longer are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Group less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Group.

The severance allowance is accrued at the end of the reporting year on the basis that each employee is entitled to half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee contract's average salary for the six-month period prior to the consolidated balance sheet date.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.18 Provision for dismantling and restoration costs**

According to Circular 200, since 1 January 2015, the Group is required to provide for dismantling and restoration costs of the Group's leased premises and land following guidance presented in Note 2.16 and relevant regulations.

This provision is measured at the present value of expenditures estimated to settle the dismantling and restoration obligation at the end of the lease term. The increase in the provision due to passage of time is recognised as a financial expense in the reporting year.

**2.19 Capital and reserves**

Owners' capital is recorded according to the actual amounts contributed at par value of the share.

Share premium is the difference between the par value and the issue price of shares; and the difference between the repurchase price and re-issuing price of treasury shares.

Treasury shares bought before the effective date of the Securities Law (ie. 1 January 2022) are shares issued by the Company and bought back by itself, but these are not cancelled and may be re-issued subsequently in accordance with the Law on Securities.

Treasury shares bought after 1 January 2022 will be cancelled and adjusted to reduce equity.

Undistributed earnings record the Group's results profit after CIT at the reporting date.

**2.20 Appropriation of profit**

The Group's dividends are recognised as a liability in the consolidated financial statements in the year under the announcement of the Board of Directors in which the dividends are approved by the General Meeting of Shareholders.

Net profit after BIT could be distributed to shareholders after approval at the General Meeting of Shareholders and after appropriation to other funds in accordance with the Company's charter and Vietnamese regulations.

The Group's funds are as below:

**(a) Investment and development fund**

Investment and development fund is appropriated from net profit after CIT of the Group and approved by shareholders in the General Meeting of Shareholders. This fund is used for expanding operation or for deepening investment of the Group.

**(b) Bonus and welfare fund**

The bonus and welfare fund is appropriated from the Group's profit after CIT and subject to shareholders' approval at the General Meeting of Shareholders. This fund is presented as a liability on the consolidated balance sheet and used for rewards, material incentives, bringing common benefits and raising employees' welfare.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.21 Revenue recognition****(a) Revenue from sales of goods**

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

- » The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- » The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- » The amount of revenue can be measured reliably;
- » It is probable that the economic benefits associated with the transaction will flow to the Group; and
- » The costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised in accordance with the "substance over form" principle and allocated to each sales obligation. If the Group gives promotional goods to customers associated with their purchases, the Group allocates the total considerations received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of goods sold in the consolidated income statement.

**(b) Revenue from rendering of services**

Revenue from rendering of services is recognised in the consolidated income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Revenue from the rendering of services is only recognised when all four (4) of the following conditions are satisfied:

- » The amount of revenue can be measured reliably;
- » It is probable that the economic benefits associated with the transaction will flow to the Group;
- » The percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and
- » The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

**(c) Interest income**

Interest income is recognised on an earned basis.

**(d) Dividend income**

Income from dividends is recognised when the Group has established the receiving right from investees.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

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### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.22 Sales deductions

Sales deductions include trade discounts, sales returns and sales rebates. Sales deductions incurred in the same year of the related revenue from sales of products, goods are recorded as a deduction from the revenue of that year.

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

#### 2.23 Cost of goods sold and services rendered

Cost of goods sold and services rendered are cost of finished goods, merchandises and materials sold or services rendered during the year, and recorded on the basis of matching with revenue and on a prudent basis.

#### 2.24 Financial expenses

Financial expenses are expenses incurred in the year for financial activities including expenses or losses relating to financial investment activities, provision for diminution in value of investments in other entities, expenses of borrowing, losses from foreign exchange differences and payment discounts.

#### 2.25 Selling expenses

Selling expenses represent expenses that are incurred in the process of selling products and goods.

#### 2.26 General and administration expenses

General and administration expenses represent expenses for Group's administrative purposes.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.27 Current and deferred income tax

Income tax includes all income taxes which is based on taxable profits. Income tax expense comprises current income tax expense and deferred income tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred tax are recognised as an income or an expense and included in the profit or loss of the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the consolidated balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

#### 2.28 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group, key management personnel, including the Board of Directors, the Chief Executive Officer of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering its relationships with each related party, the Group considers the substance of the relationship not merely the legal form.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

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### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.29 Segment reporting

A segment is a component which can be separated by the Group engaged in sales of goods or rendering of services ("business segment"), or sales of goods or rendering of services within a particular economic environment ("geographical segment"). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Group's business segment or the Group's geographical segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Group's consolidated financial statements in order to help users of consolidated financial statements understand and evaluate the Group's operations in a comprehensive way.

#### 2.30 Critical accounting estimates

The preparation of consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements requires the Chief Executive Officer to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial year.

The areas involving significant estimates and assumptions are as follows:

- » Provision for decline in value of inventories (Note 9);
- » Estimated useful life of fixed assets (Note 11);
- » Estimation of provision for long-term liabilities (Note 19); and
- » Recognition of deferred tax assets for tax losses carried forward (Note 20).

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are assessed by the Chief Executive Officer to be reasonable under the circumstances.

### 3 CASH AND CASH EQUIVALENTS

	Closing balance VND	Opening balance VND
Cash on hand	700,945,947	1,123,648,210
Cash at bank	404,667,179,677	337,951,169,654
Cash equivalents (*)	-	164,350,876,909
	405,368,125,624	503,425,694,773

- (\*) Cash equivalents represent bank deposits with original maturities of 3 months or less and earn interest at fixed rates in Vietnamese Dong.

### 4 FINANCIAL INVESTMENTS

#### (a) Held-to-maturity investments

	Closing balance			Opening balance		
	Cost VND	Book value VND		Cost VND	Book value VND	
Term deposits (*)	359,670,000,000	359,670,000,000		220,000,000,000	220,000,000,000	
Bonds	-	-		19,999,139,200	19,999,139,200	
	359,670,000,000	359,670,000,000		239,999,139,200	239,999,139,200	

(\*) Representing term deposits at banks with maturity from 6 months to 12 months and earning interest at fixed rates in Vietnamese Dong.

#### (b) Long-term financial investments

	Closing balance				Opening balance			
	Cost value VND	Fair value VND	Provision VND	Ownership percentage %	Cost value VND	Fair value VND	Provision VND	Ownership percentage %
i) Investments in associate								
Pega Holdings Joint Stock Company (i)	25,000,000,000		-	25	-		-	-
ii) Investments in other entities								
Kinh Do Land Corporation	25,000,000,000	(*)	-	2.00	25,000,000,000	(*)	-	2.00
Saigon Securities Investment Fund A2	3,565,000,000	(*)	(3,565,000,000)	-	3,565,000,000	(*)	(3,565,000,000)	-
Brilliant Chip Joint Stock Company	1,520,000,000	(*)	(396,416,000)	1.89	1,520,000,000	(*)	(498,560,000)	1.89
Printing No.7 Joint Stock Company	600,000,000	(*)	-	2.50	600,000,000	(*)	-	2.50
Soundio Technology Joint Stock Company	7,000,000,000	(*)	-	-	7,000,000,000	(*)	-	-
	37,685,000,000		(3,961,416,000)		37,685,000,000		(4,063,560,000)	



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

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**4 FINANCIAL INVESTMENTS (CONTINUED)****(b) Long-term financial investments (continued)**

Movements of investment in associate during the year are as follows:

	Current year VND	Previous year VND
Opening balance	-	-
Increased investment during the year	25,000,000,000	
Closing balance	25,000,000,000	-

**(i) Establishment of Pega Holdings Joint Stock Company**

According to the Resolution of the Board of Directors No. 6/2022/NQ-HĐQT dated 6 October 2022, the Board of Directors has approved capital contribution to establish Pega Holdings Joint Stock Company with a total capital contribution of VND25,000,000,000, equivalent to 25% of the total charter capital of this company. The principal activities of Pega Holdings Joint Stock Company are to trade books, newspapers and magazine.

(\*) As at end of year and beginning of year, the Group had not determined the fair value of these investments for disclosure in the consolidated financial statements because they do not have listed prices. The fair value of such investments may be different from their book value.

**5 SHORT-TERM TRADE RECEIVABLES**

	Closing balance VND	Opening balance VND
SQI Group Int'l. Corp.	37,446,118,215	34,137,856,436
Others	299,551,348,670	326,475,198,189
	336,997,466,885	360,613,054,625

As at end of year and beginning of year, balances of short-term trade accounts receivable that were past due amounting to VND49,717,753,511 and VND34,173,847,285, respectively as presented in Note 8.

As at end of year and beginning of year, short-term trade receivables of VND50,000,000,000 were pledged with banks as collateral assets for short-term borrowings granted to the Company (Note 18).

**6 SHORT-TERM PREPAYMENTS TO SUPPLIERS**

	Closing balance VND	Opening balance VND
SQC Construction Trading Co., Ltd.	6,210,000,000	-
Catiga Trading Co., Ltd.	4,070,524,244	-
Sai Gon VRG Investment Corporation	-	3,822,000,000
Others	18,912,871,802	26,822,903,658
	29,193,396,046	30,644,903,658

**7 OTHER SHORT-TERM RECEIVABLES**

	Closing balance		Opening balance	
	Book value VND	Provision VND	Book value VND	Provision VND
Interest receivables	6,292,737,921	-	2,481,407,557	-
Advances to employees	816,805,520	-	1,413,195,700	-
Deposits	495,329,600	-	10,455,618,882	-
Others	2,488,200,201	-	5,073,758,078	-
	10,093,073,242	-	19,423,980,217	-

As at end of year and beginning of year, there was no balance of other short-term receivables that was past due or not past due but doubtful.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

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### 9

#### INVENTORIES

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	52,264,656,817	-	62,834,069,879	-
Raw materials	347,553,933,667	(1,505,680,549)	262,457,334,508	(2,068,850,143)
Tools and supplies	9,470,104,739	(1,558,810,389)	5,879,797,881	(1,012,501,567)
Work in progress	67,529,975,600	(2,231,291,946)	60,399,405,581	(2,122,979,626)
Finished goods	278,584,730,221	(4,351,307,503)	139,536,304,257	(2,065,870,323)
Merchandise	175,353,547,571	(6,969,404,471)	173,134,301,830	(3,856,693,980)
	930,756,948,615	(16,616,494,858)	704,241,213,936	(11,126,895,639)

At end of year and beginning of year, a portion of inventory were pledged as collateral assets for short-term borrowings from banks (Note 18).

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

	Current year VND	Previous year VND
Opening balance	(11,126,895,639)	(24,601,987,461)
Addition (Note 29)	(13,582,311,163)	(11,126,895,639)
Reversal (Note 29)	8,092,711,944	24,601,987,461
Closing balance	(16,616,494,858)	(11,126,895,639)

### 10

#### PREPAID EXPENSES

##### (a)

##### Short-term

	Closing balance VND	Opening balance VND
Advertising and marketing expenses	11,650,131,602	8,820,633,333
Tools and supplies	1,687,247,790	55,239,933
Health and asset insurance	1,571,471,561	1,348,016,385
Others	3,961,845,401	2,962,293,061
	18,870,696,354	13,186,182,712



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FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

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### 10 PREPAID EXPENSES (CONTINUED)

#### (b) Long-term

	Closing balance VND	Opening balance VND
Land rental (*)	9,909,699,091	10,239,107,371
Tools and supplies	24,029,357,881	33,992,276,017
Expenses for site clearance, restoration and return (**)	9,650,909,086	9,972,606,058
Others	13,099,126,233	10,377,917,431
	56,689,092,291	64,581,906,877

(\*) Representing balance of prepaid land rental which has not been fully allocated under the land lease contract as presented in Note 2.12.

(\*\*) The Group has offices and factories built on leased land. Under the Land Lease Agreement, the Group has an obligation to restore and return the premises to the original state at the end of the lease term. Accordingly, the Group has estimated its liability (Note 19) and amortised it to expenses over the remaining land lease term.

Movements in prepaid expenses during the year are as follows:

	Current year VND	Previous year VND
Opening balance	77,768,089,589	93,010,608,581
Increase	81,115,327,524	55,135,982,198
Transferred from construction in progress (Note 12)	1,753,856,628	875,871,740
Transferred from inventories	2,620,098,263	6,551,969,172
Transferred from fixed assets	24,700,000	-
Disposals	(243,857,346)	-
Allocation	(87,478,426,013)	(77,806,342,102)
Closing balance	75,559,788,645	77,768,089,589

### 11 FIXED ASSETS

#### (a) Tangible fixed assets

	Plant, buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
<b>Historical cost</b>						
Opening balance	222,189,727,599	565,729,149,941	48,524,499,195	18,068,118,109	176,530,783,715	1,031,042,278,559
New purchases	-	43,840,500,880	864,090,909	12,470,191,957	9,655,632,987	66,830,416,733
Transfers from construction in progress (Note 12)	1,463,627,585	26,798,052,119	-	-	14,752,933,840	43,014,613,544
Reclassification	-	(1,384,468,907)	-	1,359,768,907	-	(24,700,000)
Disposals	(30,562,222)	(4,473,133,073)	(63,185,479)	(422,858,040)	(1,451,319,786)	(6,441,058,600)
Closing balance	223,622,792,962	630,510,100,960	49,325,404,625	31,475,220,933	199,488,030,756	1,134,421,550,236
<b>Accumulated depreciation</b>						
Opening balance	88,456,572,476	327,607,067,934	36,067,655,164	16,644,893,950	136,875,543,123	605,651,732,647
Charge for the year	9,940,854,773	46,975,701,368	4,593,353,096	1,150,249,881	17,669,443,829	80,329,602,947
Reclassification	-	(1,112,967,260)	-	1,112,967,260	(31,349,608)	(31,349,608)
Disposals	(15,281,111)	(3,306,383,661)	(63,185,479)	(422,858,040)	(1,425,928,626)	(5,233,636,917)
Closing balance	98,382,146,138	370,163,418,381	40,597,822,781	18,485,253,051	153,087,708,718	680,716,349,069
<b>Net book value</b>						
Opening balance	133,733,155,123	238,122,082,007	12,456,844,031	1,423,224,159	39,655,240,592	425,390,545,912
Closing balance	125,240,646,824	260,346,682,579	8,727,581,844	12,989,967,882	46,400,322,038	453,705,201,167

As at end of year, the historical cost of tangible assets that were fully depreciated but still in use was VND328,131,848,001 (as at beginning of year: VND299,176,450,140).

As at end of year, tangible fixed assets of the Group with a carrying value of VND25,971,645,993 (as at beginning of year: VND19,982,859,915) were pledged as collateral assets for short-term and long-term borrowings from banks (Note 18).

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**11 FIXED ASSETS (CONTINUED)****(b) Intangible fixed assets**

	Land use rights VND	Software VND	Copyright, patents VND	Total VND
<b>Historical cost</b>				
Opening balance	16,047,625,000	51,722,902,411	367,000,000	<b>68,137,527,411</b>
New purchases	-	8,078,221,840	-	<b>8,078,221,840</b>
Write-off	-	(724,783,000)	-	<b>(724,783,000)</b>
Closing balance	16,047,625,000	59,076,341,251	367,000,000	<b>75,490,966,251</b>
<b>Accumulated amortisation</b>				
Opening balance	1,175,864,496	46,441,295,131	367,000,000	<b>47,984,159,627</b>
Charge for the year	-	3,586,993,504	-	<b>3,586,993,504</b>
Write-off	-	(724,783,000)	-	<b>(724,783,000)</b>
Closing balance	1,175,864,496	49,303,505,635	367,000,000	<b>50,846,370,131</b>
<b>Net book value</b>				
Opening balance	14,871,760,504	5,281,607,280	-	<b>20,153,367,784</b>
Closing balance	14,871,760,504	9,772,835,616	-	<b>24,644,596,120</b>

As at end of year, the historical cost of intangible assets which were fully amortised but still in use was VND43,960,215,097 (as at beginning of year: VND14,397,384,677).

**12 CONSTRUCTION IN PROGRESS**

	Closing balance VND	Opening balance VND
Equipment under installation	7,750,659,795	12,089,666,057
Moulds under installation	5,633,692,748	5,370,720,046
Construction in progress	89,431,518,676	1,533,200,000
Others	-	46,972,500
	102,815,871,219	19,040,558,603

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

	Current year VND	Previous year VND
Opening balance	19,040,558,603	13,434,075,449
Increase in the year	128,783,175,351	32,946,558,738
Transfers to fixed assets (Note 11)	(43,014,613,544)	(26,464,203,844)
Transfers to prepaid expenses (Note 10)	(1,753,856,628)	(875,871,740)
Disposals	(239,392,563)	-
Closing balance	102,815,871,219	19,040,558,603



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**13 SHORT-TERM ADVANCES FROM CUSTOMERS**

	Closing balance		Opening balance	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Pagani Pens SA	16,493,433,340	16,493,433,340	4,751,867,508	4,751,867,508
Yuasa Trading, Co., Ltd.	29,685,759,600	29,685,759,600	374,839,850	374,839,850
Other	213,982,842,525	213,982,842,525	187,839,947,474	187,839,947,474
	260,162,035,465	260,162,035,465	192,966,654,832	192,966,654,832

As at end of year and beginning of year, there was no balance of short-term trade payables that was past due.

**14 SHORT-TERM ADVANCES FROM CUSTOMERS**

	Closing balance VND	Opening balance VND
Like Link Co., Ltd.	1,007,050,478	675,097,605
Others	3,372,550,052	6,095,333,819
	4,379,600,530	6,770,431,424

**15 TAX AND OTHER RECEIVABLES/PAYABLES TO THE STATE**

Movements in tax and other receivables/payables to the State are as follows:

	Opening balance VND	Receivable/payable during the year VND	Payment/net-off during the year VND	Reclassification VND	Closing balance VND
<b>a) Tax receivables</b>					
CIT - current	3,465,656,479	3,855,658,270	(300,195,382)	-	7,021,119,367
<b>b) Tax payables</b>					
Value added tax	8,093,486,409	148,349,298,405	(150,024,199,413)	-	6,418,585,401
CIT - current	13,482,897,623	122,426,716,645	(123,738,872,889)	3,555,462,888	15,726,204,267
Personal income tax	1,402,758,298	36,404,711,912	(35,126,640,656)	-	2,680,829,554
Import – export duties	-	15,150,577,519	(15,126,764,517)	-	23,813,002
Others	180,345,001	2,845,549,920	(2,812,064,511)	-	213,830,410
	23,159,487,331	325,176,854,401	(326,828,541,986)	3,555,462,888	25,063,262,634

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**16 SHORT-TERM ACCRUED EXPENSES**

	Closing balance VND	Opening balance VND
13th & 14th month salary and performance bonus	106,606,825,799	69,520,694,385
Advertising and marketing expenses	16,012,023,924	16,322,991,207
Interest expense	414,037,396	336,974,016
Others	11,361,396,427	10,795,553,434
	134,394,283,546	96,976,213,042

**17 OTHER SHORT-TERM PAYABLES**

	Closing balance VND	Opening balance VND
Dividend payable	116,702,845,000	38,938,653,000
Remuneration for the Board of Directors and Board of Supervision	3,764,304,000	4,400,287,355
Union fees	2,692,458,575	1,109,882,486
LC payables	47,349,839,598	-
Others	1,416,505,485	4,806,680,803
	171,925,952,658	49,255,503,644

As at end of year and beginning of year, there was no balance of other short-term payables was past due.

**18 BORROWINGS****(a) Short-term**

	Opening balance		During the year		Closing balance	
	Value VND	Able-to-pay amount VND	Increase VND	Decrease VND	Value VND	Able-to-pay amount VND
Joint Stock Commercial Bank for Investment and Development of Vietnam - Western Saigon Branch (i)	-	-	273,770,645,544	(241,932,660,721)	31,837,984,823	31,837,984,823
Vietnam Joint Stock Commercial Bank for Industry and Trade - Western Saigon Branch (ii)	-	-	51,055,176,596	(29,640,973,632)	21,414,202,964	21,414,202,964
HSBC Bank (Vietnam) Limited (iii)	102,231,491,851	102,231,491,851	331,006,448,154	(327,960,917,173)	105,277,022,832	105,277,022,832
United Overseas Bank (Vietnam) Limited	12,104,224,800	12,104,224,800	-	(12,104,224,800)	-	-
The Siam Commercial Bank Public Company Limited - Ho Chi Minh City Branch (iv)	42,078,235,078	42,078,235,078	54,175,350,631	(83,963,293,919)	12,290,291,790	12,290,291,790
Current portion	156,413,951,729	156,413,951,729	710,007,620,925	(695,602,070,245)	170,819,502,409	170,819,502,409
HSBC Bank (Vietnam) Limited (*)	16,858,461,542	16,858,461,542	18,585,620,488	(23,378,461,539)	12,065,620,491	12,065,620,491
	173,272,413,271	173,272,413,271	728,593,241,413	(718,980,531,784)	182,885,122,900	182,885,122,900

**(b) Long-term**

	Opening balance		During the year		Closing balance	
	Value VND	Able-to-pay amount VND	Increase VND	Decrease VND	Value VND	Able-to-pay amount VND
HSBC Bank (Vietnam) Limited (*) (v)	11,689,230,754	11,689,230,754	65,108,858,640	(18,585,620,488)	58,212,468,906	58,212,468,906
Others	-	-	5,401,000,000	-	5,401,000,000	5,401,000,000
	11,689,230,754	11,689,230,754	70,509,858,640	(18,585,620,488)	63,613,468,906	63,613,468,906



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**18 BORROWINGS (CONTINUED)**

(\*) Details of the long-term bank loan are as follows:

	Closing balance VND	Opening balance VND
Original debt balance	75,679,089,397	28,547,692,296
Current portion	(12,065,620,491)	(16,858,461,542)
	63,613,468,906	11,689,230,754

- (i) Representing short-term loans from Joint Stock Commercial Bank for Investment and Development of Vietnam - Western Saigon Branch for the purpose of supplementing working capital. The loans have terms and interest rates specified in each disbursement. The Group has pledged machinery and equipment as collateral assets for these loans (Note 11(a)).
- (ii) Representing short-term loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Western Saigon Branch for the purpose of supplementing working capital. The loans have terms and interest rates specified in each disbursement. The Group has pledged inventories as collateral assets for these loans (Note 9).
- (iii) Representing short-term loans from HSBC Bank (Vietnam) Limited for the purpose of supplementing working capital. The loans have terms and interest rates specified in each disbursement. The Group has pledged receivables, inventories, building and structures as collateral assets for these loans (Note 5, 9 and 11(a)).
- (iv) Representing short-term loans from The Siam Commercial Bank Public Company Limited – Ho Chi Minh Branch for the purpose of supplementing working capital. The loans have terms and interest rates specified in each disbursement. The Group has pledged receivables as collateral assets for these loans (Note 5).
- (v) Representing long-term loans from HSBC Bank (Vietnam) Limited for the purpose of purchasing and installing fixed assets. The loans have terms and interest rates specified in each disbursement. The Group has pledged machinery and equipment as collateral assets for these loans (Note 11(a)).

**19 PROVISION FOR LONG-TERM LIABILITIES**

	Closing balance VND	Opening balance VND
Provision for severance allowance	5,679,117,000	19,959,233,500
Provisions for site clearance, restoration and return (Note 10 (b))	10,616,000,000	10,616,000,000
	16,295,117,000	30,575,233,500

**20 DEFERRED INCOME TAX**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority. Details are as follows:

	Current year VND	Previous year VND
Deferred tax assets to be recovered	26,795,330,055	10,097,861,097

The gross movements in deferred income tax, without taking into consideration the offsetting of balances within the same tax jurisdiction, were as follows:

	Current year VND	Previous year VND
Beginning of year	10,097,861,097	28,949,024,192
Consolidated income statement charge/(credit) (Note 35)	16,697,468,958	(18,851,163,095)
End of year	26,795,330,055	10,097,861,097

**Details of deferred tax assets**

	Current year VND	Previous year VND
Temporary difference of provisions	5,111,292,414	7,205,645,277
Unrealised profit of internal transactions	13,628,255,070	2,613,099,824
Tax losses not yet utilised (*)	6,591,424,893	-
Temporary difference of accrued expenses	-	216,496,958
Unrealised exchange rate differences of cash and receivables denominated in foreign currency	1,464,357,678	62,619,038
	26,795,330,055	10,097,861,097

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### 20 DEFERRED INCOME TAX (CONTINUED)

#### Details of deferred tax assets (continued)

The Group used a tax rate of 20% in year 2022 (2021: 20%) to determine deferred income tax assets and deferred income tax liabilities.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(\*) The Group's tax losses can be carried forward to offset against future taxable profit for a maximum period of no more than five consecutive years from the year right after the year in which the loss was incurred. The actual amount of tax losses that can be carried forward is subject to review and approval of the tax authorities and may be different from the figures presented. The estimated amount of tax losses available for offset against the Group's future taxable profit are:

Year of tax loss	Status of tax authorities' review	Loss incurred VND	Loss utilised VND	Loss carried forward VND
2018	Outstanding	461,063,061	-	461,063,061
2019	Outstanding	2,695,902,850	-	2,695,902,850
2020	Finalized	18,394,719,458	(7,498,969,603)	10,895,749,855
2020	Outstanding	26,402,132,608	(18,731,332,452)	7,670,800,156
2021	Finalized	3,876,528,706	(3,876,528,706)	-
2021	Outstanding	18,110,468,073	(6,886,807)	18,103,581,266
2022	Outstanding	40,210,730,803	-	40,210,730,803
		110,151,545,559	(30,113,717,568)	80,037,827,991

The Group has recognised deferred income tax assets relating to tax losses of VND32,957,124,463. The remaining losses of VND47,080,703,528 have not been recognised deferred income tax assets as the possibility that the subsidiaries with these losses have future taxable profit which cannot be presently assessed as probable.

### 21 OWNERS' CAPITAL

#### (a) Number of shares

	Closing balance		Opening balance	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered, Issued and in circulation	77,794,453	-	77,794,453	-

#### (b) Details of owners' shareholding

	Closing balance		Opening balance	
	Ordinary shares	%	Ordinary shares	%
Thien Long An Thinh Investment Corporation	37,350,952	48.01	37,350,952	48.01
NWL Cayman Holdings Ltd.	5,500,000	7.07	5,500,000	7.07
Mr. Co Gia Tho	4,744,605	6.10	4,744,605	6.10
Other shareholders	30,198,896	38.82	30,198,896	38.82
Number of shares issued	77,794,453	100	77,794,453	100

#### (c) Movement of share capital

	Number of shares in circulation	Owners' capital VND	Treasury shares VND
As at 1 January 2021	77,794,453	777,944,530,000	-
As at 31 December 2021	77,794,453	777,944,530,000	-
As at 31 December 2022	77,794,453	777,944,530,000	-

Par value per share: VND10,000.



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	Owners' capital VND	Share premium VND	Investment and development fund VND	Foreign exchange difference VND	Undistributed earnings VND	Non controlling interests VND	Total VND
<b>For the year ended 31 December 2021</b>							
Opening balance	777,944,530,000	361,633,483,771	199,910,168,556	92,630,401	408,678,823,562	-	1,748,259,636,290
Net profit for the year	-	-	-	-	276,707,413,257	-	276,707,413,257
Foreign exchange difference	-	-	-	(392,673,595)	-	-	(392,673,595)
Dividends declared from undistributed profit of 2021	-	-	-	-	(155,588,906,000)	-	(155,588,906,000)
Appropriation to investment and development fund	-	-	28,781,404,000	-	(28,781,404,000)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	(23,984,503,675)	-	(23,984,503,675)
Bonus for exceeding the budgeted profit for the Board of Management and employees	-	-	-	-	(7,938,015,000)	-	(7,938,015,000)
Bonus for exceeding the budgeted profit for the Board of Directors	-	-	-	-	(1,984,504,000)	-	(1,984,504,000)
Remuneration for the Board of Directors and Board of Supervision	-	-	-	-	(9,500,000,000)	-	(9,500,000,000)
Closing balance	777,944,530,000	361,633,483,771	228,691,572,556	(300,043,194)	457,608,904,144	-	1,825,578,447,277
<b>For the year ended 31 December 2022</b>							
Opening balance	777,944,530,000	361,633,483,771	228,691,572,556	(300,043,194)	457,608,904,144	-	1,825,578,447,277
Capital contribution	-	-	-	-	-	1,656,180,000	1,656,180,000
Arising from business combination	-	-	-	-	-	(73,197,151)	(73,197,151)
Net profit for the year	-	-	-	-	401,370,891,172	(433,490,657)	400,937,400,515
Foreign exchange difference	-	-	-	827,026,181	-	-	827,026,181
Dividends declared from undistributed profit of 2022 (i) (Note 23)	-	-	-	-	(233,383,359,000)	-	(233,383,359,000)
Appropriation to investment and development fund (ii)	-	-	33,204,890,000	-	(33,204,890,000)	-	-
Appropriation to bonus and welfare fund (iii) (Note 24)	-	-	-	-	(27,670,741,000)	-	(27,670,741,000)
Remuneration for the Board of Directors and Board of Supervision (iv)	-	-	-	-	(10,000,000,000)	-	(10,000,000,000)
Closing balance	777,944,530,000	361,633,483,771	261,896,462,556	526,982,987	554,720,805,316	1,149,492,192	1,957,871,756,822

## 22 MOVEMENTS IN OWNERS' EQUITY (CONTINUED)

Pursuant to the Resolution No. 01/2022/NQ-DHDCD dated 26 April 2022 of the 2022 Annual General Meeting of Shareholders, the General Meeting of Shareholders of the Company approved the distribution plan of consolidated post-tax profits for the years 2021 and 2022 as follows:

- (i) Cash dividend from the 2022 consolidated post-tax profit at the rate of 30% par value. During the year, the first dividend was advanced at the rate of 15%/par value, the remainder will be divided in January 2023;
- (ii) Appropriation to investment and development fund of VND33,204,890,000 (equivalent to 12% of 2021 consolidated post-tax profit);
- (iii) Appropriation to bonus and welfare fund of VND27,670,741,000 (equivalent to 10% of 2021 consolidated post-tax profit);
- (iv) Remuneration for the Board of Directors and Board of Supervision in 2022 of VND10,000,000,000, which was fully appropriated in for the year.

## 23 DIVIDENDS

Movements of dividend payables during the year are as follows:

	Current year VND	Previous year VND
Opening balance	38,938,653,000	77,805,618,500
Dividends payable during the year	233,383,359,000	155,588,906,000
Dividends paid in cash	(155,619,167,000)	(194,455,871,500)
Closing balance	116,702,845,000	38,938,653,000

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**24 BONUS AND WELFARE FUND**

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

	Current year VND	Previous year VND
Opening balance	8,871,470,540	5,838,669,865
Appropriated (Note 22)	27,670,741,000	31,922,518,675
Utilised	(24,385,400,713)	(28,889,718,000)
Closing balance	12,156,810,827	8,871,470,540

**25 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 and preferred share dividend by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Company and held as treasury shares. Details are as follows:

	Current year	Previous year
Net profit attributable to shareholders (VND)	401,370,891,172	276,707,413,257
Less amount appropriated to bonus and welfare fund (VND) (*)	(40,137,089,117)	(27,670,741,326)
	361,233,802,055	249,036,671,931
Weighted average number of ordinary shares in issue (shares)	77,794,453	77,794,453
Basic earnings per share (VND)	4,643	3,201

(\*) Bonus and welfare fund had been appropriated at the estimated rate of 10% of consolidated post-tax profit in accordance with the Resolution No. 01/2022/NQ-DHDCD dated 26 April 2022 of the General Meeting of Shareholders.

**(b) Diluted earnings per share**

The Group did not have any ordinary shares potentially diluted during the year and up to the date of this consolidated financial statements. Therefore, the diluted earnings per share is equal to the basic earnings per share.

**26 OFF BALANCE SHEET ITEMS****(a) Foreign currencies**

Included in cash and cash equivalents were balances held in foreign currencies as follows:

	Closing balance	Opening balance
United States Dollar ("USD")	4,506,125	2,515,919
Euro ("EUR")	113,790	45,197
Chinese Renminbi ("RMB")	14,971	14,971
British Pound ("GBP")	1,906	1,915
Singapore Dollar ("SGD")	11,813	118,885
Thai Baht ("THB")	7,680	7,680
Japanese Yen ("JPY")	52,701,622	2,497
Australian Dollar ("AUD")	110	110
Korean Won ("KRW")	336,000	336,000
Taiwanese Dollar ("TWD")	12,570	12,570
Ringgit Malaysia ("MYR")	1,790,717	-

**(b) Operating lease assets**

The future minimum lease payments under non-cancellable operating leases were presented in Note 39.



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### 27 WRITE-OFF DOUBTFUL DEBTS

As at end of year and beginning of year, the Group has written off some doubtful debts.  
Details are as follows:

	Closing balance VND	Opening balance VND
Thien Loc Trading Company Limited	219,103,729	219,103,729
Bach Ma Service - Trading Joint Stock Company	107,886,623	107,886,623
Tran Hieu Nghia One Member Company Limited	3,999,428	3,999,428
Go May Bookstore Business Household	24,094,403	24,094,403
Nhan Van Vinh Truong Joint Stock Company	9,384,969	9,384,969
Phuc Nhan Bookstore Business Household	52,063,917	52,063,917
Branch of Thien Hop Cultural Service and Trading Company	54,842,961	54,842,961
Tan Mai Bookstore	194,567,441	194,567,441
Vo Thanh Dao Business Household	29,748,099	29,748,099
Nhan Tri Book Private Enterprise	30,966,727	30,966,727
Hoa Mai Stationery Trading Company Limited	19,785,744	19,785,744
Thien An Printing Production Trading Service Company Limited	34,991,387	34,991,387
Pham Nguyen Co, Ltd.	50,462,208	50,462,208
Son Trang Technical and Trading Service Company Limited	40,425,000	-
Hoang Gia Project Group Joint Stock Company	25,161,101	-
Branch of Hoang Gia Project Group Joint Stock Company in Ca Mau	1,889,725	-
City Center for Disease Control of Hanoi	118,328,760	-
Vietnam Automobile Technology Joint Stock Company	14,922,450	-
Thanh Do Investment Development and Construction Joint Stock Company - Boutique Branch	12,091,540	-
Quy Hang Bookstore	31,484,618	-
Mabel Company Limited	31,198,726	-
FDI Korea Vietnam Venture Joint Stock Company	212,811,152	-
	1,320,210,708	831,897,636

### 28 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	Current year VND	Previous year VND
<b>Revenue</b>		
Revenue from sales of finished goods	2,728,621,529,854	2,094,930,347,275
Revenue from sales of merchandises	821,667,212,049	591,693,822,265
Revenue from rendering of services	116,950,338	226,341,790
	3,550,405,692,241	2,686,850,511,330
<b>Sales deductions</b>		
Finished good returns	(13,388,445,190)	(8,092,499,728)
Merchandise returns	(7,671,516,292)	(5,225,052,478)
Trade discounts	(8,487,781,834)	(5,257,866,037)
	(29,547,743,316)	(18,575,418,243)
<b>Net revenue</b>		
Net revenue from sales of finished goods	2,706,745,302,830	2,081,579,981,510
Net revenue from sales of merchandises	813,995,695,757	586,468,769,787
Net revenue from rendering of services	116,950,338	226,341,790
	3,520,857,948,925	2,668,275,093,087

### 29 COST OF GOODS SOLD AND SERVICES RENDERED

	Current year VND	Previous year VND
Cost of finished goods and merchandises sold	1,991,292,333,318	1,554,587,437,232
Provision/(reversal of provision) for decline in value of inventories (Note 9)	5,489,599,219	(13,475,091,822)
	1,996,781,932,537	1,541,112,345,410

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**30 FINANCIAL INCOME**

	Current year VND	Previous year VND
Interest income from deposits	25,025,625,194	24,429,910,394
Realised foreign exchange gains	36,761,425,470	7,134,801,165
Dividend income	322,503,800	142,503,800
Net gain from foreign currency translation at year-end	-	318,054,357
Others	7,910,865	-
	<u>62,117,465,329</u>	<u>32,025,269,716</u>

**31 FINANCIAL EXPENSES**

	Current year VND	Previous year VND
Interest expenses	8,881,716,860	7,019,978,348
Realised foreign exchange losses	11,244,577,017	3,424,627,194
Net loss from foreign currency translation at year-end	6,966,897,124	-
Reversal of provision for diminution in value of investments	(102,144,000)	(4,679,120,000)
Others	2,138,155,926	1,089,078,673
	<u>29,129,202,927</u>	<u>6,854,564,215</u>

**32 SELLING EXPENSES**

	Current year VND	Previous year VND
Staff costs	352,241,525,145	253,842,986,687
Marketing and trade fair expenses	238,667,511,938	100,512,326,459
Depreciation	5,068,685,303	4,602,360,848
Others	142,544,803,492	145,717,303,565
	<u>738,522,525,878</u>	<u>504,674,977,559</u>

**33 GENERAL AND ADMINISTRATION EXPENSES**

	Current year VND	Previous year VND
Staff costs	222,867,487,080	188,461,394,751
Outside services expenses	55,827,537,041	52,845,476,967
Depreciation and amortisation	16,172,750,758	16,878,440,716
Others	24,521,504,774	34,207,045,957
	<u>319,389,279,653</u>	<u>292,392,358,391</u>

**34 NET OTHER INCOME**

	Current year VND	Previous year VND
<b>Other income</b>		
Rental income	110,622,500	-
Compensation for damaged goods	927,195,029	233,521,150
Others	9,125,831,552	5,158,188,275
	<u>10,163,649,081</u>	<u>5,391,709,425</u>
<b>Other expenses</b>		
Losses on disposal of fixed assets	684,507,200	704,292,347
Others	1,964,966,938	1,388,650,280
	<u>2,649,474,138</u>	<u>2,092,942,627</u>
<b>Net other income</b>	<u>7,514,174,943</u>	<u>3,298,766,798</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

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### 35 CORPORATE INCOME TAX

The CIT on the Group's accounting profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 20% as follows:

	Current year VND	Previous year VND
Adjustment:	506,666,648,202	358,564,884,026
Non-taxable income		
Non-deductible expenses	(322,503,800)	(142,503,800)
Temporary differences for which no deferred income tax asset has been recognised	13,090,193,300	5,033,764,247
Tax losses for which no deferred income tax asset was recognised	-	2,069,665,744
	7,253,606,340	42,000,925,338
	526,687,944,042	407,526,735,555
Tax calculated at a rate of 20%	105,337,588,809	81,505,347,111
Adjustment for under accrued CIT in previous years	391,658,878	352,123,658
CIT charge (*)	105,729,247,687	81,857,470,769
Charged/(credited) to the consolidated income statement:		
CIT – current	122,426,716,645	63,006,307,674
CIT – deferred (Note 20)	(16,697,468,958)	18,851,163,095
	105,729,247,687	81,857,470,769

(\*) The current CIT charge for the year is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

### 36 COSTS OF OPERATION BY FACTORS

Costs of operation by factor represents all costs incurred during the year from the Group's operating activities, excluding cost of merchandises for trading activities. Details are as follows:

	Current year VND	Previous year VND
Raw materials	1,260,272,245,943	816,612,694,806
Staff costs	836,966,226,979	634,053,508,457
Depreciation and amortisation	82,485,634,011	83,919,429,257
Outside service expenses	296,420,648,444	183,340,488,444
Others	239,683,260,188	216,189,303,162
	2,715,828,015,565	1,934,115,424,126

### 37 SEGMENT REPORTING

The Chief Executive Officer of the Company determines that the decisions of the Group are based primarily on the geographic areas in which the Group sells goods and provides services. As a result, the primary segment reporting of the Group is presented in respect of the Group's geographical segments.

	Current year VND	Previous year VND
<b>Net revenue from sales of goods and rendering services</b>		
Net revenue from domestic sales	2,688,812,778,765	2,099,052,825,376
Net revenue from export sales	832,045,170,160	569,222,267,711
	3,520,857,948,925	2,668,275,093,087
<b>Cost of goods sold and services rendered</b>		
Cost of goods sold - domestic	1,414,047,156,601	1,124,160,031,784
Cost of goods sold - export	582,734,775,936	416,952,313,626
	1,996,781,932,537	1,541,112,345,410
<b>Gross profit from sales of goods and rendering services</b>		
Gross profit from sales of goods - domestic	1,274,765,622,164	974,892,793,592
Gross profit from sales of goods - export	249,310,394,224	152,269,954,085
	1,524,076,016,388	1,127,162,747,677

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**38 RELATED PARTY DISCLOSURES**

The Group is controlled by Thien Long An Thinh Investment Corporation which owns 48.01% of the Group's share capital.

During the year, the Group has balances and transactions with related parties as follows:

Related party	Relationship
Thien Long An Thinh Investment Corporation	Major shareholder

**a) Related party transactions**

The primary transactions with related parties incurred in the year are:

		Current year VND	Previous year VND
i)	<b>Dividends declared</b>		
	Thien Long An Thinh Investment Corporation	112,052,856,000	74,701,904,000
ii)	<b>Remuneration of the Board of Directors, salary and bonus of the Chief Executive Officer</b>		
	<b>Name</b>	<b>Chức vụ</b>	
	Mr. Co Gia Tho	Chairman	
	Ms. Tran Thai Nhu	Member	
	Ms. Co Ngan Binh	Member	
	Ms. Co Cam Nguyet	Member	
	Mr. Tayfun Uner	Member	
	Mr. Pham Nguyen Tri	Member	
	Mr. Nguyen Dinh Tam	Member	
	Mr. Tran Van Hung	Member	
	Mr. Tran Le Nguyen	Member (until 26 April 2022)	
	Mr. Huynh Van Thien	Member (until 26 April 2022)	
	Mr. Nguyen Dinh Tam	Chief Executive Officer (until 31 May 2021)	
	Ms. Tran Phuong Nga	Chief Executive Officer (from 1 June 2021)	
		12,903,511,500	16,588,450,000

**38 RELATED PARTY DISCLOSURES (CONTINUED)****b) Year end balances with related parties**

	Closing balance VND	Opening balance VND
<b>Other short-term payables</b>		
Thien Long An Thinh Investment Joint Stock Company	56,026,428,000	18,675,476,000

**39 OPERATING LEASES COMMITMENTS**

The future minimum lease payments under non-cancellable operating leases were as follows:

	Closing balance VND	Opening balance VND
Within one year	38,441,438,921	27,617,936,529
Between one and five years	107,289,501,658	67,567,725,984
	145,730,940,579	95,185,662,513

The consolidated financial statements were approved by the Chief Executive Officer on 28 March 2023.



Dao Xuan Nam  
Preparer



Nguyen Ngoc Nhon  
Chief Accountant



Tran Phuong Nga  
Chief Executive Officer  
28 March 2023





## THIEN LONG GROUP CORPORATION

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