

**INNOVATION
TOUCH**

**FUTURE
BREAKTHROUGH**

THIEN LONG GROUP

**ANNUAL
REPORT**

2021





Success is a journey, not a destination.

Bridging each successful milestone would make a perfect development journey.

Each individual's success contributes to the collective success, and in return, the collective success will be a great achievement for the individual. The board of management of Thien Long Group and its staff is entering the digital era with a state of mind, a well-prepared and self-confident spirit, along with enthusiasm for immanent resources. Both old and young generations jointly overcome all challenges in the work of revolution - creativity, promoting inherited capacity, strengthening immanent resources, and making a breakthrough jump towards the future of development.

TOUCH TO
SUCCESS

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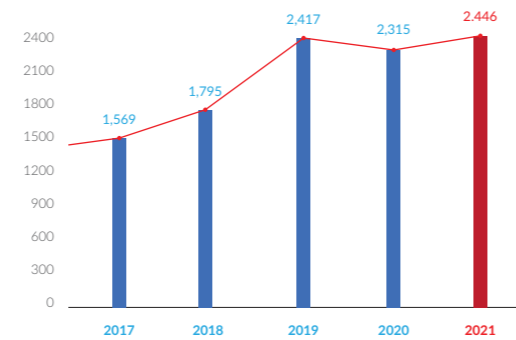
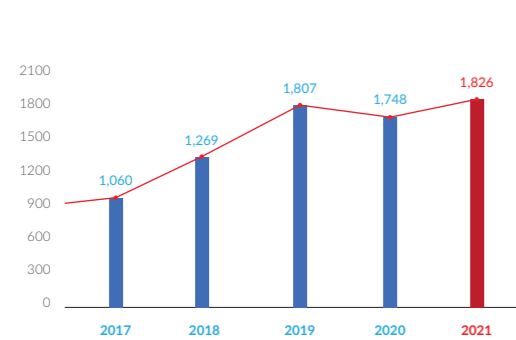
2021

VND **3,547**
BILLION
+16.9% COMPARED TO 2020
MARKET CAPITALIZATION

VND **2,000**
(VND/SHARE)
CASH DIVIDENDS

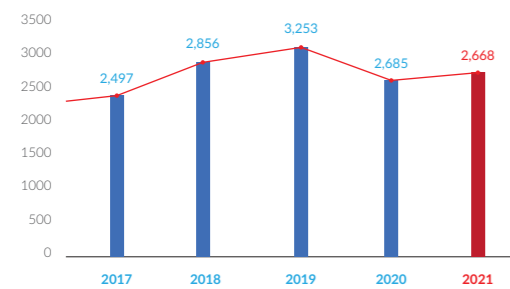
VND **2,668**
BILLION
REACHING 89% OF THE PLAN
THE CONSOLIDATED NET REVENUE REACHED

VND **277**
BILLION
REACHING 99% OF THE PLAN
THE CONSOLIDATED EARNINGS AFTER TAX



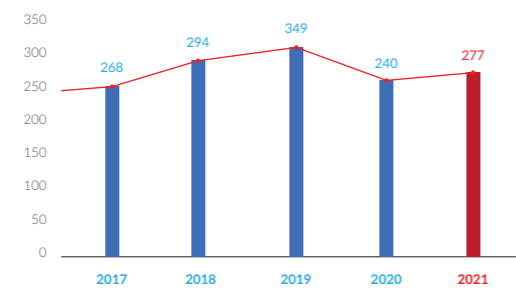
OWNER'S EQUITY

Unit: Billion VND



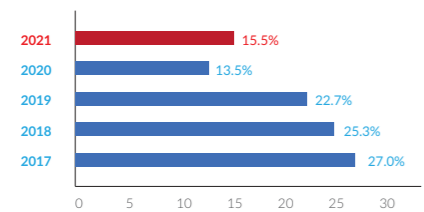
TOTAL ASSETS

Unit: Billion VND



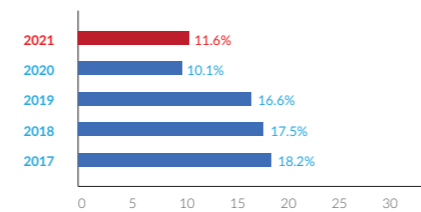
NET REVENUE

Unit: Billion VND

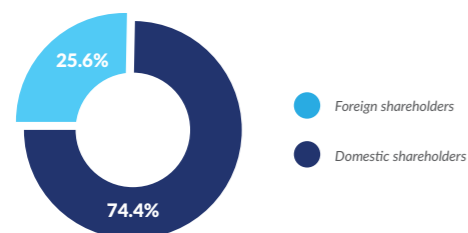


EARNINGS AFTER TAX

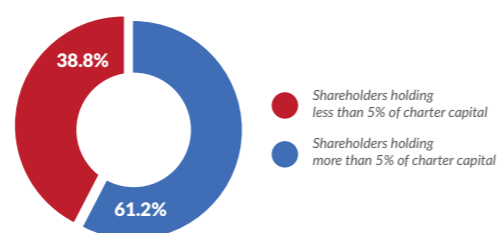
Unit: Billion VND



ROAE



ROAA



THIEN LONG GROUP CORPORATION

Head office: 10th Floor, Sofic Tower, No. 10 Mai Chi Tho Str., Thu Thiem Ward, Thu Duc City, HCMC, Vietnam
Tel: (84.28) 3750 5555
Fax: (84.28) 3750 5577
Email: info@thienlonggroup.com



www.thienlonggroup.com

TOTAL NUMBER OF EMPLOYEES

2,794

PEOPLE
AS OF 31ST DECEMBER, 2021

Master	23 people	1%
University degree	545 people	18%
College	302 people	10%
Intermediate level	236 people	8%
General level	1,868 people	63%



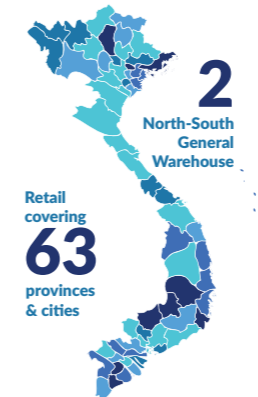
DIRECT LABORERS
1,011 people



INDIRECT LABORERS
952 people



DOMESTIC AND INTERNATIONAL SALES
1,010 people



DOMESTIC MARKET

DISTRIBUTED THROUGH VARIOUS CHANNELS LIKE B2B - MT - GT - KA



EXPORT MARKETS

BE PRESENT IN 67 COUNTRIES AND TERRITORIES AROUND THE WORLD

ASIA 49% | EUROPE 13% | AMERICA 36%



THE AUTOMATION RATE REACHED
78.86%



EMISSIONS TO THE ENVIRONMENT ARE DEDUCTED BY
221 TON CO₂/YEAR

Vietnam's 50 Best-Performing Companies (2013-2021) awarded by Nhip Cau Dau Tu Magazine

TOP 50 LISTED ENTERPRISES IN VIETNAM (2013-2021) awarded by Forbes Vietnam

Enterprises with national brand products (2020 - 2022) are honored by the National Brand Council

Top 50 Most Valuable Brands awarded by Forbes Vietnam Ranking

One of 6 Vietnamese companies in the list of Asia's 200 Best Under A Billion voted by Forbes Asia Ranking



THE THIRD CLASS LABOR MEDAL IN 2016, 2021

Top 10 Vietnam Gold Star Award in 2003, 2018, 2021

"Vietnam Association of High Quality Vietnamese Goods" (1997-2022) awarded by the High Quality Vietnamese Goods Business Association

HCMC Typical enterprise in 2020 recognized by the President of Ho Chi Minh City People's Committee

A list of Vietnam's 500 fastest-growing companies in 2019 (FAST500) voted by Vietnam Report and VietnamNet

Top 100 Vietnam Best Places To Work in 2020 and Top 50 most attractive employer brands honored by Anphabe career community

Part I

LIST OF ABBREVIATIONS



BoM/GD :	Board of Management/ General Director
BoS:	Board of Supervisors
SP:	Semi-Product
Company/Group/Thien Long/TLG:	Thien Long Group Corporation
JSC:	Joint Stock Company
DMS:	Distributors Management System
AGM:	Annual General Meeting of Shareholders
BoD:	Board of Directors
IP:	Industrial Park
EAT:	Earnings after tax
EBT:	Earnings before tax
B&P:	Business & Production
MT:	Manufacturing - Trade
EC:	Ecommerce
Trading Co., Ltd.:	Trading Company Limited
TC:	Trade Center
RO:	Representative Office
ODM:	Original design manufacturer
OEM:	Original equipment manufacturer
PL:	Private label

Part II

FINANCIAL HIGHLIGHTS

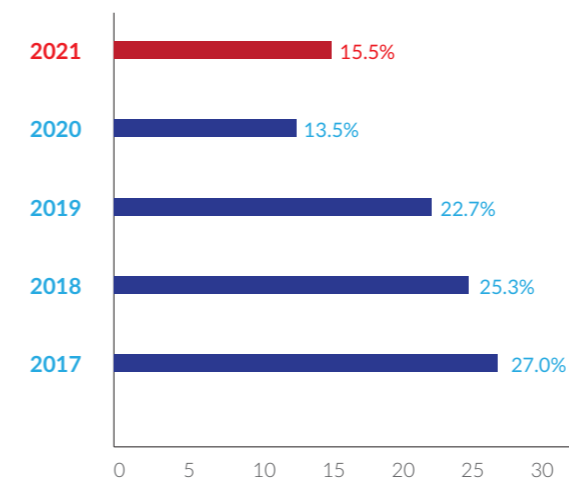
VND
3,547
Billion

+16.9%
compared to 2020

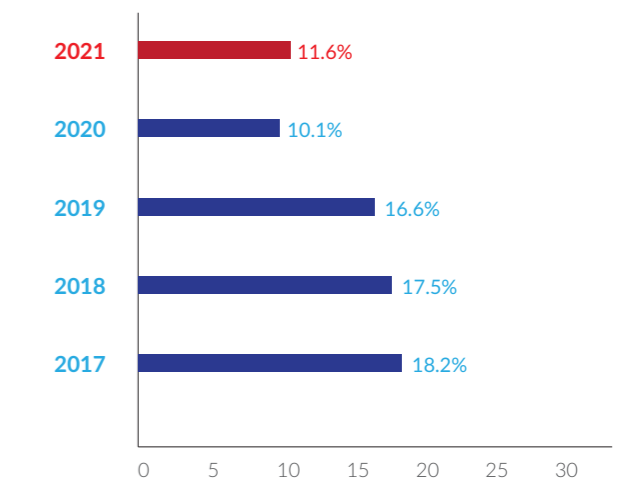
**Market capitalization
2021**

VND
2,000

**Cash Dividends
(VND/share)**



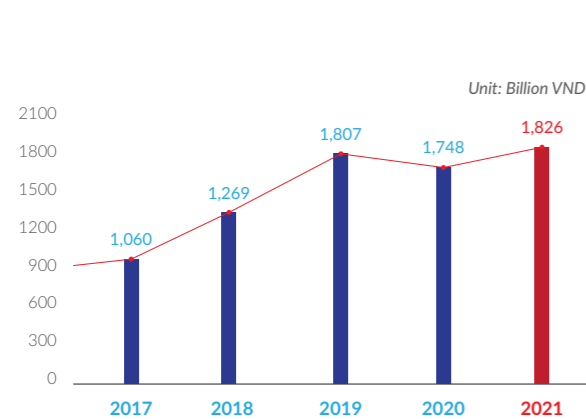
ROAE



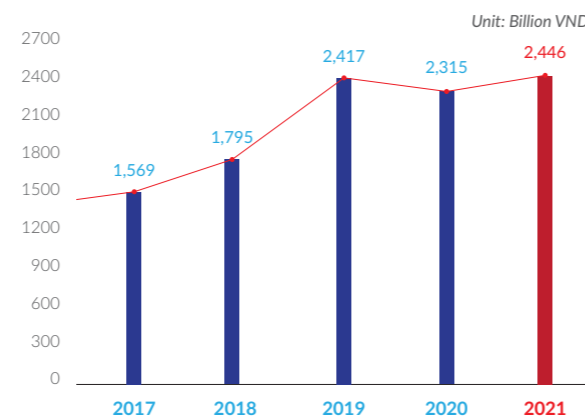
ROAA

Unit: Billion VND

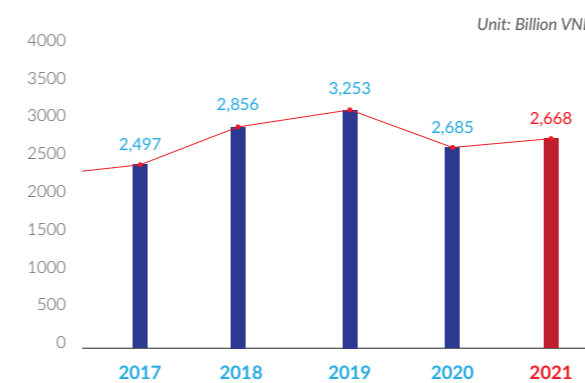
	2017	2018	2019	2020	2021
Net revenue	2,497	2,856	3,253	2,685	2,668
Earnings after tax	268	294	349	240	277
Owner's equity	1,060	1,269	1,807	1,748	1,826
Total assets	1,569	1,795	2,417	2,315	2,446
ROAE	27.0%	25.3%	22.7%	13.5%	15.5%
ROAA	18.2%	17.5%	16.6%	10.1%	11.6%
Market capitalization	5,106	4,272	3,104	3,034	3,547
Cash dividends (VND/share)	2,000	1,500	2,000	2,000	2,000
Share dividends and share issuance from owner's equity	30%	10%	-	-	-



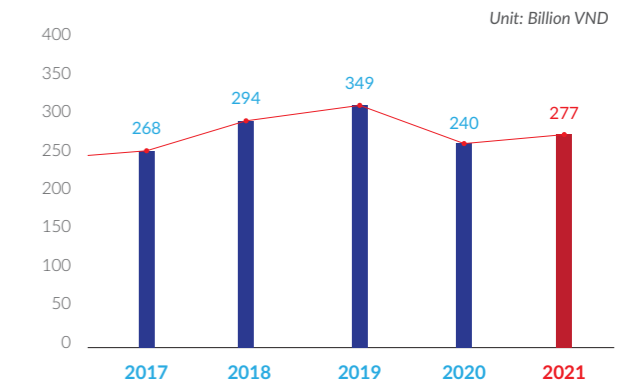
Owner's equity



Total assets



Net revenue



Earnings after tax

Part III

GENERAL INFORMATION

Company name:	THIEN LONG GROUP CORPORATION
Trading name:	Thien Long Group
Abbreviated name:	CÔNG TY CP TẬP ĐOÀN THIÊN LONG
English name:	THIEN LONG GROUP CORPORATION
Stock Symbol:	TLG
Chartered capital:	VND 777,944,530,000
Owner's equity:	VND 1,825,578,447,277
Head office:	10 th Floor, Sofic Tower, No. 10 Mai Chi Tho Street, Thu Thiem Ward, Thu Duc City, Ho Chi Minh City, Vietnam
Tel:	(84.28) 3750 5555
Fax:	(84.28) 3750 5577
Email:	info@thienlonggroup.com
Website:	www.thienlonggroup.com
Certificate of Enterprise Registration:	No. 0301464830, issued by the Department of Planning and Investment of Ho Chi Minh City for the first time on March 14, 2005 and amended for the 19th time on November 08, 2021.



Part IV

STRATEGIC OBJECTIVES FOR THE PERIOD OF 2021-2025

Making Thien Long become one of the most reliable enterprises in Vietnam has the following specific goals:



Impressive revenue

Targeting VND 10,000 billion in revenue.



Efficient Structure

Establishing a flexible operational mechanism capable of responding quickly to market volatility

Making a successful digital transition in order to enhance operational efficiency and competitive capabilities for a better position in new chapters.



Humane Products

Providing quality, safe but economical products so that anyone has the opportunity to use them and deserves a "National Brand" in the stationery industry.

Superb products and services, not only functionally or technically, but also good for the health of consumers.

Diversified Business Scope



Discovering and developing new business segments based on the company's core in pursuit of solid sales growth;

Focusing on developing education-oriented products under the TLG brand, which are the categories expected to be extremely attractive to the market;

Promoting External Distribution Projects aims with the objective of being an exclusive stationery distributor of the world's famous brands in Vietnam and Southeast Asia.



Responsible Enterprise

Appropriate compensation regime, and a collaborative the working environment for mutual development.

Supporting society by leveling up knowledge through providing superb products and meaningful support to educational activities.

Part V

VISION MISSION CORE VALUE

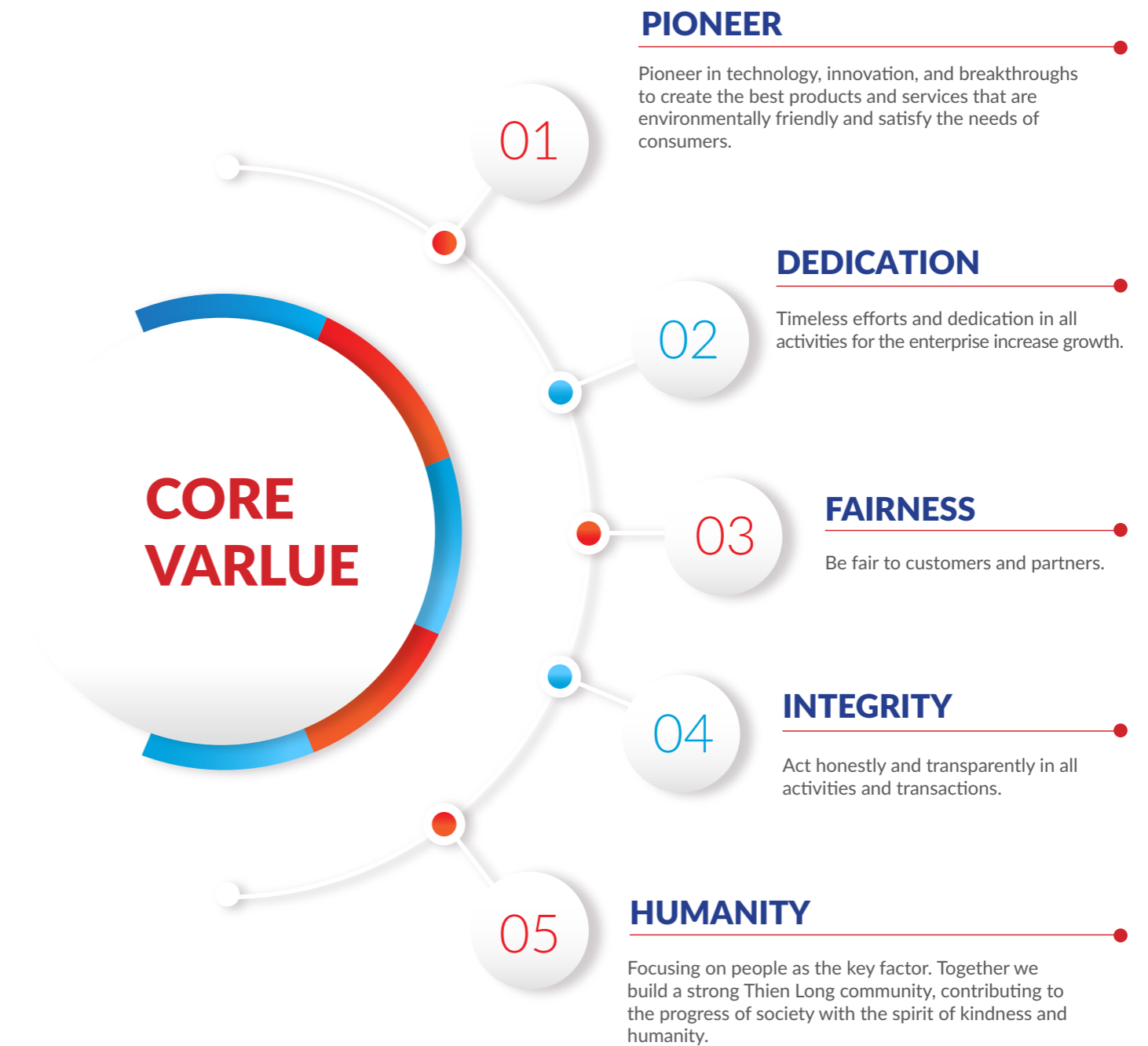


Vision

Bring Thien Long's products to every region of Vietnam and all over the world.

Mission

Thien Long commits to providing the best quality products, stationery products, and services for studying, working, and creative activities that contribute to conquering the peak of mankind's knowledge.



Part VI

MESSAGE FROM THE CHAIRMAN OF BOARD OF DIRECTORS



We are optimistic about recovery and continuous sustainable development in 2022, looking to the future with many innovative and breakthrough business and investment projects

CO GIA THO
Chairman of the Board of Directors

Dear our Valued Shareholders, Partners and all employees,

In 2021, we marked our 40th anniversary of establishment and companionship with millions of Vietnamese consumers through several generations. From a small workshop in 1981, until now, Thien Long has held on the No.1 position stationery group in Vietnam and worldwide. At the 40-year-old milestone, after four decades of persistent development, Thien Long converges its comprehensive strength to overcome the pandemic period and unlocks a new fully inspirational journey with strong breakthroughs.

The Covid-19 pandemic situation in 2021 continued to develop in a more and more complicated manner with the outbreak of new variants, causing a drag on the world economic recovery. As a consequence, Vietnam's economy faced many difficulties and challenges such as weak consumer purchasing power; risk of supply chain disruption, and production interruption. However, the economic big picture for the whole year 2021 was still highlighted with many positive results, thanks to the Government's actions such as acceleration of vaccine coverage process and flexibly adjustment of anti-epidemic strategy to help further balance between ensuring the people's health and economic recovery. For the whole year of 2021, GDP only increased by 2.58%, lower than the level of 2.91% in 2020 and the lowest level in the past 10 years, but this is still a very encouraging level, in the context of complicated epidemic development.

To face the truth, Thien Long Group predicted that 2021 would be a year of tremendous challenges. However, up to now, the epidemic's problems and challenges have not deterred Thien Long Group's objective of becoming a "ten thousand billion dong enterprise.". In the midst of the epidemic outbreak, Thien Long still stood firm, even achieved a certain growth with earnings after tax increase up to 15.4% in comparison to 2020.

Thien Long Group successfully overcame the Covid-19 challenging tests because of its ability to effectively identify risks and develop flexible reaction strategies based on a strong competitive capability foundation. Facing the

challenges made Thien Long stronger and more resilient to maintain all activities from production to business and human resource development.

In terms of production, Thien Long enhanced efficiency in all aspects from self-proactivity of main materials to efforts to increase output and reduce production costs when the supply chain was impacted. Thien Long promoted exports by concentrating on increasing distributors in Southeast Asia, the Middle East, Europe, and the United States.

Thien Long's advantage to conquer the epidemic was the ability of internally comprehensive digital transformation synchronization. With effective support from the digital tools and human resource engines, the Group operated stably and maintained comprehensive operations from the management system to the redirection of business on e-commerce channels.

In the midst of the epidemic, Thien Long connected and shared with the human resources team, enhancing the quality of the talent team, building up the succession team, and constructing a centralized management model for the Group's 5-year strategic orientation. Also during this time, Thien Long also concentrated on research and development of high-end products, youthful products suitable for the youth trends, and educational products. And due to the effects by the epidemic, Thien Long has always pursued the goals of sustainable development and environmental protection

Thien Long's effectiveness in combating the epidemic was proved its outstanding business revenue index, which exceeded the profit targets set out by the previous year's General Meeting of Shareholders. In 2021, Thien Long Group was also honored with a number of prestigious titles and awards such as the Third Class Labor Medal, awarded by the Government, Top 10 Vietnam Gold Star Award, the title of Vietnam Association of High-Quality Vietnamese Goods for consecutive 26 years, Vietnam's 50 Best-performing Companies, etc.

Ladies and Gentlemen,

"In the middle of difficulty lies opportunity" is always true, the challenges posed by Covid-19 did not distract Thien Long; on the contrary, the fluctuations of the previous year provided an opportunity for Thien Long to affirm its competitive values and abilities to deal with every situation. As soon as the lockdown was eased, Thien Long returned to its economic growth orbits with both positive revenue and profit forecasts. In early 2022, Thien Long started to expand a factory by 10,000m² to increase production capacity. The Group also reorganized the warehouse with a 14,000m² central warehouse model in Le Minh Xuan Industrial Park and invested in a WMS warehouse management system to optimize resources and reduce costs. In addition, Thien Long also collaborated with educational institutions and large organizations to connect brand strength and utilize mutual ecosystems for the enlargement of business opportunities and developments. A new chapter of development has opened, and we shall move forward faster and stronger...

With the best efforts of all employees and the support of Shareholders, Investors, Customers, and Suppliers, we are confident to achieve the goal of "a ten thousand billion dong enterprise" in the next 5 years, taking pioneering steps and bringing about sustainable development to Shareholders and Partners of the Company.

Kind regards!

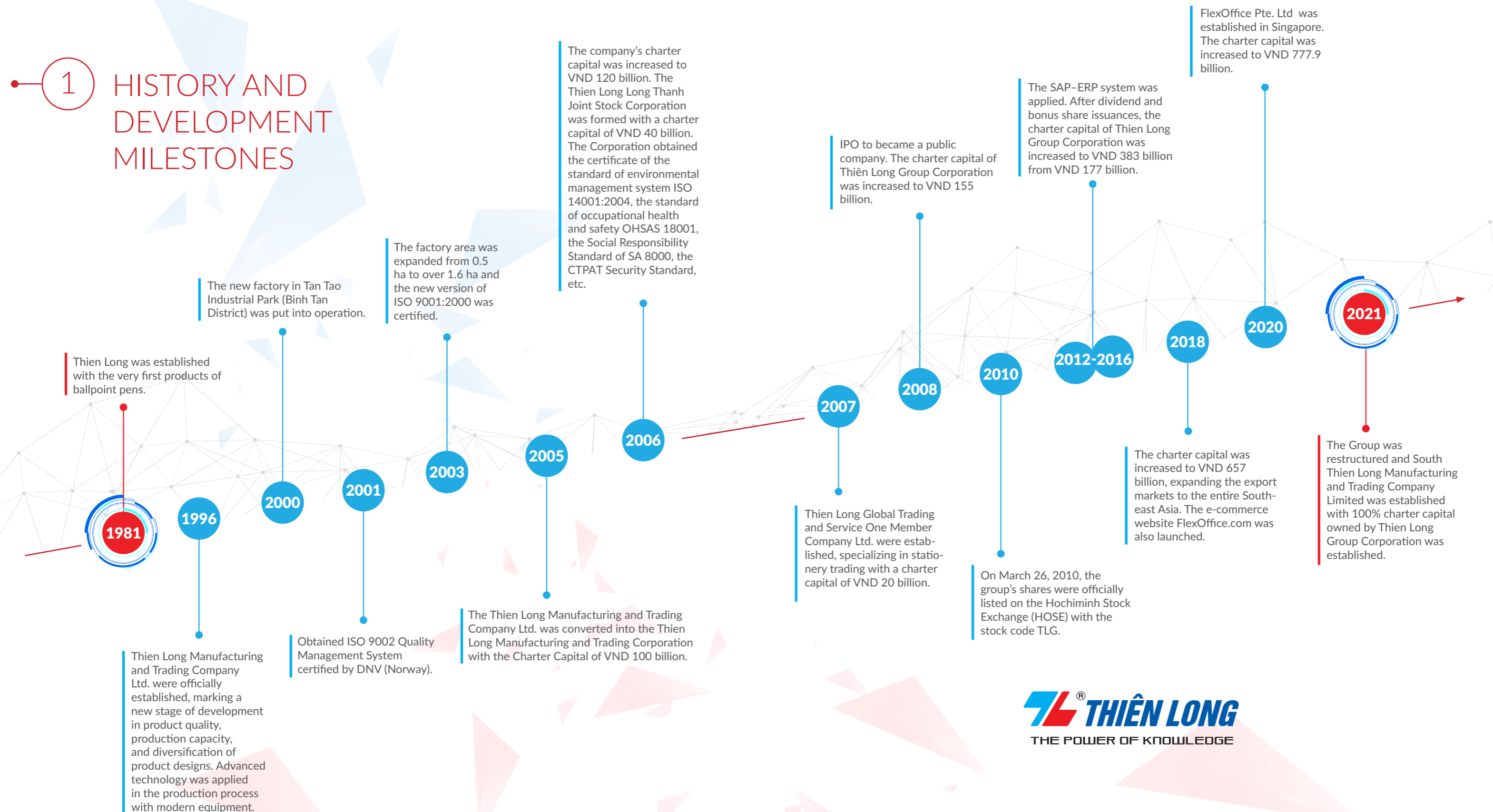
CO GIA THO
Chairman of the Board of Directors



Part VII

INTRODUCTION TO THIEN LONG GROUP

1 HISTORY AND DEVELOPMENT MILESTONES



2 BUSINESS LINES

With the plentiful design, high quality, reputable brands, and reasonable prices, Thien Long's products were ready to meet the Consumers' diverse needs.

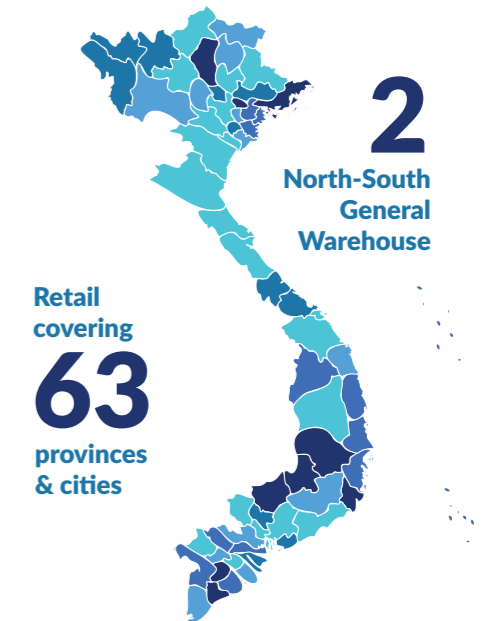
Thien Long Group Corporation participates in the business and manufacturing of 4 main categories of products:



DISTRIBUTION SYSTEM 3

Domestic market

Thien Long has continuously built and expanded a thorough distribution network within the domestic market. Thien Long products are now available in 63 provinces and cities nationwide in malls, chain stores, bookstores, convenience stores, etc., and are distributed through various channels like e-commerce, direct sales channels to schools, B2B, supermarkets, etc.



DISTRIBUTED THROUGH VARIOUS CHANNELS LIKE B2B - MT - GT - KA

Export markets

Thien Long has continuously been investing in developing export markets and bringing the products branded FlexOffice and Colokit to consumers all over the world. Besides, Thien Long also exports the items of Private Label to large customers around the world.



BE PRESENT IN **67** COUNTRIES AND TERRITORIES AROUND THE WORLD

ASIA **49%** | EUROPE **13%** | AMERICA **36%**

4 LIST OF SUBSIDIARIES

THIEN LONG LONG THANH MANUFACTURING TRADING SERVICE COMPANY LIMITED

Thien Long Long Thanh was established in late 2006 and started its official operation in August 2008 in Long Thanh Industrial Park, Long Thanh District, Dong Nai province, with a charter capital of VND 180 billion and was owned 100% by the Group. The factory was built on a 3 ha area and specialized in stationery and writing instruments, serving domestic and export markets.

SOUTH THIEN LONG MANUFACTURING TRADING COMPANY LIMITED

South Thien Long was established and officially started its official operation in July 2021 in Tan Tao Industrial Park, Binh Tan District, Ho Chi Minh City, with a charter capital of 600 billion VND, 100% owned by the parent company. The Nam Thien Long factory received the transfer of the entire investment project for the production of all kinds of current stationery from the parent company in the area of Tan Tao Industrial Park to produce all kinds of stationery and all kinds of pens to meet the needs of customers in domestic demand and export markets.

THIEN LONG GLOBAL TRADING AND SERVICE ONE MEMBER COMPANY LIMITED

Thien Long Global has a charter capital of VND 100 billion, 100% owned by the Group. With functions specializing in trading and service, Thien Long Global has done its job in sales and customer care. Moreover, it has actively supported the Group in new product development to create the vital foundation for the Group's sustainable growth in the long term.

FLEXOFFICE PTE. LTD

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

TAN LUC CHAIN

The operations of Tan Luc Chain mainly focus on:

- (1) Direct sales to businesses (B2B); online sales; and the sale of advertising products.
- (2) Becoming strategic distributors in Vietnam for foreign partners, including the ones that are doing business in the industry but generate a wide profit margin.
- (3) Specialized sales forces to implement the distribution for the partners in big cities.

List of subsidiaries (There are no affiliates under the Group)

No.	Company name	Business lines	Head office address	Charter capital (VND)	% owned by Thien Long Group
01	Thien Long Long Thanh Manufacturing Trading Service Company Limited	Manufacturing and trading stationery	Street no. 7, Long Thanh IP, Long Thanh district, Dong Nai Province	VND 180 billion	100%
02	South Thien Long Manufacturing Trading Company Limited	Manufacturing and trading stationery	Lot 6-8-10-12, Street 3, Tan Tao IP, Binh Tan District, Ho Chi Minh City	VND 600 billion	100%
03	Thien Long Global Trading and Service One Member Company Ltd.	Trading stationery	10th Floor, Sofic Tower, No. 10 Mai Chi Tho Street, Thu Thiem Ward, Thu Duc City, Ho Chi Minh City	VND 100 billion	100%
04	Tan Luc South Trading and Service One Member Company Ltd	Trading stationery	10th Floor, Sofic Tower, No. 10 Mai Chi Tho Street, Thu Thiem Ward, Thu Duc City, Ho Chi Minh City	VND 80 billion	100%
05	Tan Luc North Trading and Service One Member Company Ltd	Trading stationery	No. 38, Gamuda Gardens 2-5 Street, New Urban C2 - Gamuda Gardens, Tran Phu ward, Hoang Mai district, Ha Noi Capital	VND 60 billion	100%
06	Tan Luc Middle Trading and Service One Member Company Ltd	Trading stationery	No. 38 Hoang Van Thai Street, Hoa Minh ward, Lien Chieu district, Da Nang City	VND 20 billion	100%
07	FlexOffice Pte. Ltd	Trading stationery	10 Ubi Crescent #04-100 Ubi Techpark, Singapore	VND 19 billion	100%

Revenues excluding sales from intercompany transactions

TAN LUC CHAIN
Approximately
VND 220 billion

THIEN LONG GLOBAL
Approximately
VND 1,800 billion

5 OUTSTANDING ACHIEVEMENTS

-  **Vietnam's 50 Best-Performing Companies (2013–2021)** awarded by *Nhip Cau Dau Tu Magazine*

-  **TOP 50 LISTED ENTERPRISES IN VIETNAM (2013-2021)** awarded by *Forbes Vietnam*

-  **Enterprises with national brand products (2020 – 2022)** are honored by the *National Brand Council*

-  **Top 50 Most Valuable Brands** awarded by *Forbes Vietnam Ranking*

-  **One of 6 Vietnamese companies in the list of Asia's 200 Best Under A Billion** voted by *Forbes Asia Ranking*

-  **The Third Class Labor Medal in 2016, 2021**

-  **Top 10 Vietnam Gold Star Award in 2003, 2018, 2021**

-  **"Vietnam Association of High Quality Vietnamese Goods" (1997-2022)** awarded by the *High Quality Vietnamese Goods Business Association*

-  **HCMC Typical enterprise in 2020** recognized by the *President of Ho Chi Minh City People's Committee*

-  **A list of Vietnam's 500 fastest-growing companies in 2019 (FAST500)** voted by *Vietnam Report and VietnamNet*

-  **Top 100 Vietnam Best Places To Work in 2020 and Top 50 most attractive employer brands** honored by *Anphabe career community*



6 TYPICAL PRODUCTS



WRITING INSTRUMENTS AND CONVENIENT STATIONERY ITEMS (THIEN LONG BRAND)



From schoolchildren and students to office professionals, housewives, and small business owners, etc, the TL brand caters to a wide range of consumer needs.

Writing instruments and convenient office supplies (Thien Long brand) include traditional product lines for studying, taking notes, marking, storing, printing, etc., such as ballpoint pens, gel pens, rollerball pens, needlepoint pens, notebooks, rulers, erasers, sharpeners, etc. Since its establishment, this has been a prominent product category. Consumers, particularly students, continue to prefer and trust writing instruments because of their high quality and low price, and they now dominate the domestic market with a market share of around 60%.

It has been 21 years since the launch of "University Entrance Exam Support" in 2021. In order to celebrate the event, the TL brand launched the product KIT-024 Confidence in the Good Testing Results, which comprised products that were critical for students taking the exam (ballpoint pen, pencil, ruler, eraser, sharpener, etc.). Furthermore, the product's name was an encouragement to the brand's mentality of "confident to acquire good testing results" to the 12th-grade students who were prepared to begin the very tough competition. Moreover, the company created product lines for consumers who needed the DF-001 family archive cover file throughout the year. The device featured five compartments in five trendy colors to make storage simple and convenient, and it was especially well-suited for holding critical family documents.



PREMIUM PRODUCTS (BIZNER BRAND)



Thien Long is always on the lookout for BIZNER items that are aimed at businesspeople and high-income earners. BIZNER products are brought into the world with unique and luxurious designs thanks to extensive investment in research and innovation

Over the past year, the BIZNER brand has continuously implemented R&D to create leading products in terms of quality and technology, particularly the BIZ -16/40 years - Thien Long Group's 40th anniversary product. Biz-16 was created with high-quality materials, 22K gold-plated embellishments, and a beautiful design to give people a classy and one-of-a-kind product. The product was a mark as well as a demonstration of the development of pen manufacturing technology for the Bizner brand in particular and Thien Long Group in general.



**OFFICE SUPPLIES
(FLEXOFFICE BRAND)**

Office Supplies (FlexOffice) include the products that comprehensively serve office staff with diversified, flexible, and plentiful models.



Office supplies (FlexOffice brand) include products serving white-collar customers such as office paper, pens of various types, stationeries, folders, sticky tape, glue, and other office supplies. All products undergo a rigorous research and development process and quality control to provide the best experience for consumers. Flexoffice is also a well-known brand in international industry.

Through research and development, FlexOffice Brand launched a number of new products in 2021: 3-compartment Button Closure Plastic Cover File Folder FO-CBF018 with trending pastel design and youthful textures having 3 times more space storage compared to conventional ones; The FO-PM018/VN industrial paint marker with high wear-resistant tip technology may be utilized on a variety of surfaces.



**SCHOOL SUPPLIES
(DIEM 10 BRAND)**

Diem 10 Brand school supplies provide good, convenient, safe, and non-toxic learning resources to better serve Vietnamese children's learning.

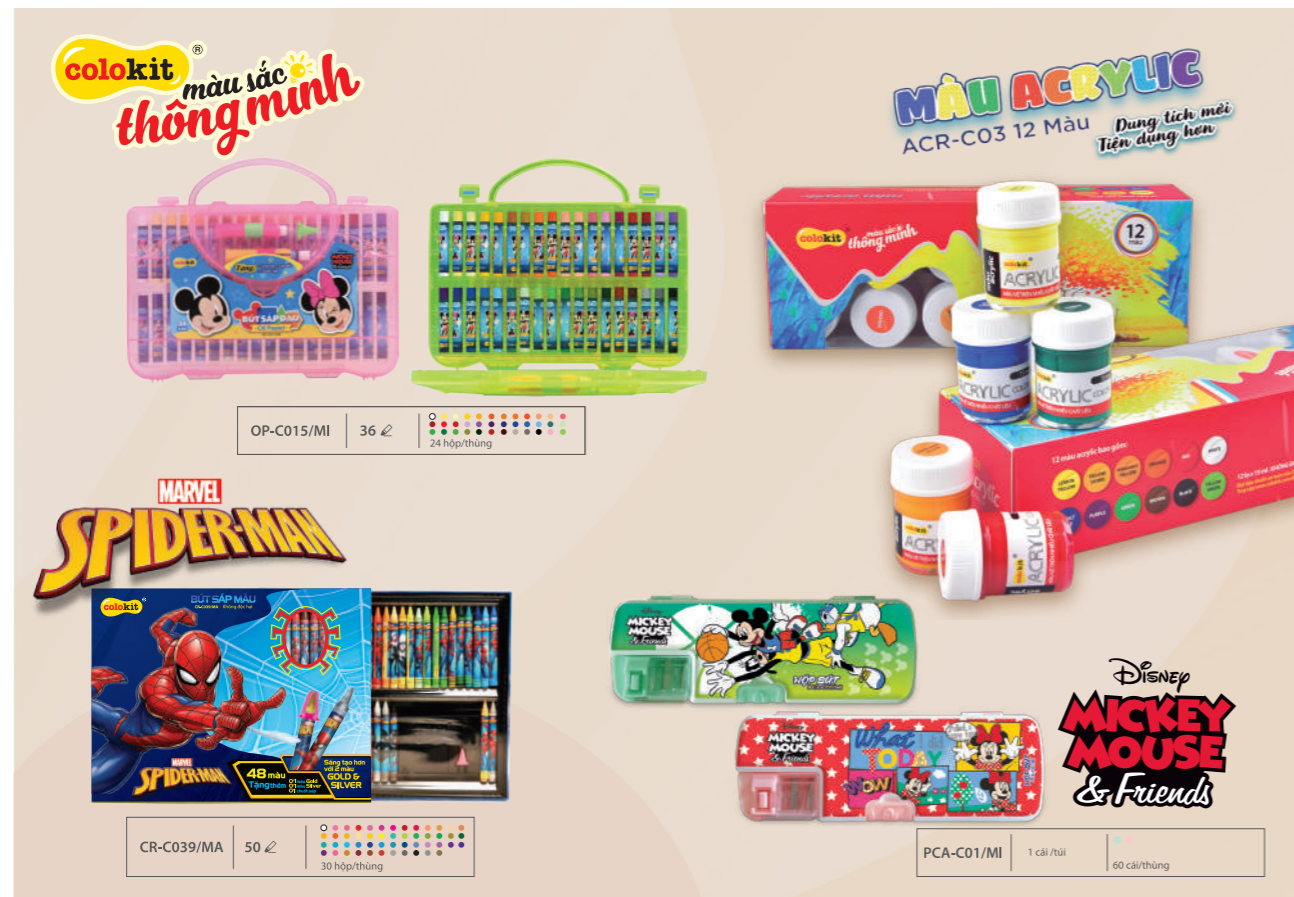


Thien Long is a school supply brand. Diem 10 serves students of all levels by providing a variety of products that are appropriate for each learning program, such as boards, chalks, rulers, compasses, pencils, erasers, glues, scissors, notebooks, and special products such as fountain pens for handwriting training, erasable gen pens, dust-free chalk, and so on.

With various market shifts and an outbreak in 2021, Diem 10 improved and maintained up with relevant products for its customers, specifically:

- (1) Product innovation: TP-GELE003 erasable gel pen with convenient press and TP-GELE002 with 2 handy erasers.
- (2) Scientific and technical research was used to develop the following products: anti-glare, anti-eye strain notebooks for students TP-NB002 and TP-NB003, and anti-glare, anti-eye strain notebooks for students TP-NB004.

In addition, Diem 10 also had other new products to better serve learning, such as gel pens TP-GRE002, TP-GRE003, TP-B021, TP-B022, boards for letter-writing practice TP-B021, TP-B022, pencils Doraemon TP-GP009/DO, etc.



ART SUPPLIES (COLORKIT BRAND)

Colokit is the brand name for Thien Long's Art Supplies, which includes colored crayons, oil pastels, colored pencils, colored fiber pens, colored plastic crayons, watercolors, modeling dough, coloring books, and other products that support children's arts and creative activities.



In 2021, the Colokit brand constantly implemented R&D for new color-oriented products to support the cognitive development of children, and transformed the value from "entertainment and support for children in developing creativity" into "cognitive development lessons."

In particular, in 2021, Colokit launched the washable brush pens SWM-C006 with 36 diverse colors, which could be used for writing, coloring on paper, coloring books, or specialized drawing paper, etc. Thanks to the special ink, which could be easily washed off with plain water when it stuck to skin and clothes, SWM-C006 products served well for the trend of writing notes and decorative drawings by the youth nowadays.



7 MANUFACTURING TECHNOLOGY

Thien Long has focused heavily on R&D and design, constructing machinery and equipment systems on their own, strengthening design efforts, and building molds to replace imported ones in order to lower production costs and increase capacity and competitiveness.

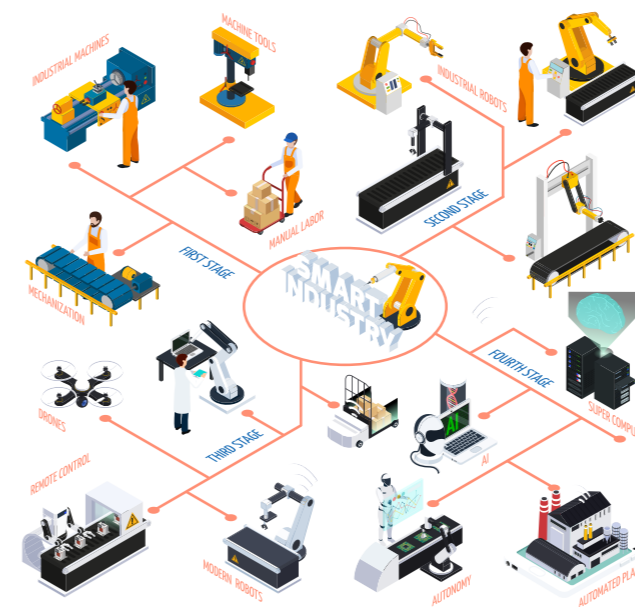
Mold manufacture used advanced technology, particularly mold structure design, processing stages, and automatic plastic injection processes, to improve semi-product manufacturing efficiency and productivity.

Furthermore, mold research has been used to make semi-products in various forms, such as injecting numerous plastic components onto one semi-product at a time, to reduce the amount of details in a finished product and diversify models.

Investment in the semi-product production machinery and equipment, which were imported from advanced countries with up-to-date technologies, has been implemented, such as plastic injection machines imported from Japan. This helped optimize production processes and improve product quality. The rearrangement and reorganization of factories and production stages in compliance with modernization and automation directions has been implemented in most departments to help improve the production effectiveness constantly.

THE AUTOMATION RATE REACHED

78.86%



EMISSIONS TO THE ENVIRONMENT ARE DEDUCTED BY

221 Tons CO₂/year

8 BOOSTING AUTOMATION

Due to the consequences caused by pandemics in 2021, many activities will be changed or renewed to match the market situation and boost automation rates in factories.

- Applied automatic technology with high productivity.
- Applied the hot runner mold and the plastic multi-component mold.
- Developed precision mechanical technology to continue producing pen tips using Swiss and German machines and equipment.
- Continued to invest and apply energy-saving injectors with high accuracy.

The automation rate at Thien Long's factories was raised to 78.86%, compared to 78.23% at the end of 2020. As a result, the Group's overall labor productivity has been improving more and more.



9 PURSUING GREEN TECHNOLOGY

Since its inception, the green factor has been considered the top priority as a wastewater treatment system is installed in accordance with the codes and standards with the aim of preventing environmental pollution. Moreover, the Group's machinery and equipment were energy- and material-saving.

In February 2018, Thien Long turned on the 198.4Kwp grid-connected solar power system. The solar power system generates roughly 248,146 kilowatt-hours per year (20,679 Kwh is generated by the system on average), lowering electricity prices and reducing CO2 emissions by about 221 tons per year, contributing to environmental protection and green economic development.

GREEN technologies have also been shown by types of products to be safe for users. Thien Long's products were fully satisfied with advanced safety standards in the world, such as American standards (ASTM D-4236, ASTM F-963, CPSIA, TPCH, AP Seal, FHSA, California Proposition 65, 5-state act), European Standards (CE marking, EN 71/1,2,3, EN 71/9, REACH, RoHS), and Vietnamese safety standards such as QCVN 03:2019/ BKHCN.

10 STRICT QUALITY MANAGEMENT SYSTEM

With the target of guaranteeing the quality and safety of products, Thien Long applied a strict quality management system throughout the entire supply chain, from supporting and controlling the quality at the suppliers' side, checking input materials, controlling the quality of each manufacturing stage, controlling the quality of finished goods, controlling the storage and display of products at distributors' warehouses, and all points of sales throughout the entire distribution channel.

INTEGRATED ADMINISTRATION SYSTEM

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

- Quality Management System - **ISO 9001:2015**
- Environmental Management System - **ISO 14001:2015**
- Social Accountability System - **SA 8000:2014**
- Occupational Health and Safety Management System - **ISO 45001 :2018**
- Medical devices - Quality management system - **ISO 13485:2016**
- Laboratory Management System - **ISO/IEC 17025: 2017**
- International Council of Toy Industries - **ICTI**

The effective use of the integration of the above-mentioned systems helped Thien Long's management demonstrate a strong commitment to maintaining and ensuring the effectiveness of management and quality on every product delivered to consumers, especially the concern about the health and safety of consumers as well as employees.



11

INFORMATION ABOUT SHARES AND PROCESS OF CHARTER CAPITAL INCREASE

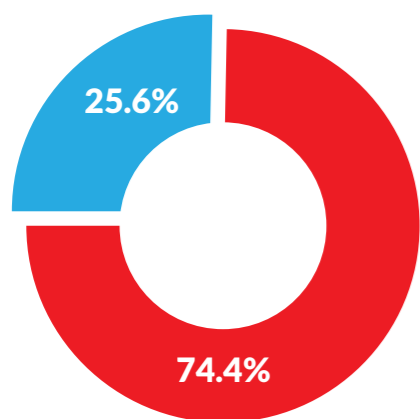
SHARE

Total outstanding shares: 77,794,453 shares, in which:

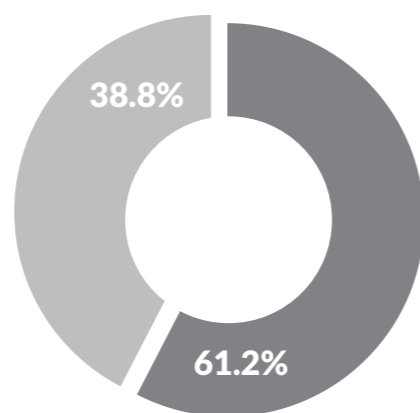
- Number of freely transferred shares: **76,294,453 shares**
- Number of restricted shares: **1,500,000 shares**

Time for transfer restriction: from December 10, 2020 to December 10, 2022. These shares were treasury shares re-sold to the company's employees by the Group in 2020).

Types of outstanding shares: **Common share**



- Foreign shareholders
- Domestic shareholders



- Shareholders holding less than 5% of charter capital
- Shareholders holding more than 5% of charter capital

SHAREHOLDER STRUCTURE (AS OF JANUARY 06, 2022)

SHAREHOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE
Domestic shareholders	1,869	57,877,385	74.4%
Institutions	39	38,484,022	49.5%
Individuals	1,830	19,393,363	24.9%
Foreign shareholders	106	19,917,068	25.6%
Institutions	38	19,206,091	24.7%
Individuals	68	710,977	0.9%
Total	1,975	77,794,453	100.0%

LIST OF SHAREHOLDERS HOLDING MORE THAN 5% OF CHARTER CAPITAL (AS OF JANUARY 06, 2022)

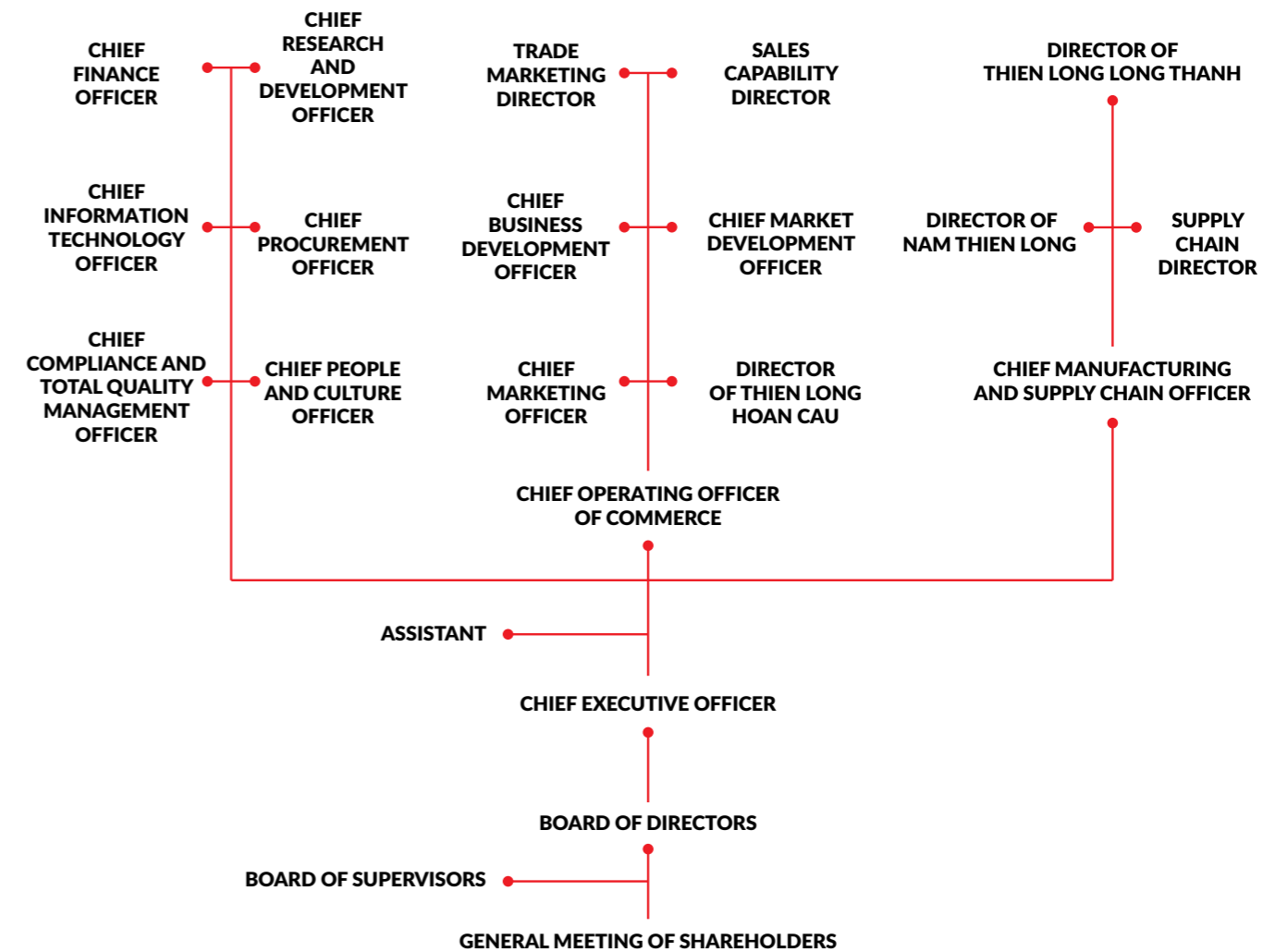
NO.	SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE
1	Thien Long An Think Investment Co, (Represented by Mr. Co Gia Tho)	37,350,952	48.0%
2	NWL Cayman Holdings Ltd.	5,500,000	7.1%
3	Mr. Co Gia Tho	4,744,605	6.1%
	Total	47,595,557	61.2%

GOVERNANCE STRUCTURE 12

PROCESS OF CHARTER CAPITAL INCREASE

YEAR	BEGINNING CHARTER CAPITAL (BILLION VND)	CHARTER CAPITAL ADDED (BILLION VND)	ACCUMULATED CHARTER CAPITAL (BILLION VND)	FORM OF INCREASE
2019	707	71	778	Issuing shares pays dividends, and issuing shares increases the Charter Capital from the Owner's equity
2019	657	50	707	Private placement of shares
2018	506	152	657	Issuing shares to increase the Charter Capital from the Owner's equity
2017	383	123	506	Issuing shares to increase the Charter Capital from the Owner's equity and ESOP
2016	295	88	383	Issuing shares to increase the Charter Capital from the Owner's equity
2015	268	27	295	Issuing shares to increase the Charter Capital from the Owner's equity
2014	233	35	268	Issuing shares to pay a dividend
2013	212	21	233	Issuing shares to pay a dividend
2012	177	35	212	Issuing shares to pay a dividend and to increase the Charter Capital from the Owner's equity
2011	155	22	177	Public offering
2008	120	35	155	IPO to become a public company
2006	100	20	120	Issuing shares to existing shareholders by a proportion of 20%

PURCHASE OF TREASURY SHARES: No



13 INTRODUCTION TO BOARD OF DIRECTORS



Mr. CO GIA THO
Chairman of the Board of Directors

Mr. Co Gia Tho was the person who founded Thien Long in 1981 and has been staying with the company since then. Focusing on the core businesses under Mr. Co Gia Tho, Thien Long grew from a small family firm to the number one stationery manufacturer in Vietnam and a leading stationery group in the region.

He is also the Chairman and General Director of Thien Long An Thinh Investment JSC, which owns 48.1% of the Thien Long Group.



Mr. TRAN LE NGUYEN
Independent Member of the Board of Directors

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

He has over 30 years of corporate management and strategy formulation experience.

He is also the Vice-Chairman and General Director of KIDO Group, BoD member of KIDO Real Estate JSC, BoD member of Vietnam Vegetable Oils Industry Corporation (Vocarimex), BoD member of Tuong An Vegetable Oil JSC.



Mr. HUYNH VAN THIEN
Independent Member of the Board of Directors

Mr. Huynh Van Thien has been a BoD member of the Group since 2008.

He is a management specialist with more than 30 years of experience in senior management roles with major corporations and groups, including Vietnam Lubricants and Chemicals JSC (Villube), VietCapital Asset Management Company (VCAM), and Euro Auto (BMW).

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



Ms. TRAN THAI NHU
Member of the Board of Directors

Ms. Nhu has been a BoD member of the Group since 2008.

She used to hold the positions of Assistant to the CEO of the company, General Director of Thien Long Long Thanh, and Advisor to the BoM of Thien Long Group.

She is also the BoD member of Thien Long An Thinh Investment Corporation.



Ms. CO NGAN BINH
Member of the Board of Directors

Ms. Binh has been a BoD member of the Group since 2008.

She has been working for the Group for more than 35 years, holding numerous positions at Thien Long from its beginning. She worked as the Manufacturing Manager of the Thien Long Ballpoint Pen Factory for ten years. She then worked for Thien Long as an assistant to the director, head of the quality control division, assistant to the CEO, and head of the capital construction department.

Currently, she is also the BoD member of Thien Long An Thinh Investment Corporation.



Ms. CO CAM NGUYET
Member of the Board of Directors

Ms. Nguyet has been the BoD member of the Thien Long since 2008. She has been with Thien Long since 1993. She has been in charge of investment and investor relations for many consecutive years and has been the Chair of the Investor Relations Committee (under the BoD) since February 2017. She is also the BoD member of Thien Long An Think Investment Corporation.



Mr. TAYFUN UNER
Independent Member of the Board of Directors

Mr. Tayfun has joined the BoD since 2019. He currently holds senior management positions at Newell Brands and its subsidiaries. Previously, he had many years of working experience in multinational corporations such as the Procter & Gamble Company, McKinsey & Company, and Carlsberg, etc.

INTRODUCTION TO BOARD OF SUPERVISORS



Ms. NGUYEN THI BICH NGA
Head of the Board of Supervisors

She has been working at Thien Long since 1992, in charge of various positions in the Accounting Department. Since 2010, she has served as Head of the Board of Supervisors of the Group.

Previously, she was a member of the BoS. She now also holds the position of Chief Accountant of Thien Long An Think Investment Corporation.



Mr. PHAM TRI NGUYEN
Independent Member of the Board of Directors

Mr. Tri Nguyen has joined the BoD since 2020.

He is now the Chairman of Vnex Capital Advisors (VNCA). Previously he held senior positions in Bitexco Group, Deutsche Bank (DB) AG, Vietnam, and World Bank Group, IFC.



Mr. NGUYEN DINH TAM
Member of Board of Directors; Chairman of Thien Long Long Thanh Trading Production Co., Ltd; Chief Manufacturing & Supply Chain and Chief Research & Development Officer

Mr. Tam has been on the BoD since June 2021.

He has been with the company for over 27 years and has held various positions at Thien Long, including Deputy Director of Technology, Director of R&D, Chief Manufacturing Officer, and Permanent Deputy Director and Chief Manufacturing Officer, and Chief Executive Officer of Thien Long from May 2017 to May 2021. He has extensive experience of industry expertise and a thorough understanding of key aspects of the Group.



Mr. DINH DUC HAU
Member of the Board of Supervisors

He has been on the Board of Supervisors since 2017.

Previously, Mr. Hau was the Assistant to the General Director of ACI Vietnam Company Limited, Secretary General of the YBA HCMC's Golden Entrepreneurs Club and is currently the Director of Olympia Education JSC.



Ms. TA HONG DIEP
Member of the Board of Supervisors

Previously, Mrs. Diep worked in Investment Banking at HSBC Vietnam and Institutional Sales in the Trading Department of VN-Direct Securities JSC.

Mr. TRAN LE NGUYEN
Independent Member
of the Board of Directors



Mr. HUYNH VAN THIEN
Independent Member
of the Board of Directors



Ms. TRAN THAI NHU
Member of the Board
of Directors



Mr. CO GIA THO
Chairman of the Board
of Directors



Ms. CO CAM NGUYET
Member of the Board
of Directors



Mr. TAYFUN UNER
Independent Member
of the Board of Directors



Ms. CO NGAN BINH
Member of the Board
of Directors



Mr. PHAM TRI NGUYEN
Independent Member
of the Board of Directors



Mr. NGUYEN DINH TAM
Member of Board
of Directors



14 INTRODUCTION TO BOARD OF MANAGEMENT



Ms. TRAN PHUONG NGA
Chief Executive Officer

Ms. Tran Phuong Nga joined Thien Long in 2012 and was appointed as Chief Executive Officer in June 2021. She has extensive experience in the fields of accounting, banking, financial consulting, and investment fund management.

She formerly held significant management positions such as Chief Finance Officer, Chief Operating of Business Officer.



Mr. LAM VAN HAI
Chief Operating Officer of Commerce – Thien Long Group and Director of Thien Long Hoan Cau Company

He has more than 30 years of experience in business and market development thanks to working as Chief Business Officer at Suntory PepsiCo VN, Chief Executive Officer of Nutifood Joint Stock Company, Business Advisor of Kova Trading Joint Stock Company, Advisor of Austdoor Group, and Senior Advisor of Asia Rope Company previously.



Mr. BUI VAN HUONG
Chief Compliance and Total Quality Management Officer

Mr. Bui Van Huong joined Thien Long in 2007 as Chief Compliance and Total Quality Management Officer. He held the positions of the Chief Human Resources Officer and Chief Compliance and Total Quality Management Officer of the Group from September 2008. He has held the position of Chief Compliance and Total Quality Management Officer since September 2021.

He had extensive management experience in global corporations in Vietnam, including Manufacturing Manager at Escatec Electronics Vietnam, Quality Management Director at Nitto Denko Vietnam, and so on..



Mr. PHAN NHUT PHUONG
Chief Business Development Officer

Mr. Phuong has worked with Thien Long since 1996, and in 2008 he was promoted to Chief Procurement Officer.

He has a lot of supply chain management knowledge. From 1998 until 2001, he worked as a Deputy Sales Manager for the company. He was subsequently promoted to the position of Director of Supply Chain from 2002 to 2006 and appointed as the Chief Supply Chain Officer in 2006.



Mr. TEO HWEE BENG
Chief Business Development Officer

He joined Thien Long in 2019 and was promoted to Chief Business Officer – Overseas Market in 2020. Since January 2022, he has worked as Chief Business Development Officer.

He has a lot of international sales and marketing experience. He formerly worked with Essilor Amera, Stabla International, GfK, L'Oreal Singapore, BIC, and a number of other firms in senior management positions.



Mr. NGUYEN DUC HANH
Chief Information Technology Officer

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

He used to hold the position of Information Technology Director from January 2017. Prior to joining Thien Long, he worked at KPMG Vietnam, Dong Tam Group, and Biti's in various IT management roles.



Ms. VO THI HAI HA
Chief Financial Officer

She began working at Thien Long in September 2021 and is presently the Chief Financial Officer.

She has more than 28 years of experience working for international corporations in finance and accounting. She has held numerous executive positions in the past, including Financial Director, Director of Business Planning,... at multinational companies such as Suntory PepsiCo VN; Premier Oil; FrieslandCampina Vietnam...



Ms. LE THI BICH NGOC
Chief Market Development Officer

In December 2021, after joining Thien Long, she was promoted to Chief Market Development Officer.

She has worked in business administration for global corporations for over 23 years. Previously, she held various management positions in business administration at leading FMCG companies in Vietnam, such as Suntory PepsiCo, NutiFood, etc.



Mr. TRAN TRUNG HIEP
Director of Thien Long Global Trading and Service One Member Company Ltd.

He started working for Thien Long in 1994 and was appointed as the Director of Thien Long Global Trading and Service One Member Company Ltd. in 2020.

He has extensive business development experience, having previously held positions such 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 began working at Thien Long in July 2021 and is now the Chief People & Culture Officer.

She has over 18 years of human resources expertise, including positions as Human Resources Director at Lavifood, Human Resources Director for Medical Devices at Abbott, and Head of Senior Human Resources Partnerships Department at Saint-Gobain VN, SuntoryPepsiCo VN.



Mr. LY NGUYEN KHUONG
Chief Marketing Officer

In November 2021, he was promoted to Chief Marketing Officer at Thien Long after joining the company. He has more than 13 years of executive management expertise in the domains of commerce and marketing. Previously, he held various management positions such as: Deputy General Director of Marketing, Marketing Director of the Asia-Pacific region, Senior Marketing Director, etc., at multinational companies such as P&G, Zalora, Suntory PepsiCo, Red Bull, Pizza Hut, etc.



Mr. TA QUANG THIEN
Director of South Thien Long Manufacturing Trading Company Ltd.

He has been working for Thien Long since 1996 and was appointed as the Director of South Thien Long Manufacturing Trading Company Limited in July 2021.

He was the Director of Thien Long Long Thanh Manufacturing Trading Service Company Limited from 2012 to May 2021 and held key positions in Finance and Accounting for the Group.



Mr. TRINH NGOC THUAN
Director of Thien Long Long Thanh Manufacturing Trading Service Company Ltd.

He has been working for Thien Long since 2012 and was appointed as the Director of Thien Long Long Thanh Manufacturing Trading Service Company Ltd. in June 2021.

He used to be the Production Chief, Production Manager, and Production Director at Thien Long Long Thanh.



Mr. NGUYEN TIEN PHUONG

Director of Tan Luc – South Trading and Service One Member Company Ltd.

He joined Thien Long on June 29, 2000, and was appointed as the Director of Tan Luc – South Trading and Service One Member Company Ltd. in September 2021. He has extensive commercial expertise and knowledge in the GT, MT, and B2B channels. He has held a number of management positions within the company, including Branch Manager and Business Director.



Mr. NGUYEN DUONG TRUNG HAU

Director of Tan Luc – Central Trading and Service One Member Company Ltd.

He has been working for Thien Long since 2006 and was appointed as the Director of Tan Luc Central in 2016.

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



Mr. DANG THANH CANH

Director of Tan Luc – North Trading and Service One Member Company Ltd.

He has been working for Thien Long since 1999 and was appointed as the Director of Tan Luc – North Trading and Service One Member Company Ltd in 2010.

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



Mr. NGUYEN NGOC NHON

Chief Accountant

In April of 2017, he joined Thien Long. With over 20 years of experience in finance and accounting, Mr. Nhon has held the post of Chief Accountant.





TOUCH FOR CREATIVITY

Creativity is the “fruitful results” of intelligent emotion.

We are living in an era of both speedy and flourishing growth of science and technology which brings about uncountable and great value to human life but it is inevitable to have crisis in many aspects is. However, there are the seeds of “creative potential” somewhere in the chaos and crisis.

Thien Long Group has been and always pays attention to the emotional value touchpoint - where each person is connected to each division and department, thereby maintaining a state of balance, promoting creative thinking as well as absorbing new ideas and new things to be able to catch up and go with the up-to-date trend in a steady mind, boldly embarking on the change process for great dreams.



Part VIII

**CORPORATE
GOVERNANCE
REPORT**



1 BOD'S REPORT ON THIEN LONG'S OPERATION IN 2021

ACTIVITIES OF THE GENERAL MEETING OF SHAREHOLDERS

Thien Long Group organized the AGM for the fiscal year 2020 on June 29, 2021.

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

ACTIVITIES OF THE BOD IN 2021

The Board of Directors determines the orientation, guidance, administration, and supervision of the company's operations by the Resolution of the General Meeting of Shareholders, the Charter, the Corporate Governance, and the provisions of current laws.

17 BoD meetings were held in 2021 to implement the resolution of the General Meeting of Shareholders as well as exercise other rights of the Board of Directors to approve important policies in the development orientation of the Group. In which, there were meetings with strategic decisions for the long-term development of Thien Long Group Corporation. In these meetings, numerous strategic decisions were made for the long-term development of the Thien Long Group.

The approval of resolutions by the Board of Directors is always consistent with the Group's vision and business strategy in each period. Resolutions/decisions were issued, including:

No.	RESOLUTION/ DECISION NO.	DATE	CONTENTS
1	01/2021/NQ - HĐQT	Jan. 01, 2021	Approving the resignation from the position as Chief Business Officer (Domestic Division) of Thien Long Group Corporation of Mr. Truong Anh Hao.
2	02/2021/NQ - HĐQT	Mar. 08, 2021	Approving the appointment and dismissal of managerial positions of Thien Long Group Corporation.
3	03/2021/NQ - HĐQT	Mar. 29, 2021	Approving the resignation letter and dismissal of Mr. ROMEO RAINFREDO PONTEJOS from his position as Chief Supply Chain Officer.
4	04/2021/NQ - HĐQT	Apr. 20, 2021	Approving the Annual General Meeting of Shareholders of the fiscal year 2020.
5	05/2021/NQ - HĐQT	May 28, 2021	Approving the appointment and dismissal of managerial positions of Thien Long Group Corporation.
6	06/2021/NQ - HĐQT	May 28, 2021	Approving the resignation letter and dismissal of Mr. Tran Van Hung from his position as a BoD member.
7	07/2021/NQ - HĐQT	May 28, 2021	Approving to change the time of the Annual General Meeting of Shareholders in the fiscal year 2020.
8	08/2021/NQ - HĐQT	Jun. 18, 2021	Approving to change the time, location and meeting form of the Annual General Meeting of Shareholders for the fiscal year 2020 of Thien Long Group Corporation.
9	09/2021/NQ - HĐQT	Jul. 09, 2021	Approving the selection of PwC (Vietnam) Co., Ltd. to audit the 2021 financial statements of Thien Long Group Joint Stock Company.
10	10/2021/NQ - HĐQT	Jul. 09, 2021	Approving the record date for the 1st advanced cash dividend payment of 2021.
11	11/2021/NQ - HĐQT	Jul. 09, 2021	Approving to establish of a subsidiary owned by Thien Long Group Corporation in 100% charter capital (South Thien Long Manufacturing Trading Company Limited) and appointing key positions of South Thien Long Manufacturing Trading Company Limited.

No.	RESOLUTION/ DECISION NO.	DATE	CONTENTS
12	12/2021/NQ - HĐQT	Jul. 09, 2021	Approving restructuring sub-committees under the Board of Directors and assigning Mr. Nguyen Dinh Tam as the Permanent Member of the Board of Directors – in charge of Engineering and Manufacturing of Thien Long Group Corporation.
13	13/2021/NQ - HĐQT	Sep. 11, 2021	Approving rearranging the material titles of Thien Long Group Corporation.
14	14/2021/NQ - HĐQT	Oct. 10, 2021	Implement the Resolution of the General Meeting of Shareholders regarding the establishment of South Thien Long Manufacturing Trading Company Limited
15	16/2021/NQ - HĐQT	Oct. 11, 2021	Approving the resignation letter and dismissal of Ms. Phan Thi Minh Hieu from her position as Chief Marketing Officer of Thien Long Group Corporation.
16	17/2021/NQ - HĐQT	Nov. 01, 2021	Approving the appointment of Mr. Ly Nguyen Khuong as Chief Marketing Officer of Thien Long Group Corporation.
17	18/2021/NQ - HĐQT	Dec. 06, 2021	Approving the appointment of Ms. Le Thi Bich Ngoc as Chief Business Development Officer of Thien Long Group Corporation.
18	19/2021/NQ - HĐQT	Dec. 12, 2021	Approving the record date for the 2nd advanced cash dividend payment of 2021.
19	20/2021/NQ - HĐQT	Dec. 27, 2021	Approving the adjustment of the titles for managerial positions of Thien Long Group.

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

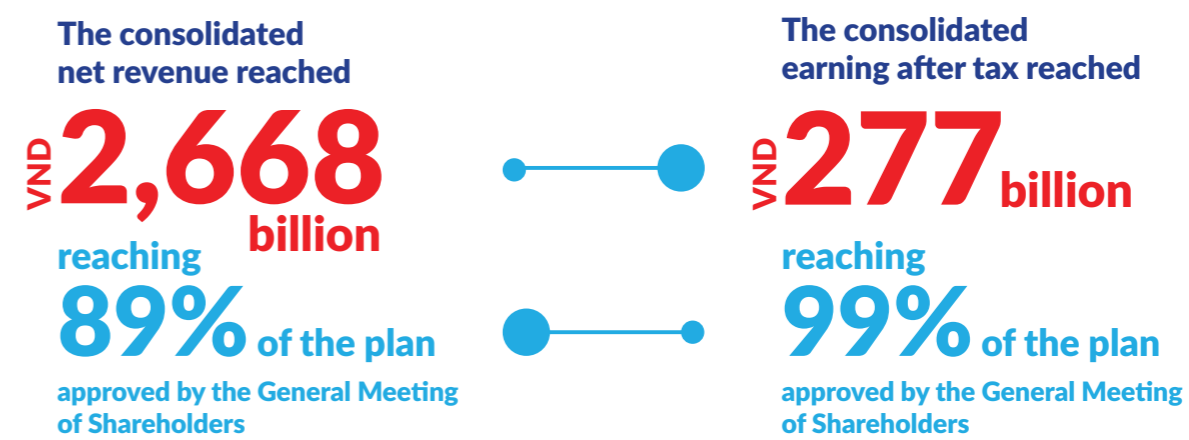
ACTIVITIES OF THE INDEPENDENT BOARD MEMBERS

As independent members of the BOD, the independent members of the BoD have well demonstrated their performance in reviewing the business orientations and plans, contributing to strategic and insightful advice, and closely monitoring the activities of the Board of Directors and the Board of Management to contribute to the limitation, prevention, and control of risks in the operation of Thien Long Group.

ASSESSMENT ON THE GROUP'S OPERATION IN 2021

The difficulties and challenges in 2021 were much more severe than in 2020, in parallel with the comprehensive and far-reaching impacts, resulting in extremely negative effects on the economies of every country in the world. Vietnam experienced its largest outbreak of Covid-19 in April 2021, with new variants having a fast-spreading speed and dangerous and complicated developments in many localities, seriously affecting the lives and safety of people and socio-economic development. In that context, with the consensus and determination from the central to local levels, Vietnam's socio-economic situation has achieved significant and encouraging results, with GDP in 2021 reaching 2.58%.

Despite the challenging year of 2021, with a lot of challenges and fluctuation, the Group has achieved significant and remarkable business results thanks to the direction of the Board of Directors, the strong commitment of the Board of Management, and the consensus of all employees as the key factor, with the details as follows:



SUPERVISION OF BOM'S PERFORMANCE

In 2021, the Board of Directors highly appreciated and acknowledged the outstanding efforts of the Board of Management as well as the supporting departments in operating and implementing production and business activities when the Vietnamese economy, in particular, and the global economy, in general, have been severely affected and impacted by the Covid-19 epidemic.

The Board of Management showed a pioneering role, proactively grasping the situation, and clearly identifying opportunities and challenges in the complicated context of the epidemic in order to propose appropriate solutions to both prevent and control the epidemic effectively while ensuring production and business. In the circumstances of many difficulties and challenges, the Board of Management managed the Group's activities to closely follow the set goals, have several flexible solutions, and promptly respond to market difficulties due to the Covid-19 epidemic with the motto of targeting business efficiency and the interests of the company.

In addition, the Board of Management has also strictly complied with the provisions of the Charter and Regulations on Corporate Governance, internal management regulations, and current laws. The BoM has also been implementing most of the tasks in accordance with the spirit of the Resolution of the General Meeting of Shareholders and the Resolution of the Board of Directors, especially the annual review and follow-up of the company's development strategy, as well as a new development orientation to flexibly adapt to the market changes.

REMUNERATION AND BONUS TO BOD, BOS AND BOM

The regime of remuneration, salary, and bonus applied to the members of BOD, BoS and BoM complied with laws, in harmony with the Company's annual salary policy and salary fund, commensurate with the responsibilities and performance of each member.

The salaries and other gross benefits paid to the key managerial positions in 2021 were VND 16.6 billion, which was presented specifically in Notes no. 40 to the audited consolidated financial statement for the year 2021.

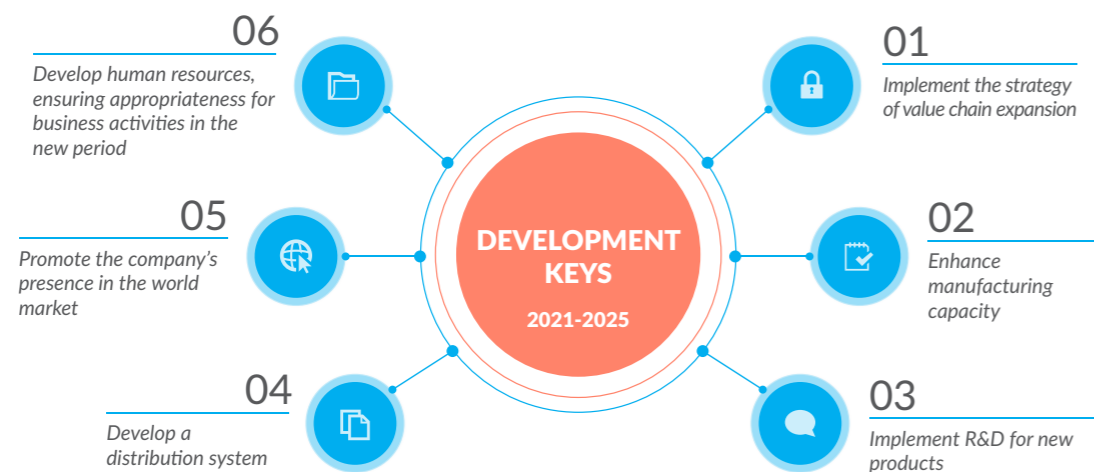
INVESTOR RELATIONS AND OBLIGATIONS TO SHAREHOLDERS

The Group has always guaranteed fairness and equality and looked to the highest benefits to the Shareholders and the Investors through disclosing the information in a transparent, timely, and accurate manner to archive the objective of sustainable benefits for the Group.

In 2021, Thien Long made the second dividend payment for the year 2020 at a payout of 10% par value each and the first dividend payment for the year 2021 at a payout of 15% par value each.

DEVELOPMENT KEYS

To successfully achieve the strategic objectives from 2021 through 2025, Thien Long continued to focus on development keys as follows:



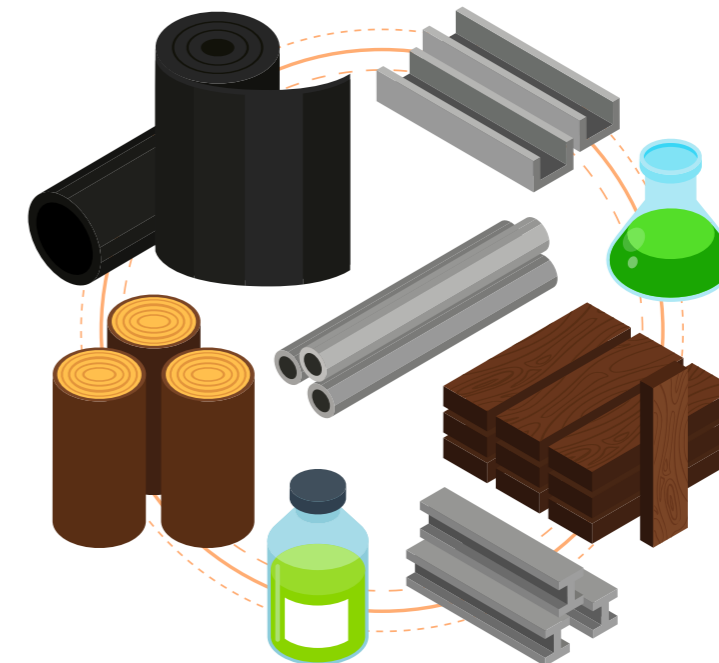
The BOD is expected in 2022 to submit to the General Meeting of Shareholders for approval the business targets as follows:



RISK MANAGEMENT 2

INPUT MATERIAL PRICE RISK

For the main products of writing instruments, Thien Long had to import the types of materials, including pen tips, plastic resin, ink, cartridges, springs, and chemical pigment powder. The total value of raw materials makes up roughly 70% of the manufacturing cost of Thien Long, in which resin is the main material, accounting for nearly 25% of the material cost. The material price in general and resin price in particular increased sharply in 2021. Accordingly, Thien Long's manufacturing costs were adversely affected.



Measure to minimize the risk

The Group has always been updating information about raw materials prices, such as resin, chemicals, packages, etc., and maintaining relationships with major traditional suppliers, comparing the offers of different suppliers and negotiating to purchase raw materials at a suitable quantity and reasonable price. In addition, the company also had and developed different scenarios to figure out a plan to purchase, import, and reserve raw materials suitable for production and business activities. At the same time, self-production of raw materials was strengthened to meet production needs and minimize dependence on the market, especially the world market.

FOREIGN EXCHANGE RATE RISK

Due to the characteristics that many main materials had to be imported aboard, especially plastic resins, machinery, and equipment, Thien Long's manufacturing and business activities were significantly affected by the exchange rate, especially VND/USD and VND/JPY. Accordingly, countries continuously introduced new monetary policies to recover their economies after the Covid-19 epidemic due to unpredictable fluctuations in the current context. As a result, it became more and more difficult to forecast exchange rate fluctuations, which had a certain impact on the company's business results.



Measures to minimize the risk

Kept close track of exchange rate fluctuations, made a detailed calculation of the payment terms of import contracts, and planned short-term and long-term cash flows to take appropriate measures to balance foreign currencies. At the same time, the machines, equipment, molds, and materials were the key items to be produced by the group.



INVESTMENT RISK

Investment and the development of the Company's business activities always went hand in hand. Risks arising from inefficiency in investment activities would result in many adverse impacts on capital and business results.

Measures to minimize the risk

The investment activities should be strictly reviewed and managed from the stage of project planning and feasibility assessment to minimize unforeseen risks that might affect the business outcomes as well as the assets of the Company. Additionally, major projects were analyzed comprehensively based on market demand, competitiveness, business efficiency, etc. to identify related risks and the impact level of each factor.



COMPETITIVENESS RISK

The acceleration of globalization and the competitive pressure in many countries in the world, in combination with the trend of seeking markets with strong purchasing power and high potential growth, have helped Vietnam become an attractive destination for some large international groups. Vietnam's stationary market was not an exception, which created both short-term and long-term competitiveness risks for Thien Long.

Measures to minimize the risk

Human resources were completely restructured, the structure of management and leadership staff and the governance system were integrated, and policies for attracting, retaining, and developing talent were adopted. more in sales and marketing to propel the Thien Long brand and its sub-brands, such as Bizner, TL, FlexOfce, Colokit, and Diem 10, to new heights Simultaneously, increasing technical innovation in order to increase manufacturing capacity and create items with beautiful, distinctive designs and exceptional quality. Simultaneously, applying technology and digital transformation to improve manufacturing capacity, creating products with beautiful, distinctive designs and outstanding quality. In addition, to satisfy increasing customer demand, it was important to increase the product portfolio and product lines, improve and enhance cooperation in a variety of industries, and maintain a high and stable growth rate in the long term.

SAFE MANUFACTURING AND PRODUCT QUALITY RISK

With the constant development of automation in manufacturing, the assurance of safety and efficiency in machinery and equipment operation was an inevitable requirement of every enterprise or factory. As a manufacturer, the risks of unsafely affecting human and product quality could occur to Thien Long which might have significant effects on the competitiveness of the Group.

Measures to minimize the risk

Apart from regular inspection, and maintenance, the Group was highly aware of the importance of safety in manufacturing and assurance of product quality. The inspection was maintained regularly in combination with training, propagation, conveying, and practice of safety measures. Employees were fully provided with protective equipment and the fire-prevention and fire-fighting teams always have plans to actively respond to all risky incidents. Developing a strict product quality control process at all stages, from procurement, manufacturing, and packaging to distribution. Effectively applying and constantly improving the Integrated Management System (Safety, Quality, and Environment) in accordance with international standards.





LEGAL RISK

As an enterprise operating in Vietnam, Thien Long Group Corporation has been governed by Vietnamese Laws such as Laws on Enterprises, Security Laws, Tax Laws, etc. Therefore, any changes to these kinds of laws would have certain effects on the Company's business activities in implementation and compliance with the legal provisions.

Measures to minimize the risk

To minimize legal risk, the Group updated all changes in the legal provisions from time to time. Participate in programs and courses to update new regulations and periodically train officers and staff in each division on relevant legal regulations.

OTHER RISKS

In addition to the aforementioned risk factors, some other types of risks pose certain threats to the Group in force majeure, such as epidemics, natural disasters, floods, fires, etc. Though the occurrence of these risks seems very rare and it was very difficult to forecast, their consequences to the Group in terms of humans and assets were very serious in case of occurrence.

Measures to minimize the risks

To minimize the impact, the Group proactively prevented it by purchasing insurance for employees and assets of the Group.

ACTIVITIES OF THE BOARD OF SUPERVISORS (BOS) IN 2021

3



Ms. Nguyen Thi Bich Nga
Head of BOS

Starting date of the new term on 16/05/2017	
Number of attendance:	5/5
Percentage of attendance:	100%



Mr. Dinh Duc Hau
Member of BOS

Starting date of the new term on 16/05/2017	
Number of attendance:	5/5
Percentage of attendance:	100%



Ms. Ta Hong Diep
Member of BOS

Starting date of the new term on 16/05/2017	
Number of attendance:	5/5
Percentage of attendance:	100%

In the fiscal year 2021, the Board of Supervisors organized 05 regular meetings with members to exchange information, come to an agreement on the operational plans, and summarize the performance during the year.

The main topics of activities during the year were:

Monitoring compliance with the contents according to the Resolution of the General Meeting of Shareholders and compliance with the Group's Charter.

Supervised the management, organization of production and business activities, and financial and investment management during the year.

Appraising quarterly and annual financial statements and checking and evaluating a number of Divisions/ Departments, Subsidiaries for compliance with the Group's procedures and regulations.

SUPERVISION RESULTS ON BUSINESS OPERATION AND FINANCE IN 2021



About business results and financial position

BoS acknowledges that the figures in the 2021 financial statements audited by PwC (Vietnam) Co., Ltd faithfully and fairly reflected the company's financial situation and complied with current regulations.

In 2021, the Group paid the second dividend of 2020 to shareholders at a payout of 10% of par value in cash following the Resolution of the General Meeting of Shareholders and advanced the first dividend of 2021 in cash at a payout of 15%.

Consolidated net revenue reached VND 2,668 billion, completing 89% of the plan.

Earnings after tax reached VND 277 billion and completed 99% of the plan approved by the General Meeting of Shareholders.



SUPERVISION RESULTS TO PERFORMANCE OF BOD AND BOM

In 2021, the BoD closely followed up and supported the BoM in operating and making timely and effective decisions in implementing business and investment plans and ensuring the interests of the Group's Shareholders.

The BoD and BoM always fully complied with the provisions of the law related to production and business activities, as well as with the Corporation's Charter and resolutions approved by the General Meeting of Shareholders.

The BoM and functional units have performed their jobs with good results, tried to overcome difficulties and fulfill business targets in the context of the Covid-19 epidemic, which was still breaking out, and strictly implemented the contents assigned by the BoD and the General Meeting of Shareholders.

COORDINATION BETWEEN BOD, BOM AND OTHER MANAGERS

Attended all meetings between the BoD and the BoM of the Group.

Regularly discussed with the BoM and other managers about the Group's operations.

The BoD, BoM, and functional departments always cooperated and created favorable conditions for the BoS to perform its duties. Documents and reports were provided promptly.

4 SHARE TRANSACTIONS OF INTERNAL PERSONS AND RELATED PERSONS

No.	Person performing transactions	Relationship with internal persons	No. of shares at the beginning of the period		No. of shares at the end of the period		Reasons for change (buy, sell, convert, bonus, etc.)
			No. of shares	Percentage	No. of shares	Percentage	
1	Tran Phuong Nga	Chief Executive Officer	119,288	0.15%	128,588	0.17%	Bought 9,300 shares
2	Nguyen Thi Nhu Hoa	Spouse of Mr. Nguyen Dinh Tam - BoD member	0	0	0	0	Bought 13,200 shares and sold 13,200 shares
3	Co Cam Nguyet	BOD member	604,473	0.78%	604,473	0.78%	Bought 9,100 shares and sold 9,100 shares
4	Nguyen Dinh Tam	BOD member	524,904	0.67%	510,604	0.66%	Sold 14,300 shares
5	Bui Van Huong	Chief Officer	63,663	0.08%	53,863	0.07%	Sold 9,800 shares
6	Nguyen Duc Hanh	Chief Officer	21,434	0.03%	15,034	0.02%	Sold 6,400 shares
7	Ta Hong Diep	BOS member	8,574	0.01%	6,974	0.01%	Sold 1,600 shares



TOUCH RAISE EMOTIONS

Let your heart tune into your emotions and direct all your positive thoughts to the world around you to open your mind and get a new outlook on life.

Inspire ourselves at work; everything we do should be enjoyable. Interact in a harmonious manner with those around us, and together we will create a work environment that is full of emotion, energy, and vitality.

That is also what Thien Long Group has established over our time together in order to be able to foster greater goodness for the system's essential ideals while moving forward and developing vigorously.



Part IX

**REPORT
OF THE BOARD
OF MANAGEMENT**

1 PRODUCTION

Self-control in the supply of raw materials such as pen tips and ink to satisfy the internal production needs. Manufacturing and automation applications in machinery and equipment.

Thien Long's Technology Department could meet up 90% of internal equipment and machinery needs while still ensuring the design and manufacturing of machinery and equipment for external customers. The automation rate of the Thien Long factory in 2021 was 78.86%, an increase of 12% compared to 2015. A distinctive point

of Thien Long was that not only focus on productivity but was always researching and improving the process, to create products that were not only attractive in terms of appearance and quality but also satisfied the needs of customers in terms of price, especially during the difficult period of Covid-19.



Building a complete supply chain, supporting warehouse operation management, and transportation, to ensure that goods were delivered to Customers/Distributors/Consumers quickly and cost-effectively.

Also in the fourth quarter of 2021, we planned to build a Central Warehouse with a comprehensive Warehouse Management system application to optimize administration capacity, reduce operating costs, as well as increase centralization in the distribution of goods. It was expected that the investment plan would be completed soon and the warehouse would be put into operation by the third quarter of 2022.

Applying & promoting the S&OP process in forecasting & production planning, ensuring the accuracy of over 70% & committing to meeting over 90% of goods demand for key groups.



Increasing efficiency on all fronts

In 2021, Thien Long implemented a series of improvement activities to improve productivity, reduce costs, reduce inventory, increase time efficiency, and most importantly, increase product quality and supply proactively sourced materials during complicated epidemics and supply chain disruptions.

In compliance with the orientation in 2022, Thien Long will continue to strongly implement the strategy of "efficiency increase and cost reduction." activities to review the product portfolio, reduce low-efficiency product lines, focus on new value-added product lines, and improve and enhance the quality of existing products.

In addition, a major project that Thien Long will officially implement and put into operation early in the quarter of 2022 is upgrading the SAP4HANA system - an important step in the cost optimization and business upgrading of FICO, MM, PP, SD systems, etc.

Investment and development

Thien Long has long cherished a plan to expand the factory to meet the growing demand for development. When production and trade were stalled due to the impact of the epidemic in 2021, we were even more determined to do so. Through discussion and approval of the BoD, the Thien Long Long Thanh factory expansion project will be implemented and developed in 2022, with a floor area of 8,000 m2 and a construction area of 40,000 m2.

Sustainable values

CSR activities have been associated with Thien Long since its very first days. Thien Long's Chairman, Mr. Co Gia Tho, was a person who upheld sustainable development in connection with Thien Long's core values. Environmental and human issues were fully concerned by each member of the Board of Directors and every member of Thien Long. Since Thien Long built the factory, the factory and its products should be environmentally friendly. When exporting products to different countries, we realized that ESG issues were increasingly valued by partners and investors. As a result, we started to work more professionally and introduced ESG activities into the 5-year plan. We had the ambition to expand these issues to society through programs such as green schools, turning waste into scholarships, recycling Thien Long's products, etc.

We invested in solar power and measured our emissions every year. We also measured the amount of electricity we saved, which helped us go far and go sustainably. And not only waste and electricity, but also the amount of recycled water. We set a target of increasing the rate of recycled plastic every year and electricity norms for each product. So everything started with the smallest things.

2 COMMERCE

Domestic Business



It would be no exaggeration to say that 2021 was an extremely difficult and challenging year for the business in general when implementing a prolonged social distancing. However, Thien Long completed the year plan with a consolidated revenue of VND 2,668 billion as the result of unremitting effort and determination.

In addition to accompanying the distributors in the difficult economic context, Thien Long continued to focus on building the image through the development of the MT channel and increasing the investment rate, focusing on key customers with an investment rate of up to 18% of the total revenue.

In addition, 2021 was also the year when Thien Long promoted external distribution, with strategic and “fashionable” brands such as Crayola, APP Paper, Sharpie, Parker, Elmer’s, and Dymo, etc.

For the 8th year in a row, Thien Long entered the top 50 most effective companies in Vietnam in 2021. This year’s ranking results depended on corporate performance, with a weight of 70% divided equally between the 2 criteria: the 3-year compound annual growth rate (CAGR) and the 3-year average return on equity (ROE). Meanwhile, the remaining 30% would be decided by the market based on the stock return to an investor.

International Business



The revenue in the export market was more or less affected due to the outbreak of the epidemic with several variants, but the rate of vaccine coverage was not high, especially in Southeast Asia. However, with continuous connectivity and improved management capacity in online operations, Thien Long almost reached the planned target of profit. It could be seen that 2021 was the year we strongly implemented the strategy of “Increasing efficiency” on all fronts, thoroughly applying it not only to the domestic market but also to the international market.

In parallel with the development of FlexOffice products, our OEM also achieved very good results. With our capacity & reputation, as well as product quality trusted by customers for many years, our OEM orders did not decrease even during the “peak” period of the epidemic.

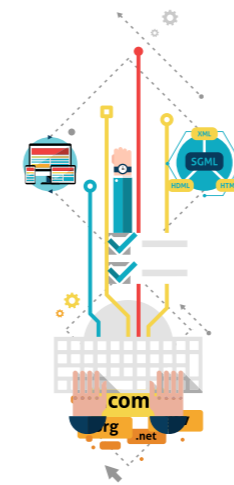
With the orientation to expand the international market in 2022 and the next 5 year strategy, Thien Long has been implementing projects on product quality improvement, not only in quality but also in packaging, and design, to reach big customers in Southeast Asia, the Middle East, Europe, and America... The fact that 100% of Thien Long employees are covered with vaccines is also an advantage for us in restoring travel and trade with neighboring countries as well as consolidating and increasing the coverage of Thien Long products in these key markets.

Marketing activities



It could be said that 2021 is the “most up and down” year for the Marketing Team of Thien Long Group. It was a huge challenge for us to take advantage of marketing and communication methods to most effectively support sales activities in the context of people unable to travel due to the social distancing lasting for many months. The Marketing team, in coordination with the experienced sales team, made great efforts to create product combos suitable for consumers’ needs. In addition, promoting the product lines of DIY (Do it yourself), increasing creativity for children with the companionship of parents while working at home and taking care of children, was also one of the highlights of Thien Long in the past year.

E-commerce



Grasping business trends in the era of the digital revolution, Thien Long’s products were available on all leading e-commerce platforms in Vietnam, such as Shopee, Lazada, Tiki, Sendo, and other cooperation websites. More specifically, we have been developing the website Flexoffice.com, an e-commerce platform with the unique features of Thien Long Group, to provide a fast and convenient shopping platform for all customers. Also in 2021, the number of online orders had increased 3 times compared to the previous year, even during the time of social distancing because of COVID-19. The number of visitors and orders had increased 4 times. Revenue from e-commerce had increased by 50% compared to 2020, contributing significantly to maintaining the group’s overall revenue. The e-commerce channel was also proud to participate in the programs “Color Festival”, and “Donation of learning materials”, which both created a playground and timely supported home-schooled students during the epidemic season. E-commerce was expected to become a key channel, invested in and further developed to maximize business potential.

In a turbulent year like 2021, when the entire domestic and foreign supply chains had been seriously affected by the pandemic, the Commerce division, in particular, and Thien Long Group, in general, quickly invested in and applied digital technologies such as Microsoft Teams – to work, discuss, and organize training online to ensure seamless connectivity across the country to optimize productivity and work efficiency. Towards 2022, the Commerce Division, in particular, and Thien Long Group, in general, will develop orientations to restructure member companies to optimize resources, reduce costs, and increase connectivity in operations.

3 CORPORATE GOVERNANCE

In its 40 years of establishment and development, Thien Long has always given top priority to human resources, and therefore, there was no exception for this year and the following years.

In 2021, Thien Long focused on the connection between businesses and employees. When most administrative activities were implemented online, flexibility and connection between the Board of Directors and employees were extremely important. It was extremely necessary to understand the thoughts and aspirations of the employees and to help and support them in time during the period of the '3 on-site' model of the enterprise. Sports activities with attractive prize structures and the Mid-Autumn Festival were organized to contribute to sharing joy, as well as motivate employees to work at the factory during several months of social distancing.

In the common difficult context, Thien Long strived to do their best in epidemic prevention and control, ensuring the health and benefits of employees. The Group also ensured income and welfare for employees, created favorable conditions, and kept benefits unchanged even when employees had to work 100% at home.

In addition, online training activities for managers were also one of the key points in 2021 of the Human Resources and Culture. Improving management capacity and building a succession team have always been the passion of our Chairman, Mr. Co Gia Tho for many years.



4 RESEARCH AND DEVELOPMENT (R&D)

Understanding thoroughly the diverse market demands in combination with the factory's production capacity was considered the foundation & focus of the R&D.

Despite the fact, that students could not go to school or office workers had to work online, there remained stable in the demand for pens and stationery in Vietnam. However, the biggest concern of consumers was still about innovation in product quality and design, while ensuring appropriate prices. With the motto "Continuous improvement and sustainable development", Thien Long's RD team brought to market several new products, using green, recycled, environmentally friendly materials that are safe for small children.

Together with the trend in consumers' health protection during the outbreak of the disease, Thien

Long also deployed "integrated" hygiene products such as hand sanitizer gel and convenient-use soap, as gifts included in combo packages for students. These products use natural colors and fragrances, ensuring safety and hygiene for children.

In 2022, we will focus more on researching and manufacturing STEAM and DIY products under the Thien Long brand, not only developing in the Vietnam market but also orienting for export to major markets in Southeast Asia and the world.



5 FINANCIAL SITUATION

UNIT: Billion VND

	2017	2018	2019	2020	2021	2021 vs 2022
Net Revenue	2,497	2,856	3,253	2,685	2,668	(1%)
Gross profit	934	1,067	1,198	1,030	1,127	9%
Operating profit	320	358	428	297	355	20%
Other profit	14	10	9	7	3	(52%)
Earnings before tax	335	368	437	304	359	18%
Earnings after tax	268	294	349	240	277	15%
CURRENT ASSETS	1,092	1,177	1,831	1,702	1,868	76%
Cash and cash equivalents	354	146	191	372	503	35%
Receivables	205	338	582	415	398	(4%)
Inventories	517	685	582	530	693	31%
Other current assets	16	8	10	13	33	154%
NON-CURRENT ASSETS	477	618	586	613	579	24%
TOTAL ASSETS	1,569	1,795	2,417	2,315	2,446	6%
LIABILITIES	509	526	610	566	621	10%
Short-term liabilities	475	496	555	500	578	16%
Long-term liabilities	34	30	55	67	42	(37%)
OWNER'S EQUITY	1,060	1,269	1,807	1,748	1,826	(4%)

(Source: Audited consolidated financial statement 2017 - 2021)

6 NET REVENUE STRUCTURE BY CATEGORIES

PARAMETER	2020	2021
	Proportion (%)	Proportion (%)
Writing Instruments	40%	44%
Office Supplies	32%	34%
School Supplies	8%	9%
Art Supplies	12%	12%
Others	8%	1%
TOTAL	100%	100%

(Source: Audited consolidated financial statement 2021)

7 NET REVENUE STRUCTURE BY MARKETS

PARAMETER	2020	2021
	Proportion (%)	Proportion (%)
Xuất khẩu	18%	21%
Nội địa	82%	79%
Tổng cộng	100%	100%

(Source: Audited consolidated financial statement 2021)

Parameter	Unit	2015	2016	2017	2018	2019	2020	2021
SOLVENCY								
Current ratio	time	2.4	2.5	2.3	2.4	3.3	3.4	3.2
Quick ratio	time	1.3	1.4	1.2	1.0	2.3	2.3	2.0
Cash ratio	time	1.1	1.0	0.7	0.3	0.3	0.7	0.9
OPERATIONAL EFFICIENCY								
Average days in inventory	day	133	122	114	123	113	123	145
Asset turnover ratio	time	1.6	1.6	1.7	1.7	1.5	1.1	1.1
Net revenue/Total assets (average)	time	1.5	1.6	1.6	1.6	1.3	1.2	1.1
PROFITABILITY								
Gross profit/ Net revenue	%	38.6%	39.1%	37.4%	37.4%	36.8%	38.4%	42.2%
Operating profit/ Net revenue	%	13.3%	14.0%	12.8%	12.5%	13.2%	11.1%	13.3%
Earnings after tax/ Net revenue	%	10.0%	11.1%	10.7%	10.3%	10.7%	8.9%	10.4%
Earnings after tax/Owner's equity (ROAE)	%	24.2%	27.5%	27.0%	25.3%	22.7%	13.5%	15.5%
Earnings after tax/Average total assets (ROAA)	%	15.6%	17.9%	18.2%	17.5%	16.6%	10.1%	11.6%
CAPITAL STRUCTURE								
Debt/Total asset	%	36.5%	33.2%	32.4%	29.3%	25.2%	24.5%	25.4%
Debt/Owner's equity	%	57.4%	49.8%	48.0%	41.5%	33.8%	32.4%	34.0%

(Source: Audited consolidated financial statement 2015 – 2021)

8 ASSETS SITUATION

Total assets in 2021
reachedVND **2.446 bil**

Compared to 2020

↑ **5,7%**

The overall assets of the Thien Long Group in 2021 were VND 2,446 billion, up 5.7% from the previous year. Current assets increased by VND 166 billion, or 9.7%, over the previous year, while non-current assets declined by VND 34 billion, or 5.6%, over the previous year. As a result, the current asset and non-current asset structures in 2021 were maintained at 76% and 24%, respectively, compared to 74% and 26% in 2020.

CURRENT ASSETS

VND **1,867 bil**↑ **9.7%**

In 2021, the Group's total current assets was VND 1,867 billion, up 9.7% from the previous year. The present assets have altered dramatically, despite the fact that they haven't changed much. In detail, the cash and cash equivalents balance reached VND 503 billion, up VND 132 billion from the previous year, a 35.4% gain. In which bank deposits with a duration of less than three months remained at VND 338 billion, a 122.1% increase over the level at the end of 2020. The key reason is that in an outbreak, prioritized cash flow should be flexible and support sales activity. Thus, the company decided to reduce the bank deposits with terms from 6 to 12 months and switched to deposits with terms of no longer than 3 months. Accordingly, the bank deposits with terms of 3 to 12 months remained at VND 220 billion, less than VND 152 billion, or equivalent to a reduction of 40.9% year on year. In addition, the corporation kept adequate inventory to ensure market supplies during the challenging production circumstances caused by social alienation. As a result, inventory climbed by 30.7% from the previous year.

NON-CURRENT ASSETS

VND **579 bil**↓ **5.6%**

In 2021, the Group's total non-current assets was VND 579 billion, a decrease of VND 34 billion, or 5.6% year on year. The reduction is due to the reduction of 31.6% of other non-current assets year over year. In particular, export supplies decreased by 33.0% over the same period. In addition, the Group also invested in equipment with an amount of VND 31 billion, vehicles with an amount of VND 6 billion for business and operation activities, and a VND 7 billion capital contribution to Soundio Technology Joint Stock Company.

9 LIABILITIES

VND **621 bil**↑ **54 bil**↑ **9.7%**

In 2021, the Group's total liabilities was VND 621 billion, up VND 54 billion or 9.7% from the previous year. In this case, short-term liabilities climbed by VND 79 billion, or 15.8%, while long-term liabilities decreased by VND 24.5 billion, or 36.6%, year on year. The companies increased the short-term loans to supplement the working capital. The structure of the short-term and long-term liabilities in 2021 was kept at 93% and 7%, which means a slight difference from the structure of 88% and 12% in 2020.



TOUCH TO CREAT **TRUST**

As long as you know where you want to go, you will definitely get there. Always keep your eyes forward and your feet firmly planted on the road.

A winner is someone who trusts in their own inner strength and uses it to control and guide it toward the desired outcome. We can only convince others to believe in us if we believe in ourselves. When we don't know where we want to go and are uncertain about the future, we must focus on the here and now. Believing in oneself is a powerful motivator for directing and inspiring others to do the same.

Empower, authorize, and believe in young people. Have complete faith in the instructors and leaders. That is the interconnectedness re-created in the Thien Long Group's culture.

We will have it all if we have faith!

Part X

**SUSTAINABLE
DEVELOPMENT
REPORT**

1 SUSTAINABLE DEVELOPMENT MESSAGE

Specializing in manufacturing and trading all kinds of writing instruments, office supplies, school supplies, and art supplies, Thien Long was ready to meet domestic and foreign customers' demands via our domestic distribution network and more than 60 countries around the world. In 2021, the Group achieved a tremendous economic value, with total revenues of VND 2,668 billion, profit after tax of VND 277 billion, and a contribution to the State budget of VND 231 billion.

Not only had the corporation distributed economic benefit in a fair and substantial manner, contributing to Vietnam's socioeconomic development, but it was also praised for its long-term economic, environmental, and social development. Thien Long's goals were to:



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



Highly value the humanities, seeing the human as the most important component, and working together to construct community and society with compassion and humanism.



Treating people properly and acting honestly and transparently in all activities and transactions, balancing stakeholder interests.



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

2 OVERVIEW OF SUSTAINABLE DEVELOPMENT REPORT

REPORT CONTENTS

The method was formed from long-term economic growth goals combined with social development and environmental preservation objectives in the Thien Long Group's Sustainable Development Report 2021.

SCOPE OF THE REPORT

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

REPORTING PERIOD

All the information and data in this report were prepared for the fiscal year 2019 of Thien Long Group from January 01, 2021 to December 31, 2021.

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

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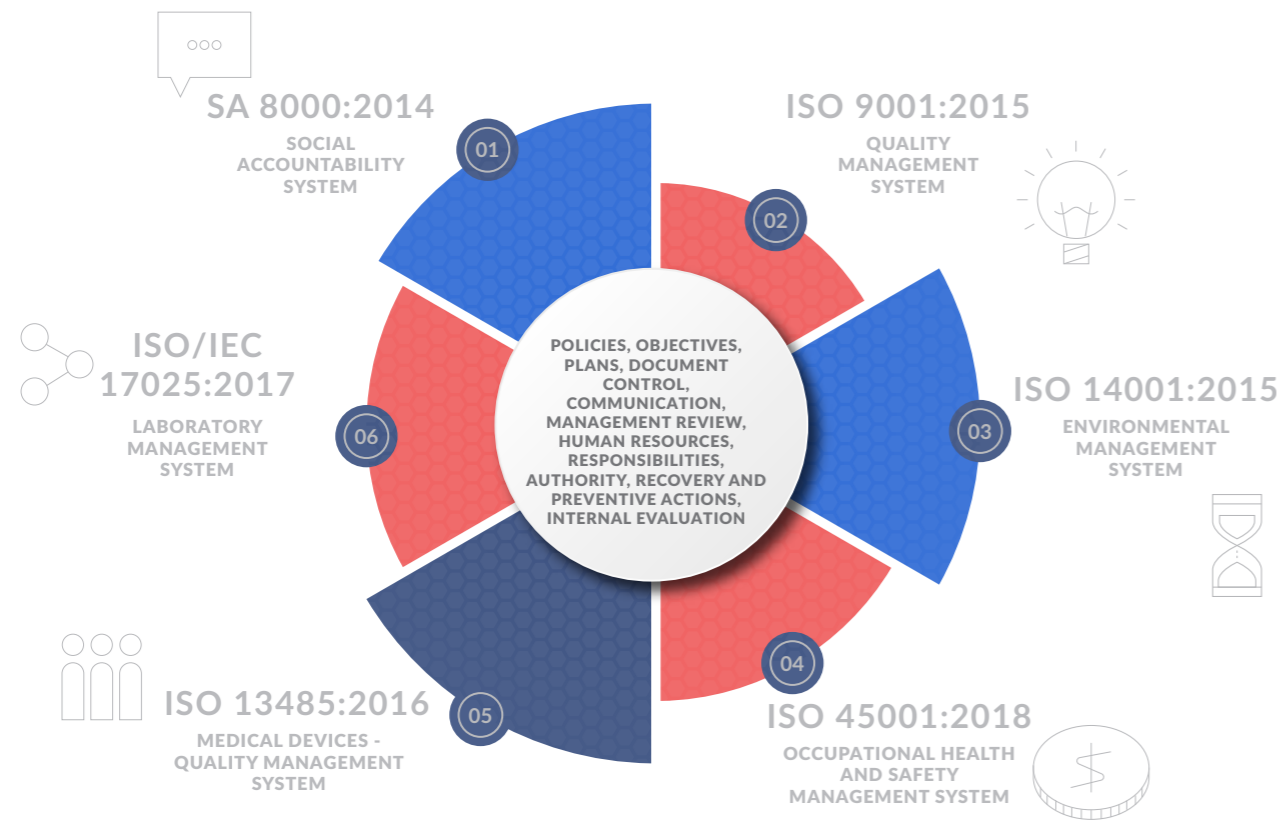


3 2021 SUSTAINABLE DEVELOPMENT INDICATORS

ITEMS	CONTENTS	FIGURES
Sustainable economic growth	Net revenue	VND 2,668 billion
	Earnings after tax	VND 277 billion
	State budget contribution	VND 231 billion
	Value Added Tax	VND 124 billion
	Corporate income tax - current	VND 63 billion
	Personal income tax	VND 27 billion
	Export - Import Tax	VND 15 billion
	Others	VND 2 billion
	Cash Dividends (VND/share)	VND 195 billion
Labor safety and environmental protection	Fire prevention and firefighting training	2,973 participants prescribed
	Labor safety, hygiene and first aid	Periodic rehearsals as prescribed
	Total costs for environmental treatment	Nearly VND 1.5 billion
Human Resources Development	The number of organized training courses	More than 100 training courses
Joining hands for community	Contribution to the community	Over VND 10 billion
	Job creation	2,974 employees



4 INTEGRATED MANAGEMENT SYSTEM



Thien Long Group was operating the integrated management system effectively by international standards, including:

- Quality Management System - **ISO 9001:2015**
- Environmental Management System - **ISO 14001:2015**
- Social Accountability System - **SA 8000:2014**
- Occupational Health and Safety Management System - **ISO 45001 :2018**
- Medical devices - Quality management system - **ISO 13485:2016**
- Laboratory Management System - **ISO/IEC 17025: 2017**
- International Council of Toy Industries - **ICTI**

Thien Long Group's Management could demonstrate a strong commitment to maintaining and ensuring management efficiency as well as quality in each product delivered to its customers by effectively implementing the above-mentioned integrated systems, especially when it came to caring for the health and safety of its customers and employees.



5 ECONOMIC ISSUES

DIVIDEND PAYMENT POLICY

Thien Long Group's dividend distribution policy have been consistent over time. (See Investor Relations and Shareholder Obligations on page 66 and Note 24 of the Audited Consolidated Financial Statement on page 37 for further information).

SUSTAINABLE ECONOMIC GROWTH

Despite the Covid-19 epidemic having a significant impact on the Company's manufacturing and business activities, particularly during the social distancing period (May–October), the Company's business results in 2021 continued to affirm Thien Long Group's ongoing efforts in the Vietnam stationery market.

(For further details, please see the financial situation of the Annual Report on page 88)

PRODUCT SAFETY AND RESPONSIBILITY

Thien Long Group applied a strict control process at all stages from selecting suppliers and inspecting raw materials to the quality assurance on each manufacturing stage and finished goods to guarantee product quality and safety before launching to the market.

Thien Long Group had its own product testing laboratory, which was certified to ISO/IEC 17025:2017 and was fully equipped with specialized equipment such as a Hutt pen-testing machine, an absorption spectrophotometer, a conductivity meter, an aging machine, viscosity, pH, and moisture testing machines, among other things. As a result, the testing findings had a high level of accuracy.

Products of the Thien Long Group have met the leading safety standards in the world, such as:

- American Standards: ASTM D-4236, ASTM F-963, CPSIA, TPCH, AP Seal, FHSA, Proposition 65, 5-state act.
- European Standards: REACH, CE Marking, EN71/1, EN 71/2, EN 71/3, EN 71/9, RoHS
- Safety Standards of Vietnam: QCVN 03:2019/BKHCN.

All items were made in accordance with the Thien Long Group's basic criteria as well as international safety standards.

6 PRODUCT RESEARCH

In addition to designing products to bring comfort to users, Thien Long always paid attention to the environmental impacts of products. With continuous research, developing, and improving products, the Group has been:

- Contributing to environmental sustainability by increasing product lifetime and reducing packaging size. Thien Long's goods were always being researched and improved in order to increase quality and extend the life and comfort of end users. All of these things assisted in keeping up with changing tastes while also reducing your material use.
- Developing cost-saving products by reusing products such as refills for ballpoint pens, gel ballpoint pens, gel pens, and ink for all kinds of markers, and refilling ink cartridges for markers and rollerball pens, etc.
- Minimizing the use of plastic materials by intentionally reducing material consumption and promoting scrap plastic recycling as an effort to contribute to environmental protection. Additionally, the company also invested in manufacturing hot runner molds to reduce the amount of scrap plastic in manufacturing.
- Using environmentally sustainable and child-safe ingredients, such as modeling dough made from wheat flour and food coloring. In the United States of America and Europe, all children's items must exceed stringent safety regulations.
- Closely and constantly interacting between the distribution and R&D system, the Manufacturing team and suppliers timely receive and access the information about market trends, competitive situation and consumer tastes, manufacturing technologies, new materials, and so on. With such effort, the Company might always stay on top of market trends, developing more and more innovative items that were both competitive and in accordance with the changing consumer trend.





7 ENVIRONMENTAL ISSUES

ENERGY

In 2019, Thien Long's energy used for production and trading was as follows:

Electricity (kwh): 8,050,570

Water (m3): 41,435

DO (litter): 800

In 2021, the Group recycled approximately 865 m3 of water, accounting for 2.09% of the total water consumed that year.

SOLUTIONS AND INITIATIVES FOR ENERGY AND MATERIAL SAVING

- Investing in solar panel systems to minimize energy expenses (about 3% of national power grid electricity use) and reduce CO2 emissions by around 221 tons.
- Replacing old machines with new ones.
- Installing ventilation systems for production workshops instead of industrial fan systems to save power and improve the working environment. Using LED lights for power savings. Turning on lights only in working places to reduce power waste. The workshop is a built-in smart structure to take advantage of natural light and minimize electricity usage in the daytime.
- Building an E-office internal information system, online signing programs for time savings in signing, issuing, and keeping soft copies of documents, reducing paper/ink usage, reusing paper on one side, and so on.
- Following up/assigning power consumption limits as per product unit for each workshop and production line. Deploying power and water-saving campaigns, including turning off machines, equipment, and lights in unnecessary areas, installing automatic handwashing water faucets, using circulating water in production, etc.
- Recycling plastic materials: in 2021, recycled plastic from scrap will account for 15% of all plastic used (recycled plastic was 461,794 kg and primary plastic was 3,077,319 kg).

COMPLYING WITH LAWS ON ENVIRONMENTAL PROTECTION

During its operation, the Group was committed to complying with all state regulations on sustainable environmental protection and development. In 2020, there was no case of violation of the law on environmental protection at Thien Long. Therefore, the total penalty for environmental-related violations was VND 0.

ENVIRONMENTAL PROTECTION, SEWAGE AND WASTE CONTROL

During its operation, Thien Long performed admirably in terms of environmental stewardship and closely adhered to environmental protection regulations. Specifically:

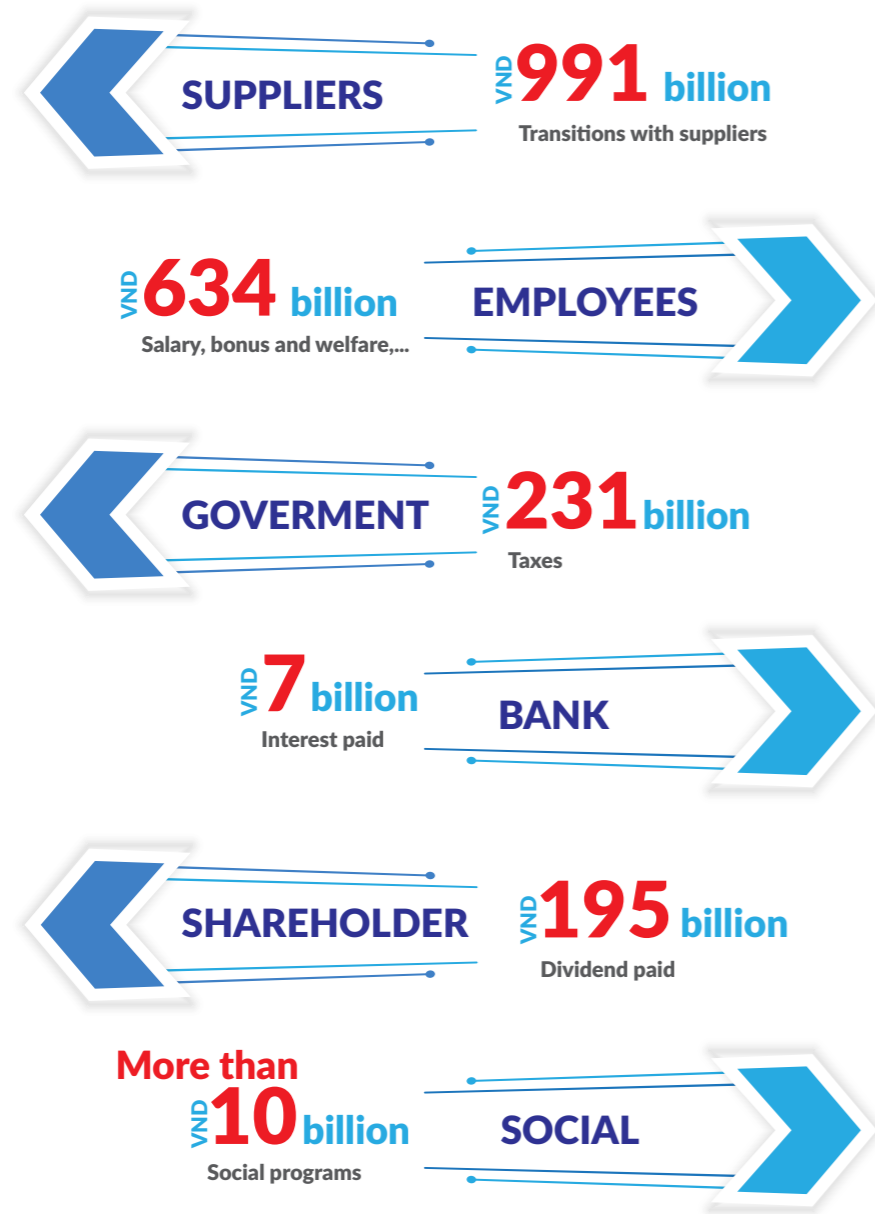
- The Group regularly analyzed and investigated the environmental impacts of manufacturing, noise, vibration, waste, emissions, etc., and took the necessary measures to control them as required by law and complied with the international environmental management system (ISO 14001:2015).
- The Group operated its own manufacturing wastewater treatment system, classified domestic trash at the source, and worked with specialized parties to collect and appropriately treat waste.



8

SOCIAL ISSUES

CONTRIBUTION TO STAKEHOLDERS



9 CONTRIBUTIONS TO COMMUNITY SOCIETY

SOCIAL RESPONSIBILITIES & COMMUNITY ACTIVITIES

Thien Long had always maintained and promoted its Social Responsibility through community activities that had been carried out for more than 40 years, in addition to contributing to the advancement of the country's economic interests. Thien Long had always believed in the power of knowledge and youth, and had done so since its inception. As a result, in addition to its corporate activities, the Group invested heavily in social programs that promoted knowledge.



“2021 UNIVERSITY ENTRANCE EXAM SUPPORT” 20-YEAR JOURNEY ALONG WITH THE EXAMINEES

“University Entrance Exam Support” recounted its 20-year journey as a vital source of mental support for students taking key university entrance tests around the country. The statement “Be confident with us by your side” had left a lasting influence on society and had helped to disseminate deep human values. After 20 years, the University Entrance Exam Support had expanded to 63 provinces and cities, increasing in scale and improving quality, with a variety of typical models and persons. and arouse the interest of the entire society.

Thien Long was honored to receive the 3rd Class Labor Medal, awarded by the Government for its excellent performance in the “University Entrance Exam Support” during its long-term journey of 20 years.





“SHARING WITH TEACHERS”



The program praised teachers for their several initiatives and innovations in teaching methods to help students acquire knowledge effectively in difficult conditions such as natural disasters, floods, and Covid-19 epidemics in 2021.

Through its 6 years, 340 teachers who were teaching in bordering, remote, and isolated areas,

areas with difficult socio-economic conditions, and teachers who are Border Guard officers and soldiers wearing blue military uniforms devote themselves to teaching children, teachers who taught students with disabilities, and teachers who were from ethnic minorities had been praised.



“YOUNG TALENTS FOR EDUCATION” IN 2021

INNOVATION FOR ENHANCING PRACTICAL APPLICATIONS

The program in 2021 contained numerous modifications in terms of time, manner, and even awards in order to meet the objective requirements of the times and find works of practical worth for Vietnamese education. The Organizing Committee would pay and give the consulting team with funds to design, perfect, and implement the most common projects and initiatives.

The program had searched for hundreds of projects and initiatives for education with content focusing on innovating teaching and learning methods; the invention of tools for teaching, learning, and research; and research work in the field of educational science for 6 years.



“EXCHANGING LEARNING TOOLS – ACQUIRING KNOWLEDGE”

“Exchanging learning tools-gaining knowledge” was held across the country, with a focus on provinces and cities that implemented social distancing and were severely affected by the Covid-19 epidemic, in order to support poor, disadvantaged students and students in remote areas, as well as children of frontline anti-epidemic forces, in their learning.

The program would provide learning and creative tools (notebooks, pens, rulers, antibacterial erasers, crayons, crayons, DIY items (do it

yourself) through activities so that kids had enough resources to learn.

The targets of the program were students who were children of poor households, workers working in export processing zones and industrial parks, unemployed due to the impacts of the Covid-19 epidemic, ethnic minorities, and the families of soldiers, doctors, nurses, and frontline forces in the fight against the epidemic in difficult circumstances.



“LOVE CONNECTION”

On September 28, 2021, Thien Long Group Corporation and FPT Joint Stock Company signed a memorandum of understanding to jointly support children who unfortunately lost their parents due to the Covid-19 epidemic. Thien Long Group would donate 5,000 gifts of learning, playing, and creative tools to students of Hope School who unfortunately lost their parents due to the Covid-19 epidemic in the next 5 years (2021–2025). Each gift was worth 400,000 VND.

The school was expected to be a nurturing and training place for 1,000 children. The children would be cared for and their dreams would be nurtured to become useful citizens and make practical contributions to the country. This was also the place where children learn, practice, and turn their pain into strength to achieve their goals.



PAINTING COMPETITION "CONFIDENT IN VIETNAM"

More than 100,000 paintings submitted to the "2021 Color Festival" contest within two months of its launch were words of encouragement for children in 63 provinces and cities fighting the epidemic. The organizers donated 2,000 VND to the vaccine fund for each picture they submit to the contest. The Organizing Committee donated VND 210 million to the government's Covid-19 Vaccine Fund based on the number of participation to demonstrate the spirit of "little age, big work" for children in defending public health.





“FOR THE GREEN SCHOOL – TURNING WASTE INTO A SCHOLARSHIP”

Being fully aware of the risks and disasters when the environment was polluted, over the past years, the Thien Long Group had not stopped making efforts in research, production, and especially to raise the general awareness of the whole society about the protection of the environment. ecosystems through typical social programs, in which it was necessary to mention the “For the Green School” Program.

In the second year, Thien Long Group and Diem 10 brand collaborated with the HYPO Central Council to grow the scale three times in order to educate students about environmental protection and promote awareness about trash treatment and recycling, as per the program’s plan. Thien Long would provide scholarships to disadvantaged students who constantly strived and excelled in their academics using the items that students produced to the “ Young Spring Bamboo initiative.”

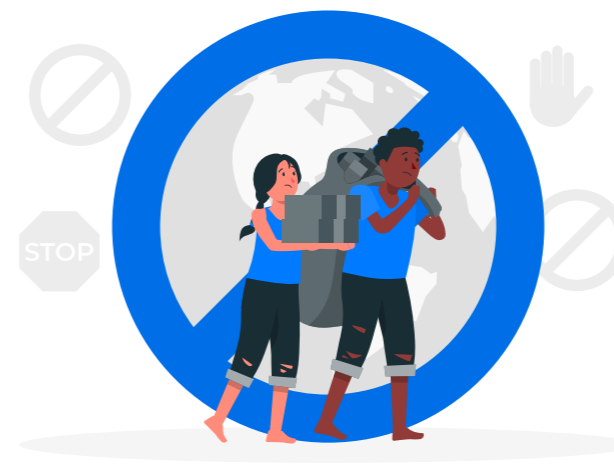


“NO DISCRIMINATION ”

In compliance with Vietnamese law, the Thien Long Group was committed to ensuring that there is no discrimination based on skin color, race, religion, family background, or other factors. In 2020, there would be no discrimination in the company.



CHILD AND FORCED LABOR

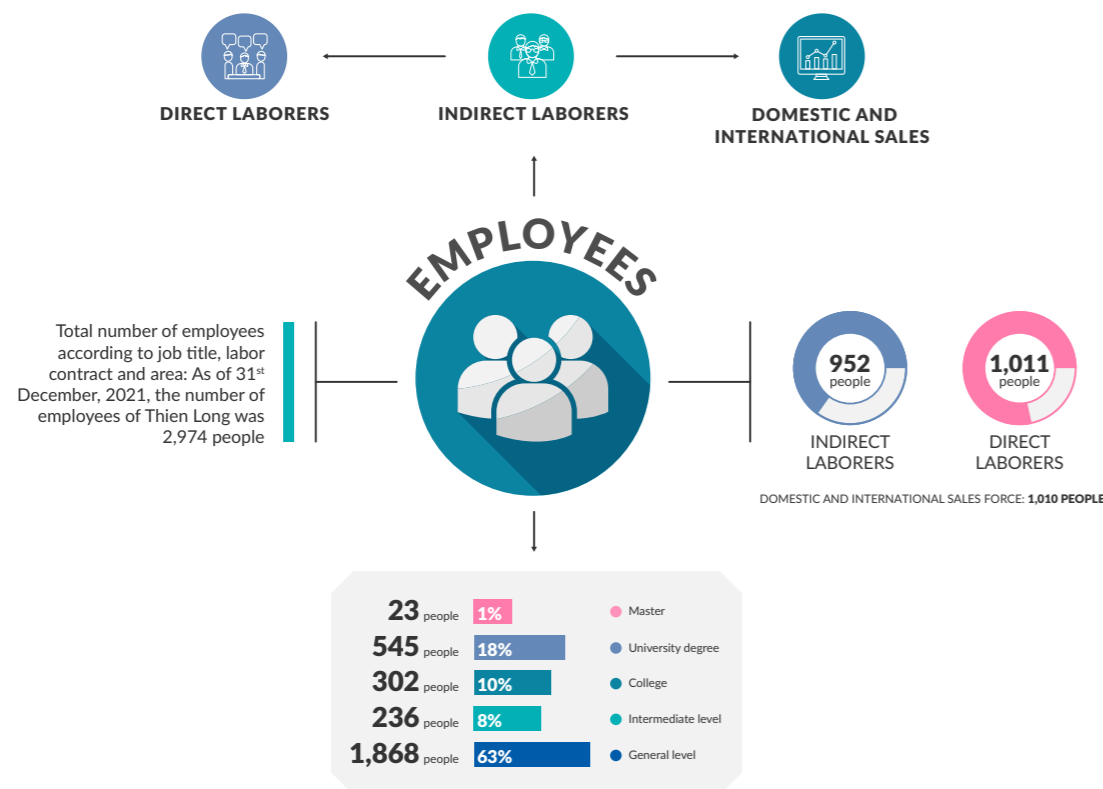


Child labor and forced labor were never tolerated by Thien Long. The Group did not utilize any forced labor or child labor in 2021.

10 RESPONSIBILITY TO EMPLOYEES

TOTAL COMPANY'S EMPLOYEES

As of December 31, 2021, the total number of employees of the Group was 2,974 people, with better working levels and increased commitment.



	Number (people)	Percent (%)
Master	23	1
University degree	545	18
College	302	10
Intermediate level	236	8
General level	1,868	63

The total number of employees according to job title, labor contract, and area: As of December 31, 2021, the total number of employees of Thien Long Group was 2,974 people, with the structure as follows:

- The number of indirect laborers was 952 people**
- The number of direct laborers was 1,011 people**
- Domestic and international sales force: 1,010 people**

Salary, Bonus and welfare policy

Salary policy: The salary system was built based on the contribution value of the job position, qualification, and skill requirements to undertake the work, ensuring an income worthy of capacity, performance, and competitiveness with the external market. Besides the monthly salary, some positions, like those directly involved in manufacturing, sales, etc. were also entitled to a monthly or quarterly performance-based salary.

Reward policy: Thien Long's employees were also entitled to national holidays, the Lunar New Year, and 13th and 14th-month salaries. Also, the company granted incentives to the employees on Lunar New Year, bonused for reaching/exceeding profit targets, and for initiatives as well as improvements in work.

Besides compensation and benefits policies, the Group also gave much care to employees' spiritual lives with various welfare programs such as annual trips, middle-shift meals, uniforms, and personal protective equipment; sports and entertainment events, gift-giving on the occasions of the Mid-Autumn Festival, Lunar New Year, International Women's Day, etc.; honoring workers with

high results ("Golden hands" programs for the workers with high productivity, honoring excellent sales staff—"No. 1 Salesperson" etc.), thereby motivating them and strengthening internal solidarity.

Evaluating the working performance of each employee was given much attention by the group. Annually, the group conducted a performance assessment of each individual as a basis for pay-rise, rotation, and appointment of personnel by their performance, as well as establishing appropriate training and development plans.

Management structure and employee classification by gender: the number of females holding managerial positions or higher at Thien Long was 46, accounting for nearly 30% of the total number of managers.

The ratio of basic salary between male and female employees: at Thien Long, there was no difference in salary and bonus between male and female employees. The income of employees depended on their individual or collective contribution to the group objectives.

Occupational safety and health

With the importance of human resources, Thien Long always desired to build a team with special advantages and kept decisive roles in the success of the goals and plans as set out. To have a human resource as desired, Thien Long always attached significance to building human resource policies, ensuring both compliance with the law and transparency while still creating motivation for employees.

Ensuring occupational safety and health was also one of the top priorities of the Company. Currently, the Company had been operating and controlling safety by following the standards of ISO 45001:2018. The general principles of occupational safety and health as well as the specific ones applied to each position and each section were defined in hazard identification tables, work instructions, machinery, and equipment operational processes, labor regulations, etc. Impartation and training about labor safety were implemented on the first working days of all employees and on an annual basis. All employees were fully provided with protective equipment, ear protection buttons for working in noisy places, periodic health checks, and occupational disease checks.

In 2021, the Group held an annual health check and found no cases of occupational diseases that might cause working capacity to decline.

Especially in the past year of 2021, the Covid-19 pandemic was still very complicated. Although the Company was heavily affected due to operation suspension for many days, the Company still cared about the health and safety of employees and organized periodic testing for all employees.

During the time of organizing 3 on-site activities, the Company always focused on ensuring the safety of employees: strictly following regulations, regularly spraying disinfectants, organizing isolation areas when detecting cases, etc.

Participating in associations and organizations

At Thien Long, employees were free to join Union organizations. Currently, more than 90% of employees join Trade unions. The Company also organized the Youth Union and the Communist Party of Vietnam.

Training Activities

Training and development of human resources had been receiving much concern from the company, contributing to the stability of the employees' spirits and working attitudes. Every year, the company spends a large amount of budget on implementing training courses for different recipients. Thanks to that, the company built a qualified-successor team to promptly meet the personnel requirements for its development. The training materials included:

- Introductory training for new recruitments, appointments, and rotations.
- Training to improve capabilities for management level.
- Training to improve professional skills and soft skills for employees.
- Training to improve and update knowledge on advanced software and systems.
- Training to update new knowledge and laws such as labor, tax, accounting, export/import, etc.
- Training on Occupational Health and Safety; Fire Prevention and Protection, Integrated Management System.
- On-the-Job Training

In 2021, despite the prolonged epidemic, training forms such as E-learning training, and repeat training programs through Zoom, Skype, and MS Teams applications were used flexibly by the Group.

The time for training was quite flexible, and the trainees' performance was tested by a software-based multiple-choice test.



COMPLIANCE WITH THE LAW ON ECONOMICS AND SOCIETY

Thien Long Group was committed to strictly implementing the regulations of the laws in all our activities, including economic and social activities. In 2021, there was no considerable cases of violations of the laws.



TOUCH TO INNOVATE

It's not the huge things to make changes but the little things in life that make a big difference.

In the general development trend of the whole society in the evolution age of science & technology, if we do not change for adaptation, we will be left behind by ourselves. Recognize the tendency and turn it into our desire, transform it into action which shall make the fruitful results. That is the prize for changes.

Thien Long Group accepts changes from every single individual and process to large systems and processes, then firmly join into the integration with the role as a pioneer.





Part XI

CONSOLIDATED FINANCIAL REPORT

FOR FINANCIAL YEAR ENDING DECEMBER 31, 2021

CORPORATE INFORMATION

Investment registration certificate

No. 6307210814 dated 6 December 2018

Investment registration certificate and its subsequent amendments were issued by the Ho Chi Minh City Export Processing and Industrial Zones Authority for a period up to 17 June 2047.

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 19th amendment dated 8 November 2021.

Board of Directors

Mr. Co Gia Tho	Chairman
Mr. Tran Le Nguyen	Member
Mr. Huynh Van Thien	Member
Ms. Tran Thai Nhu	Member
Ms. Co Ngan Binh	Member
Ms. Co Cam Nguyet	Member
Mr. Tayfun Uner	Member
Mr. Pham Tri Nguyen	Member
Mr. Tran Van Hung	Member (until 29 June 2021)
Mr. Nguyen Dinh Tam	Member (from 29 June 2021)

Board of Supervision

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

Chief Executive Officer

Ms. Tran Phuong Nga	Chief Executive Officer (from 1 June 2021)
Mr. Nguyen Dinh Tam	Chief Executive Officer (to 31 May 2021)

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 2021, 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 errors.

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 2021 as per Power of Attorney dated 27 February 2017.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

I hereby, approve the accompanying consolidated financial statements as set out on pages 5 to 46 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, 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 2022



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 2021 and approved by the Chief Executive Officer of the Company on 28 March 2022. The consolidated financial statement comprises the consolidated balance sheet as at 31 December 2021, 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 5 to 46.

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 necessary to enable the preparation and fair 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.

PwC (Vietnam) Limited
8th Floor, Saigon Tower, 29 Le Duan Street, District 1, Ho Chi Minh City, Vietnam
T: +84 (28)38230796, www.pwc.com/vn



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 2021, 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.:
0048-2018-006-1
Authorised signatory

Report reference number: HCM11774
Ho Chi Minh City, 28 March 2022

Vo Ngoc Huyen
Audit Practising Licence No.:
2610-2018-006-1

Form B 01 – DN/HN

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

Code	ASSETS	Note	Closing balance VND	Opening balance VND
100	CURRENT ASSETS		1,867,453,670,532	1,701,751,836,942
110	Cash and cash equivalents	3	503,425,694,773	371,680,211,939
111	Cash		339,074,817,864	152,680,211,939
112	Cash equivalents		164,350,876,909	219,000,000,000
120	Short-term investment		239,999,139,200	372,000,000,000
123	Held-to-maturity investments	4(a)	239,999,139,200	372,000,000,000
130	Short-term receivables		398,342,077,637	415,009,507,750
131	Short-term trade receivables	5	360,613,054,625	386,750,747,429
132	Short-term prepayments to suppliers	6	30,644,903,658	16,500,972,908
136	Other short-term receivables	7	19,423,980,217	11,926,026,574
137	Provision for doubtful debts – short-term	8	(12,339,860,863)	(168,239,161)
140	Inventories	9	693,114,318,297	530,224,405,469
141	Inventories		704,241,213,936	554,826,392,930
149	Provision for decline in value of inventories		(11,126,895,639)	(24,601,987,461)
150	Other current assets		32,572,440,625	12,837,711,784
151	Short-term prepaid expenses	10(a)	13,186,182,712	12,713,482,192
152	Value added tax ("VAT") deductibles		15,920,601,434	109,174,138
153	Tax and other receivables from the State		3,465,656,479	15,055,454
200	LONG-TERM ASSETS		578,684,880,396	612,847,304,820
210	Long-term receivable		5,799,200,123	4,636,517,123
216	Other long-term receivables		5,799,200,123	4,636,517,123
220	Fixed assets		445,543,913,696	463,588,241,667
221	Tangible fixed assets	11(a)	425,390,545,912	438,944,610,201
222	Historical cost		1,031,042,278,559	990,029,869,959
223	Accumulated depreciation		(605,651,732,647)	(551,085,259,758)
227	Intangible fixed assets	11(b)	20,153,367,784	24,643,631,466
228	Historical cost		68,137,527,411	67,792,297,411
229	Accumulated amortisation		(47,984,159,627)	(43,148,665,945)
240	Long-term asset in progress		19,040,558,603	13,434,075,449
242	Construction in progress	12	19,040,558,603	13,434,075,449
250	Long-term investments		33,621,440,000	21,942,320,000
253	Investments in other entities	4(b)	37,685,000,000	30,685,000,000
254	Provision for long-term investments	4(b)	(4,063,560,000)	(8,742,680,000)
260	Other long-term assets		74,679,767,974	109,246,150,581
261	Long-term prepaid expenses	10(b)	64,581,906,877	80,297,126,389
262	Deferred income tax assets	20	10,097,861,097	28,949,024,192
270	TOTAL ASSETS		2,446,138,550,928	2,314,599,141,762

The notes on pages 9 to 46 are an integral part of these consolidated financial statements.

Form B 01 – DN/HN

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021
(continued)

Code	RESOURCES	Note	Closing balance VND	Opening balance VND
300	LIABILITIES		620,560,103,651	566,339,505,472
310	Short-term liabilities		578,295,639,397	499,556,492,085
311	Short-term trade payables	13	192,966,654,832	113,224,556,606
312	Short-term advances from customers	14	6,770,431,424	6,686,687,740
313	Tax and other payables to the State	15	23,159,487,331	18,846,224,521
314	Payables to employees		27,023,465,313	23,820,358,291
315	Short-term accrued expenses	16	96,976,213,042	93,748,732,179
319	Other short-term payables	17	49,255,503,644	90,142,614,189
320	Short-term borrowings	18(a)	173,272,413,271	147,248,648,694
322	Bonus and welfare fund	25	8,871,470,540	5,838,669,865
330	Long-term liabilities		42,264,464,254	66,783,013,387
338	Long-term borrowings	18(b)	11,689,230,754	31,807,692,298
342	Provision for long-term liabilities	19	30,575,233,500	34,975,321,089
400	OWNERS' EQUITY		1,825,578,447,277	1,748,259,636,290
410	Capital and reserves		1,825,578,447,277	1,748,259,636,290
411	Owners' contributed capital	21, 22	777,944,530,000	777,944,530,000
411a	- Ordinary shares with voting rights		777,944,530,000	777,944,530,000
412	Share premium	22	361,633,483,771	361,633,483,771
417	Foreign exchange differences	22	(300,043,194)	92,630,401
418	Investment and development fund	22	228,691,572,556	199,910,168,556
421	Undistributed earnings	22	457,608,904,144	408,678,823,562
421a	- Undistributed post-tax profits of previous years		345,990,396,887	330,722,692,813
421b	- Undistributed post-tax profits of current year		111,618,507,257	77,956,130,749
440	TOTAL RESOURCES		2,446,138,550,928	2,314,599,141,762


Dao Xuan Nam
Preparer


Nguyen Ngoc Nhon
Chief Accountant



Tran Phuong Nga
Chief Executive Officer
28 March 2022

The notes on pages 9 to 46 are an integral part of these consolidated financial statements.

Form B 02 – DN/HN

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

Code	Note	Current year VND	Previous year VND
01		2,686,850,511,330	2,738,400,566,048
02		(18,575,418,243)	(53,848,615,712)
10	29	2,668,275,093,087	2,684,551,950,336
11	30	(1,541,112,345,410)	(1,654,810,794,517)
20		1,127,162,747,677	1,029,741,155,819
21	31	32,025,269,716	26,526,594,813
22	32	(6,854,564,215)	(15,968,918,896)
23	32	(7,019,978,348)	(11,853,821,706)
25	33	(504,674,977,559)	(488,676,448,608)
26	34	(292,392,358,391)	(254,856,941,468)
30		355,266,117,228	296,765,441,660
31		5,391,709,425	8,799,926,472
32		(2,092,942,627)	(1,927,894,452)
40	35	3,298,766,798	6,872,032,020
50		358,564,884,026	303,637,473,680
51		(63,006,307,674)	(61,440,847,225)
52	36	(18,851,163,095)	(2,351,589,706)
60		276,707,413,257	239,845,036,749
61		276,707,413,257	239,845,036,749
70	26(a)	3,201	2,775
71	26(b)	3,201	2,775

Dao Xuan Nam
Preparer

Nguyen Ngoc Nhon
Chief Accountant

Tran Phuong Nga
Chief Executive Officer
28 March 2022

The notes on pages 9 to 46 are an integral part of these consolidated financial statements.

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CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021
(Indirect method)

Code	Note	Current year VND	Previous year VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		358,564,884,026	303,637,473,680
Adjustments for:			
02		83,919,429,257	80,427,015,086
03		(10,060,980,737)	(9,843,622,423)
04		(318,054,357)	284,619,586
05	31,35	(23,868,121,847)	(22,385,207,920)
06	32	7,019,978,348	11,853,821,706
08		415,257,134,690	363,974,099,715
09		24,949,485,918	163,476,604,891
10		(142,286,693,964)	56,523,700,153
11		17,702,900,285	(60,624,667,853)
12		14,993,621,322	(33,310,311,486)
14		(6,928,466,153)	(12,125,598,196)
15		(62,699,502,885)	(67,079,096,806)
17	15	(39,800,891,600)	(42,265,374,888)
20		221,187,587,613	368,569,355,530
CASH FLOWS FROM INVESTING ACTIVITIES			
21		(58,046,246,969)	(85,086,927,060)
22		2,166,609,649	1,020,459,916
23		(515,999,139,200)	(464,500,000,000)
24		648,000,000,000	558,500,000,000
25		(7,000,000,000)	-
27		30,217,926,187	28,851,374,215
30		99,339,149,667	38,784,907,071
CASH FLOWS FROM FINANCING ACTIVITIES			
31		-	15,000,000,000
32		-	(46,311,318,529)
33		583,271,414,505	694,739,377,675
34		(577,366,111,472)	(736,642,668,196)
36		(194,455,871,500)	(153,373,200,000)
40		(188,550,568,467)	(226,587,809,050)
50		131,976,168,813	180,766,453,551
60		371,680,211,939	190,855,576,577
61	3	(230,685,979)	58,181,811
70	3	503,425,694,773	371,680,211,939

Additional information relating to the cash flow statement is presented in Note 39.

Dao Xuan Nam
Preparer

Nguyen Ngoc Nhon
Chief Accountant

Tran Phuong Nga
Chief Executive Officer
28 March 2022

The notes on pages 9 to 46 are an integral part of these consolidated financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 GENERAL INFORMATION

Thien Long Group Corporation (the "Company") is a joint stock company established in Socialist Republic 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 18th amendment dated 29 June 2020.

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/QD-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.

At end of year, the Company had 7 subsidiaries (at beginning of year: 6 subsidiaries). Details are as follows:

Principal activities	Place of incorporation and operation	At beginning of year		At end 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%
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 One Member Company Limited	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%
Tan Luc North Trading and Service One Member Company Limited	Trading stationery	Ha Noi City	100%	100%	100%	100%
Tan Luc Middle Trading and Service One Member Company Limited	Trading stationery	Da Nang City	100%	100%	100%	100%
Flexoffice Pte. Ltd.	Trading stationery	Singapore	100%	100%	100%	100%

At end of year, the Group had 2,974 employees (as at beginning of year: 2,968 employees).

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.

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. The Group determines its accounting currencies based on the currencies which are mainly used in sales of goods, which have a significant impact on selling prices of goods, which are normally used to list selling prices and receive payments; which are mainly used in purchases of goods and services, which have a significant impact on costs of labor, materials and other production or operating costs and which is normally used as payments for those costs.

Additionally, the Group also uses these currencies to raise financial resources and regularly collect these currencies from business operations and savings.

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.

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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.

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.

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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.7 Receivables**

Receivables represent trade receivables from customers arising from sales of goods, 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.

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 and other held-to-maturity investments. 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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.9 Financial investments (continued)****(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.

2.10 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 method so as to write off the historical cost of the fixed assets over their estimated useful lives. 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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.10 Fixed assets (continued)***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.

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. Prepaid expenses are recorded at historical cost and allocated on a straight-line basis over their estimated useful lives.

Additionally, prepayments for land rental contracts, which became effective after 2003, are also recorded as prepaid expenses in accordance with the guidance of Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance and, allocated using the straight-line method in accordance with 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.

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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.

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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 2021) 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 2021 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 CIT 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.

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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) Interest income

Interest income is recognised on an earned basis.

(c) Dividend income

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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.

2.27 Current and deferred income tax

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

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred tax 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 Chief Executive Officer of the Group 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.

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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.

2.30 Critical accounting estimates

The preparation of consolidated financial statements in conformity 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 8);
- Estimated useful life of fixed assets (Note 10);
- Estimation of provision for long-term liabilities (Note 18); and
- Recognition of deferred tax assets for tax losses carried forward (Note 19).

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the 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	1,123,648,210	1,228,644,452
Cash at bank	337,951,169,654	151,451,567,487
Cash equivalents (*)	164,350,876,909	219,000,000,000
	<u>503,425,694,773</u>	<u>371,680,211,939</u>

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

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4 FINANCIAL INVESTMENTS

(a) Held-to-maturity investments

	Closing balance		Opening balance	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits (*)	220,000,000,000	220,000,000,000	372,000,000,000	372,000,000,000
Bonds	19,999,139,200	19,999,139,200	-	-
	<u>239,999,139,200</u>	<u>239,999,139,200</u>	<u>372,000,000,000</u>	<u>372,000,000,000</u>

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

(b) Investments in other entities

	Closing balance			Opening balance		
	Cost value VND	Fair value VND	Ownership percentage %	Cost value VND	Fair value VND	Ownership percentage %
Kinh Do Land Corporation	25,000,000,000	(*)	2.0	25,000,000,000	(*)	2.00
Saigon Securities Investment Fund A2	3,565,000,000	(*)	-	3,565,000,000	(*)	-
Brilliant Chip Joint Stock Company	1,520,000,000	(*)	1.9	1,520,000,000	(*)	1.89
Printing No.7 Joint Stock Company	600,000,000	(*)	2.5	600,000,000	(*)	2.50
Soundio Technology Joint Stock Company	7,000,000,000	(*)	-	-	-	-
	<u>37,685,000,000</u>	<u>(4,063,560,000)</u>		<u>30,685,000,000</u>	<u>(8,742,680,000)</u>	

(*) At end of year and beginning of year, the Group has not determined fair value of these investments to disclose on the consolidated financial statements because they do not have listed prices.

5 SHORT-TERM TRADE RECEIVABLES**Form B 09 – DN/HN**

	Closing balance VND	Opening balance VND
SQI Group Int'l. Corp.	34,137,856,436	27,754,604,189
Others	326,475,198,189	358,996,143,240
	<u>360,613,054,625</u>	<u>386,750,747,429</u>

At end of year and beginning of year, balances of short-term trade accounts receivable that were past due, amounting to VND34,173,847,285 and VND7,922,894,427, respectively as presented in Note 8.

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

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	Closing balance VND	Opening balance VND
24h Interior Decoration and Design Consultant Company Limited	8,065,344,411	-
Sai Gon VRG Investment Corporation	3,822,000,000	-
Others	18,757,559,247	16,500,972,908
	<u>30,644,903,658</u>	<u>16,500,972,908</u>

7 OTHER SHORT-TERM RECEIVABLES

	Closing balance		Opening balance	
	Book value VND	Provision VND	Book value VND	Provision VND
Interest receivables	2,481,407,557	-	8,044,502,741	-
Advances to employees	1,413,195,700	-	1,063,255,506	-
Deposits	10,455,618,882	-	673,895,000	-
Others	5,073,758,078	-	2,144,373,327	-
	<u>19,423,980,217</u>	<u>-</u>	<u>11,926,026,574</u>	<u>-</u>

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.

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	Opening balance Recoverable amount VND	Provision VND
	-	-
	-	-
	-	-
	-	-
	-	-
	7,754,655,266	(168,239,161)
	<u>7,922,894,427</u>	<u>(168,239,161)</u>

	Closing balance Recoverable amount VND	Provision VND
	4,574,451,528	(4,784,625,299)
	-	(1,753,989,596)
	8,008,006,145	(1,465,818,494)
	5,985,377,400	(1,253,442,541)
	-	(816,925,065)
	133,130,857	(280,684,867)
	3,133,020,492	(1,984,375,001)
	<u>21,833,986,422</u>	<u>(12,339,860,863)</u>

8 DOUBTFUL DEBTS

9,359,076,827	4,574,451,528	(4,784,625,299)
1,753,989,596	-	(1,753,989,596)
9,473,824,639	8,008,006,145	(1,465,818,494)
7,238,819,941	5,985,377,400	(1,253,442,541)
816,925,065	-	(816,925,065)
413,815,724	133,130,857	(280,684,867)
5,117,395,493	3,133,020,492	(1,984,375,001)
<u>34,173,847,285</u>	<u>21,833,986,422</u>	<u>(12,339,860,863)</u>

Like Link Co., Ltd.
MM Mega Market (Vietnam)
Company Limited
Nguyen Hue Bookstore
Xuan Thu Bookstore
Branch of Apax English Joint
Stock Company
Nhan Van Bookstore
Others

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9 INVENTORIES

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	62,834,069,879	-	12,457,622,463	-
Raw materials	262,457,334,508	(2,068,850,143)	191,344,982,685	(16,062,395,215)
Tools and supplies	5,879,797,881	(1,012,501,567)	6,517,647,894	(764,136,018)
Work in progress	60,399,405,581	(2,122,979,626)	50,494,687,517	(2,782,913,237)
Finished goods	139,536,304,257	(2,065,870,323)	145,202,173,063	(1,731,412,560)
Merchandise	173,134,301,830	(3,856,693,980)	148,809,279,308	(3,261,130,431)
	<u>704,241,213,936</u>	<u>(11,126,895,639)</u>	<u>554,826,392,930</u>	<u>(24,601,987,461)</u>

At end of year and beginning of year, a part of inventory were pledged as mortgaged 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	(24,601,987,461)	(28,859,198,112)
Addition (Note 30)	(11,126,895,639)	(14,651,803,220)
Reversal (Note 30)	24,601,987,461	18,909,013,871
Closing balance	<u>(11,126,895,639)</u>	<u>(24,601,987,461)</u>

10 PREPAID EXPENSES

(a) Short-term

	Closing balance VND	Opening balance VND
Advertising and marketing expenses	8,820,633,333	7,684,842,966
Health and asset insurance	1,348,016,385	1,496,796,134
Tools and supplies	55,239,933	138,442,174
Others	2,962,293,061	3,393,400,918
	<u>13,186,182,712</u>	<u>12,713,482,192</u>

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10 PREPAID EXPENSES (continued)

(b) Long-term

	Closing balance VND	Opening balance VND
Land rental (*)	10,239,107,371	10,568,515,651
Expenses for site clearance, restoration and return (**)	9,972,606,058	10,294,303,030
Tools and supplies	33,992,276,017	50,478,443,012
Others	10,377,917,431	8,955,864,696
	<u>64,581,906,877</u>	<u>80,297,126,389</u>

(*) 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	93,010,608,581	47,479,780,223
Increase	55,135,982,198	63,704,252,157
Transferred from construction in progress (Note 12)	875,871,740	2,720,346,382
Transferred from inventories	6,551,969,172	46,762,488,332
Transferred from fixed assets	-	172,948,083
Allocation	(77,806,342,102)	(67,829,206,596)
Closing balance	<u>77,768,089,589</u>	<u>93,010,608,581</u>

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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
Historical cost						
Opening balance	227,016,080,363	522,239,933,594	43,531,943,983	18,064,993,552	179,176,918,467	990,029,869,959
New purchases	-	31,128,875,132	5,735,334,000	605,611,364	1,428,783,023	38,898,603,519
Transfers from construction in progress (Note 12)	-	16,334,066,606	-	-	10,130,137,238	26,464,203,844
Reclassification	-	582,131,045	-	-	1,685,223,709	2,267,354,754
Disposals	(4,826,352,764)	(4,555,856,436)	(742,778,788)	(602,486,807)	(15,890,278,722)	(26,617,753,517)
Closing 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
Accumulated depreciation						
Opening balance	82,824,836,715	283,043,749,509	31,282,975,505	16,338,003,107	137,595,694,922	551,085,259,758
Charge for the year	10,340,193,439	49,043,995,568	5,527,458,447	909,377,650	15,128,876,923	80,949,902,027
Disposals	(4,708,457,678)	(4,480,677,143)	(742,778,788)	(602,486,807)	(15,849,028,722)	(26,383,429,138)
Closing 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
Net book value						
Opening balance	144,191,243,648	239,196,184,085	12,248,968,478	1,726,990,445	41,581,223,545	438,944,610,201
Closing 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

At end of year, the historical cost of tangible assets of the Group that were fully depreciated but still in use was VND299,176,450,140 (at beginning of year: VND275,800,471,670).

At end of year, tangible fixed assets of the Group with a carrying value of VND19,982,859,915 (at beginning of year: VND164,167,175,459) were pledged as mortgaged 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
Historical cost				
Opening balance	16,047,625,000	51,377,672,411	367,000,000	67,792,297,411
New purchases	-	345,230,000	-	345,230,000
Closing balance	16,047,625,000	51,722,902,411	367,000,000	68,137,527,411
Accumulated amortisation				
Opening balance	1,175,864,496	41,605,801,449	367,000,000	43,148,665,945
Charge for the year	-	4,835,493,682	-	4,835,493,682
Closing balance	1,175,864,496	46,441,295,131	367,000,000	47,984,159,627
Net book value				
Opening balance	14,871,760,504	9,771,870,962	-	24,643,631,466
Closing balance	14,871,760,504	5,281,607,280	-	20,153,367,784

At end of year, the historical cost of intangible assets of the Group that were fully amortised but still in use was VND14,397,384,677 (as at beginning of year: VND13,867,672,432).

12 CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
Equipment under installation	12,089,666,057	4,797,947,189
Moulds under installation	5,370,720,046	7,831,128,260
Others	1,580,172,500	805,000,000
	19,040,558,603	13,434,075,449
Current year VND		Previous year VND
Opening balance	13,434,075,449	26,712,919,979
Increase in the year	32,946,558,738	53,280,116,624
Transfers to fixed assets (Note 11)	(26,464,203,844)	(63,617,333,003)
Transfers to prepaid expenses (Note 10)	(875,871,740)	(2,720,346,382)
Transfers to inventories	-	(221,281,769)
Closing balance	19,040,558,603	13,434,075,449

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

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	Closing balance		Opening balance	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
GC Marketing Solutions Company Limited	14,959,370,844	14,959,370,844	-	-
Mcaide Enterprise Co., Ltd	10,549,216,864	10,549,216,864	5,585,084,141	5,585,084,141
Others	167,458,067,124	167,458,067,124	107,639,472,465	107,639,472,465
	<u>192,966,654,832</u>	<u>192,966,654,832</u>	<u>113,224,556,606</u>	<u>113,224,556,606</u>

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
Crayola LLC	3,134,818,182	-
Northern Treasure Pte. Ltd	1,131,795,582	-
Others	2,503,817,660	6,686,687,740
	<u>6,770,431,424</u>	<u>6,686,687,740</u>

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15 TAX AND OTHER PAYABLES/RECEIVABLES TO THE STATE

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

	Opening balance VND	Payable during the year VND	Payment during the year VND	Reclassification VND	Closing balance VND
a) Tax payables					
Value added tax	7,848,196,829	123,977,273,127	(123,731,983,547)	-	8,093,486,409
CIT - current	9,725,491,809	63,006,307,674	(62,699,502,885)	3,450,601,025	13,482,897,623
Personal income tax	1,259,724,661	27,206,287,022	(27,063,253,385)	-	1,402,758,298
Import – export duties	-	15,101,813,293	(15,101,813,293)	-	-
Others	12,811,222	2,375,311,401	(2,207,777,622)	-	180,345,001
	<u>18,846,224,521</u>	<u>231,666,992,517</u>	<u>(230,804,330,732)</u>	<u>3,450,601,025</u>	<u>23,159,487,331</u>
b) Tax receivables					
CIT - current	15,055,454	-	-	3,450,601,025	3,465,656,479
	<u>15,055,454</u>	<u>-</u>	<u>-</u>	<u>3,450,601,025</u>	<u>3,465,656,479</u>

16 SHORT-TERM ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
13th & 14th month salary and performance salary	69,520,694,385	67,721,074,833
Advertising and marketing	16,322,991,207	1,803,384,998
Interest expense	336,974,016	245,461,821
Others	10,795,553,434	23,978,810,527
	<u>96,976,213,042</u>	<u>93,748,732,179</u>

17 OTHER SHORT-TERM PAYABLES

	Closing balance VND	Opening balance VND
Dividend payable	38,938,653,000	77,805,618,500
Remuneration for the Board of Directors and Board of Supervision	4,400,287,355	3,791,956,955
Union fees	1,109,882,486	1,379,475,611
Others	4,806,680,803	7,165,563,123
	<u>49,255,503,644</u>	<u>90,142,614,189</u>

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

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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
Short-term						
Joint Stock Commercial Bank for Investment and Development of Vietnam - Western Saigon Branch	30,375,463,100	30,375,463,100	120,276,945,900	(150,652,409,000)	-	-
Vietnam Joint Stock Commercial Bank for Industry and Trade - Western Saigon Branch	3,475,440,895	3,475,440,895	815,770,450	(4,291,211,345)	-	-
HSBC Bank (Vietnam) Limited (i)	81,766,942,218	81,766,942,218	327,964,973,580	(307,500,423,947)	102,231,491,851	102,231,491,851
United Overseas Bank (Vietnam) Limited (ii)	19,515,145,008	19,515,145,008	81,503,954,566	(88,914,874,774)	12,104,224,800	12,104,224,800
Shinhan Bank Vietnam Limited	1,777,195,929	1,777,195,929	-	(1,777,195,929)	-	-
The Siam Commercial Bank Public Company Limited (iii)	-	-	52,709,770,009	(10,631,534,931)	42,078,235,078	42,078,235,078
	<u>136,910,187,150</u>	<u>136,910,187,150</u>	<u>583,271,414,505</u>	<u>(563,767,649,926)</u>	<u>156,413,951,729</u>	<u>156,413,951,729</u>
Current portion of long-term borrowings						
HSBC Bank (Vietnam) Limited (*) (iv)	10,338,461,544	10,338,461,544	20,118,461,544	(13,598,461,546)	16,858,461,542	16,858,461,542
	<u>147,248,648,694</u>	<u>147,248,648,694</u>	<u>603,389,876,049</u>	<u>(577,366,111,472)</u>	<u>173,272,413,271</u>	<u>173,272,413,271</u>
(b) Long-term						
HSBC Bank (Vietnam) Limited (*) (iv)	31,807,692,298	31,807,692,298	-	(20,118,461,544)	11,689,230,754	11,689,230,754

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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	28,547,692,296	42,146,153,842
Current portion	(16,858,461,542)	(10,338,461,544)
	<u>11,689,230,754</u>	<u>31,807,692,298</u>

- (i) 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 used receivables, buildings and structures as collateral assets for these loans (Note 5 and 11).
- (ii) Representing short-term loans from United Oversea Bank (Vietnam) Limited for the purpose of supplementing working capital. The loans have terms and interest rates specified in each disbursement. The Group used inventories as collateral assets for these loans (Note 9).
- (iii) 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 used receivables as collateral assets for these loans (Note 5).
- (iv) Representing unsecured 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.

19 PROVISION FOR LONG-TERM LIABILITIES

	Closing balance VND	Opening balance VND
Provision for severance allowance	19,959,233,500	24,359,321,089
Provisions for site clearance, restoration and return (Note 10 (b))	10,616,000,000	10,616,000,000
	<u>30,575,233,500</u>	<u>34,975,321,089</u>

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20 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current 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	<u>10,097,861,097</u>	<u>28,949,024,192</u>

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	28,949,024,192	31,300,613,898
Consolidated income statement charge (Note 36)	<u>(18,851,163,095)</u>	<u>(2,351,589,706)</u>
End of year	<u>10,097,861,097</u>	<u>28,949,024,192</u>

Details of deferred tax assets

	Closing balance VND	Opening balance VND
Temporary difference of provisions	7,205,645,277	10,619,511,553
Unrealised profit of internal transactions	2,613,099,824	9,758,404,456
Tax losses not yet utilised (*)	-	8,261,350,649
Temporary difference of accrued expenses	216,496,958	260,284,717
Unrealised exchange rate differences of cash and receivables denominated in foreign currency	<u>62,619,038</u>	<u>49,472,817</u>
	<u>10,097,861,097</u>	<u>28,949,024,192</u>

The Group used a tax rate of 20% in year 2021 (2020: 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:

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20 DEFERRED INCOME TAX (continued)

Details of deferred tax assets (continued)

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	Outstanding	46,405,940,258	(18,731,332,452)	27,674,607,806
2021	Outstanding	21,997,117,688	-	21,997,117,688
		<u>71,560,023,857</u>	<u>(18,731,332,452)</u>	<u>52,828,691,405</u>

The Group has not 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	77,794,453	-	77,794,453	-
Number of shares issued	77,794,453	-	77,794,453	-
Number of existing shares in circulation	<u>77,794,453</u>	<u>-</u>	<u>77,794,453</u>	<u>-</u>

(b) Details of owners' shareholding

	Closing balance		Opening balance	
	Ordinary shares	%	Ordinary shares	%
Thien Long An Think 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	4,594,605	6.10
Other shareholders	<u>30,198,896</u>	<u>38.82</u>	<u>30,348,896</u>	<u>38.82</u>
Number of shares issued	<u>77,794,453</u>	<u>100</u>	<u>77,794,453</u>	<u>100</u>

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21 OWNERS' CAPITAL (continued)

(c) Movement of share capital

	Number of shares in circulation	Owners' capital VND	Treasury shares VND
As at 1 January 2020	77,794,453	777,944,530,000	-
Treasury shares repurchased	(1,500,000)	-	(46,311,318,529)
Treasury shares reissued	1,500,000	-	46,311,318,529
As at 31 December 2020	<u>77,794,453</u>	<u>777,944,530,000</u>	<u>-</u>
As at 1 January 2021	77,794,453	777,944,530,000	-
As at 31 December 2021	<u>77,794,453</u>	<u>777,944,530,000</u>	<u>-</u>

Par value per share: VND10,000.

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22 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Investment and development fund VND	Treasury shares VND	Foreign exchange difference VND	Undistributed earnings VND	Total VND
For the year ended 31 December 2020							
Opening balance	777,944,530,000	392,944,802,300	158,019,722,556	-	-	478,077,816,790	1,806,986,871,646
Net profit for the year	-	-	-	-	-	239,845,036,749	239,845,036,749
Repurchase of treasury shares	-	(31,311,318,529)	-	(46,311,318,529)	-	-	(46,311,318,529)
Re-issuance of treasury shares	-	-	-	46,311,318,529	-	-	46,311,318,529
Foreign exchange difference	-	-	-	-	92,630,401	-	92,630,401
Dividends declared from undistributed profit of 2019	-	-	-	-	-	(77,044,453,000)	(77,044,453,000)
Dividends declared from undistributed profit of 2020	-	-	-	-	-	(154,088,906,000)	(154,088,906,000)
Appropriation to investment and development fund	-	-	41,890,446,000	-	-	(41,890,446,000)	-
Appropriation to bonus and welfare fund	-	-	-	-	-	(16,377,404,977)	(16,377,404,977)
Bonus for exceeding the budgeted profit for the Board of Management and employees	-	-	-	-	-	(9,634,820,000)	(9,634,820,000)
Bonus for exceeding the budgeted profit for the Board of Directors	-	-	-	-	-	(2,408,000,000)	(2,408,000,000)
Remuneration for the Board of Directors and Board of Supervision	-	-	-	-	-	(7,800,000,000)	(7,800,000,000)
Closing 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
For the year ended 31 December 2021							
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 (i)	-	-	-	-	-	(155,588,906,000)	(155,588,906,000)
Appropriation to investment and development fund (ii)	-	-	28,781,404,000	-	-	(28,781,404,000)	-
Appropriation to bonus and welfare fund (iii) (Note 25)	-	-	-	-	-	(23,984,503,675)	(23,984,503,675)
Bonus for exceeding the budgeted profit for the Board of Management and employees (iv) (Note 25)	-	-	-	-	-	(7,938,015,000)	(7,938,015,000)
Bonus for exceeding the budgeted profit for the Board of Directors (iv)	-	-	-	-	-	(1,984,504,000)	(1,984,504,000)
Remuneration for the Board of Directors and Board of Supervision (v)	-	-	-	-	-	(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

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22 MOVEMENTS IN OWNERS' EQUITY (continued)

Pursuant to the Resolution No. 01/2021/NQ-DHDCD dated 29 June 2021 of the 2021 Annual General Meeting of Shareholders, the General Meeting of Shareholders of the Company approved the distribution plan of profit after CIT for the year 2020 as follows:

- Cash dividends at the rate of 20% par value.
- Appropriation to investment and development fund of VND28,781,404,000 (equivalent to 12% of post-tax profits);
- Appropriation to bonus and welfare fund of VND23,984,503,675 (equivalent to 10% of post-tax profits);
- Bonus for exceeding budgeted profit of the year 2020 for the Board of Directors of VND1,984,504,000 and for the Board of Management and employees of VND7,938,015,000; and
- Remuneration for the Board of Directors and the Board of Supervision of VND9,500,000,000 was appropriated in 2021.

23 THE USE OF WORKING CAPITAL

(a) Utilisation of working capital raised from the private offering

Based on the capital usage plan, the purpose of capital utilisation has been approved at the Resolution No. 02/2018/NQ-DHDCD dated 8 November 2018 of the General Meeting of Shareholders and the amended plan to the Resolution No. 09/2019/NQ-HDQT dated 12 August 2019 of the Board of Directors, the proceeds from the share reissuance after deducting from issuance fees of VND414,663,619,300 shall be used to supplement working capital and purchase machinery and equipment.

Based on actual situation, proceeds from the share issuance from 5 March 2019 have been used up to 31 December 2021 as follows:

	Total spending amount VND
Investing in machinery and equipment	100,000,000,000
Working capital supplement	314,663,619,300
	<u>414,663,619,300</u>

(b) Utilisation of capital raised from the reissuance of treasury shares to employees

Based on the capital usage plan approved by the Board of Directors under the Resolution No. 11/2020/NQ-HDQT 15 October 2020, the proceeds from the reissuance of treasury shares to employees of VND15,000,000,000 shall be used to purchase raw materials.

Up to 31 December 2021, the proceeds from the reissuance of treasury shares to employees from 26 November 2020 has been used for purchases of raw materials.

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24 DIVIDENDS

Movements of dividend payables during the year are as follows:

	Current year VND	Previous year VND
Opening balance	77,805,618,500	45,459,500
Dividends payable during the year	155,588,906,000	231,133,359,000
Dividends paid in cash	(194,455,871,500)	(153,373,200,000)
Closing balance	<u>38,938,653,000</u>	<u>77,805,618,500</u>

25 BONUS AND WELFARE FUND

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

	Current year VND	Previous year VND
Opening balance	5,838,669,865	12,256,602,888
Appropriated (Note 22)	31,922,518,675	26,012,224,977
Utilised	(28,889,718,000)	(32,430,158,000)
Closing balance	<u>8,871,470,540</u>	<u>5,838,669,865</u>

26 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 fund 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)	276,707,413,257	239,845,036,749
Less amount appropriated to bonus and welfare fund (VND) (*)	(27,670,741,326)	(23,984,503,675)
	<u>249,036,671,931</u>	<u>215,860,533,074</u>
Weighted average number of ordinary shares in issue (shares)	77,794,453	77,794,453
Basic earnings per share (VND)	<u>3,201</u>	<u>2,775</u>

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26 EARNINGS PER SHARE (continued)

(a) Basic earnings per share

(*) Bonus and welfare fund had been appropriated at the estimated rate of 10% of consolidated profit after CIT in accordance with the Resolution No. 01/2021/NQ-DHDCD dated 29 June 2021 of the General Meeting of Shareholders.

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders, which already subtracted the bonus and welfare fund, by the weighted average number of ordinary shares outstanding during the year and the ordinary shares expected to be issued.

The Group did not have any ordinary shares potentially diluted during the year and up to the date of this consolidated financial statements.

27 OFF BALANCE SHEET ITEMS

(a) Foreign currencies

As at 31 December 2021, included in cash and cash equivalents were balances held in foreign currencies as follows:

	Closing balance	Opening balance
United States Dollar ("USD")	2,515,919	2,379,703
Euro ("EUR")	45,197	33,548
Chinese Renminbi ("RMB")	14,971	14,971
British Pound ("GBP")	1,915	1,920
Singapore Dollar ("SGD")	118,885	101,255
Thai Baht ("THB")	7,680	7,680
Japanese Yen ("JPY")	2,497	2,497
Australian Dollar ("AUD")	110	110
Korean Won ("KRW")	336,000	336,000
Taiwanese Dollar ("TWD")	<u>12,570</u>	<u>12,570</u>

(b) Operating lease assets

The future minimum lease payments under non-cancellable operating leases were presented in Note 41.

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28 WRITE-OFF DOUBTFUL DEBTS

	Closing balance		Opening balance	
	Amount VND	Reason for writing-off	Amount VND	Reason for writing-off
Thien Loc Trading Company Limited	219,103,729	Unrecoverable debts	219,103,729	Unrecoverable debts
Bach Ma Service - Trading Joint Stock Company Company Limited Tran Hieu Nghia	107,886,623	Unrecoverable debts	107,886,623	Unrecoverable debts
Go May Bookstore Business Household	3,999,428	Unrecoverable debts	3,999,428	Unrecoverable debts
Nhan Van Vinh Truong Joint Stock Company	24,094,403	Unrecoverable debts	24,094,403	Unrecoverable debts
Phuc Nhan Bookstore Business Household	9,384,969	Unrecoverable debts	9,384,969	Unrecoverable debts
Branch of Thien Hop Cultural Service and Trading Company	52,063,917	Unrecoverable debts	52,063,917	Unrecoverable debts
Tan Mai bookstore Business Household Vo Thanh Dao	54,842,961	Unrecoverable debts	54,842,961	Unrecoverable debts
Book Private Enterprise Nhan Tri	194,567,441	Unrecoverable debts	194,567,441	Unrecoverable debts
Hoa Mai Stationery Trading Company Limited	29,748,099	Unrecoverable debts	29,748,099	Unrecoverable debts
Thien An Printing Production Trading Service Company Limited	30,966,727	Unrecoverable debts	30,966,727	Unrecoverable debts
Pham Nguyen Co, Ltd.	19,785,744	Unrecoverable debts	19,785,744	Unrecoverable debts
	34,991,387	Unrecoverable debts	-	
	50,462,208	Unrecoverable debts	-	
	<u>831,897,636</u>		<u>746,444,041</u>	

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29 NET REVENUE FROM SALES OF GOODS

	Current year VND	Previous year VND
Revenue		
Revenue from sales of finished goods	2,094,930,347,275	1,993,567,372,693
Revenue from sales of merchandises	591,693,822,265	744,502,564,662
Revenue from rendering of services	226,341,790	330,628,693
	<u>2,686,850,511,330</u>	<u>2,738,400,566,048</u>
Sales deductions		
Finished good returns	(8,092,499,728)	(35,403,611,280)
Merchandise returns	(5,225,052,478)	(10,333,997,941)
Trade discounts	(5,257,866,037)	(8,109,736,491)
Sales deductions	-	(1,270,000)
	<u>(18,575,418,243)</u>	<u>(53,848,615,712)</u>
Net revenue from sales of goods		
Net revenue from sales of finished goods	2,081,579,981,510	1,950,054,024,922
Net revenue from sales of merchandises	586,468,769,787	734,167,296,721
Net revenue from rendering of services	226,341,790	330,628,693
	<u>2,668,275,093,087</u>	<u>2,684,551,950,336</u>

30 COST OF GOODS SOLD

	Current year VND	Previous year VND
Cost of finished goods and merchandises sold	1,554,587,437,232	1,659,068,005,168
Reversal of provision for decline in value of inventories (Note 9)	(13,475,091,822)	(4,257,210,651)
	<u>1,541,112,345,410</u>	<u>1,654,810,794,517</u>

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31 FINANCIAL INCOME

	Current year VND	Previous year VND
Interest income from deposits	24,429,910,394	21,545,680,008
Realised foreign exchange gains	7,134,801,165	4,785,611,005
Dividend income	142,503,800	195,003,800
Net gain from foreign currency translation at year-end	318,054,357	-
Others	-	300,000
	<u>32,025,269,716</u>	<u>26,526,594,813</u>

32 FINANCIAL EXPENSES

	Current year VND	Previous year VND
Interest expenses	7,019,978,348	11,853,821,706
Realised foreign exchange losses	3,424,627,194	3,260,616,680
Net loss from foreign currency translation at year-end	-	284,619,586
Provision for diminution in value of investments	(4,679,120,000)	52,592,000
Reversal of provision for diminution in value of investments	-	-902,800,000
Others	1,089,078,673	1,420,068,924
	<u>6,854,564,215</u>	<u>15,968,918,896</u>

33 SELLING EXPENSES

	Current year VND	Previous year VND
Staff costs	253,842,986,687	234,560,445,100
Marketing and trade fair expenses	100,512,326,459	104,539,550,515
Depreciation	4,602,360,848	5,866,280,520
Others	145,717,303,565	143,710,172,473
	<u>504,674,977,559</u>	<u>488,676,448,608</u>

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34 GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Previous year VND
Staff costs	188,461,394,751	184,195,419,956
Outside services expenses	52,845,476,967	32,306,901,250
Depreciation and amortisation	16,878,440,716	18,796,057,127
Others	34,207,045,957	19,558,563,135
	<u>292,392,358,391</u>	<u>254,856,941,468</u>

35 NET OTHER INCOME

	Current year VND	Previous year VND
Other income		
Indemnity for damaged goods	233,521,150	859,561,372
Net gains on disposal of fixed assets	-	644,524,112
Others	5,158,188,275	7,295,840,988
	<u>5,391,709,425</u>	<u>8,799,926,472</u>
Other expenses		
Losses on disposal of fixed assets	704,292,347	-
Others	1,388,650,280	1,927,894,452
	<u>2,092,942,627</u>	<u>1,927,894,452</u>
Net other income	<u>3,298,766,798</u>	<u>6,872,032,020</u>

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36 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
Net accounting profit before tax	358,564,884,026	303,637,473,680
Adjustment:		
Non-taxable income	(142,503,800)	(195,003,800)
Non-deductible expenses	5,033,764,247	6,438,418,457
Temporary differences for which no deferred income tax asset has been recognised	2,069,665,744	1,888,168,448
Tax losses for which no deferred income tax asset was recognised	42,000,925,338	7,670,800,156
	<u>407,526,735,555</u>	<u>319,439,856,941</u>
Tax calculated at a rate of 20%	81,505,347,111	63,887,971,386
Adjustment for under/(over) accrued CIT in previous years	352,123,658	(95,534,455)
CIT charge (*)	<u>81,857,470,769</u>	<u>63,792,436,931</u>
Charged to consolidated income statement:		
CIT – current	63,006,307,674	61,440,847,225
CIT – deferred (Note 20)	18,851,163,095	2,351,589,706
	<u>81,857,470,769</u>	<u>63,792,436,931</u>

(*) 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.

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37 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	816,612,694,806	720,762,529,061
Staff costs	634,053,508,457	616,772,088,074
Depreciation and amortisation	83,919,429,257	80,427,015,086
Outside service expenses	183,340,488,444	174,035,286,445
Others	216,189,303,162	188,998,715,883
	<u>1,934,115,424,126</u>	<u>1,780,995,634,549</u>

38 SEGMENT REPORTING

The Chief Executive Officer of the Group determines that the decisions of the Group are based primarily on the geographic areas in which the Group supplies products. 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
Net revenue from sales of goods		
Net revenue from domestic sales	2,099,052,825,376	2,193,628,199,783
Net revenue from export sales	569,222,267,711	490,923,750,553
	<u>2,668,275,093,087</u>	<u>2,684,551,950,336</u>
Cost of goods sold		
Cost of goods sold - domestic	1,124,160,031,784	1,299,506,853,004
Cost of goods sold - export	416,952,313,626	355,303,941,513
	<u>1,541,112,345,410</u>	<u>1,654,810,794,517</u>
Gross profit from sales of goods		
Gross profit from sales of goods - domestic	974,892,793,592	894,121,346,779
Gross profit from sales of goods - export	152,269,954,085	135,619,809,040
	<u>1,127,162,747,677</u>	<u>1,029,741,155,819</u>

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39 ADDITIONAL INFORMATION ON CERTAIN ITEMS OF THE CONSOLIDATED CASH FLOW STATEMENT

Non-cash transactions affecting the cash flow statement

	Current year VND	Previous year VND
Depreciation capitalised in construction in progress	<u>1,865,966,452</u>	<u>2,243,906,512</u>

40 RELATED PARTY DISCLOSURES

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

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

Related party	Relationship
Thien Long An Think Investment Corporation	Major shareholder

Related party transactions

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

	Current year VND	Previous year VND
i) Dividends declared		
Thien Long An Think Investment Corporation	<u>74,701,904,000</u>	<u>112,052,856,000</u>
ii) Compensation of key management		
Gross salaries and other benefits	<u>16,588,450,000</u>	<u>15,601,937,866</u>

(*) The Group's regulations has been changed in 2021 with specified definition of key management, accordingly, the compensation of key management of previous year has been adjusted to VND15,601,937,866 instead of VND43,399,239,714.

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41 COMMITMENTS UNDER OPERATING LEASES

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

	Closing balance VND	Opening balance VND
Within one year	27,617,936,529	16,751,895,828
Between one and five years	67,567,725,984	42,327,146,228
Total	<u>95,185,662,513</u>	<u>59,079,042,056</u>

42 IMPACTS OF COVID-19

In 2021, the new Corona virus ("Covid-19") developed into global pandemic, causing some damage to the world economy. The Group's business operations have been also affected due to the instability of the Covid-19 pandemic's situation in Vietnam. With the current development of the Covid-19 epidemic in the world, the Chief Executive Officer has been prudently assessing the potential impacts of Covid-19 on the Company's business operations and management plan in 2022, as well as potential development in next years.

The consolidated financial statements were approved by the Chief Executive Officer on 28 March 2022.



Dao Xuan Nam
Preparer



Nguyen Ngoc Nhon
Chief Accountant



Tran Phuong Nga
Chief Executive Officer

FUTURE BREAKTHROUGH

**Limits are for us to make
breakouts and everything seems
impossible until we get it done.**

Always define goals, find positive emotions, believe in yourself and your team, tune into a beneficial direction, etc. All of these things will be the raw materials and energy sources for spectacular breakthrough items. The future always brings about good things thanks to efforts in the present and becomes a value decorating the past. And further, the process will be repeated, creating an endless cycle of growth. Thien Long Group always tries to overcome all obstacles, set new goals, explore strange lands, and stay stronger on the journey toward the future.





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