



THIÊN LONG GROUP CORPORATION

(Incorporated in Socialist Republic of Vietnam)

SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2019

THIEN LONG GROUP CORPORATION

Lot 6-8-10-12, Road No. 3, Tan Tao Industrial Park
Binh Tan District, Ho Chi Minh City, Vietnam

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THIEN LONG GROUP CORPORATION

Lot 6-8-10-12, Road No. 3, Tan Tao Industrial Park
Binh Tan District, Ho Chi Minh City, Vietnam

STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Thien Long Group Corporation (the "Company") presents this report together with the Company's separate financial statements for the year ended 31 December 2019.

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

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

Board of Directors

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

Board of Supervisors

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

Board of Management

Mr. Nguyen Dinh Tam	Chief Executive Officer
Mr. Bui Van Huong	Deputy General Director
Mr. Phan Nhut Phuong	Deputy General Director
Mr. Nguyen Thuong Viet	Deputy General Director
Mr. Tran Trung Hiep	Deputy General Director
Ms. Tran Phuong Nga	Deputy General Director

Other Management Personnel

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

Legal representative

Legal representative of the Company during the year and to the date of these separate financial statements is Mr. Co Gia Tho. Mr. Nguyen Dinh Tam is authorised to sign the separate financial statements for year ended 31 December 2019.

THIEN LONG GROUP CORPORATION

Lot 6-8-10-12, Road No. 3, Tan Tao Industrial Park
Binh Tan District, Ho Chi Minh City, Vietnam

STATEMENT OF THE BOARD OF MANAGEMENT (Continued)

THE BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The Board of Management of the Company is responsible for preparing separate financial statements which give a true and fair view of the separate financial position of the Company as at 31 December 2019 and of its separate results and separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these separate financial statements, the Board of Management is required to:

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

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

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

For and on behalf of the Board of Management,



Nguyen Dinh Tam
Chief Executive Officer
30 March 2020

No.: 0690 /VNIA-HC-BC

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying separate financial statements of Thien Long Group Corporation (the "Company"), prepared on 30 March 2020 as set out from page 4 to page 30, which comprise the separate balance sheet as at 31 December 2019, the separate income statement and separate cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Management's Responsibility for the separate financial statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the Company as at 31 December 2019, and its separate financial performance and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



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

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

SEPARATE BALANCE SHEET
 As at 31 December 2019

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		1,181,077,565,545	726,109,095,421
I. Cash and cash equivalents	110	4	95,182,150,747	112,647,434,664
1. Cash	111		35,182,150,747	72,647,434,664
2. Cash equivalents	112		60,000,000,000	40,000,000,000
II. Short-term financial investments	120	5	455,000,000,000	-
1. Held-to-maturity investments	123		455,000,000,000	-
III. Short-term receivables	130		399,943,282,836	289,840,144,741
1. Short-term trade receivables	131	6	379,453,325,099	283,923,663,542
2. Short-term advances to suppliers	132	7	4,583,637,847	3,229,480,583
3. Other short-term receivables	136	8	15,906,319,890	2,687,000,616
IV. Inventories	140	9	224,360,492,399	318,209,262,556
1. Inventories	141		244,131,127,790	332,011,236,768
2. Provision for devaluation of inventories	149		(19,770,635,391)	(13,801,974,212)
V. Other short-term assets	150		6,591,639,563	5,412,253,460
1. Short-term prepayments	151	10	5,336,533,074	5,412,253,460
2. Value added tax deductibles	152		1,255,106,489	-
B. NON-CURRENT ASSETS	200		793,473,537,123	621,950,444,642
I. Long-term receivables	210		982,197,328	979,197,328
1. Other long-term receivables	216	8	982,197,328	979,197,328
II. Fixed assets	220		300,934,545,660	259,582,044,734
1. Tangible fixed assets	221	11	279,673,183,462	237,430,025,218
- Cost	222		609,545,103,709	536,521,320,356
- Accumulated depreciation	223		(329,871,920,247)	(299,091,295,138)
2. Intangible assets	227	12	21,261,362,198	22,152,019,516
- Cost	228		56,186,334,975	54,620,235,881
- Accumulated amortisation	229		(34,924,972,777)	(32,468,216,365)
III. Investment property	230	13	-	59,888,350,067
- Cost	231		-	59,888,350,067
IV. Long-term assets in progress	240		15,343,777,869	64,369,336,133
1. Construction in progress	242	14	15,343,777,869	64,369,336,133
V. Long-term financial investments	250	5	457,535,411,000	219,936,762,423
1. Investments in subsidiaries	251		436,443,299,000	199,500,000,000
2. Equity investments in other entities	253		30,685,000,000	30,685,000,000
3. Provision for impairment of long-term financial investments	254		(9,592,888,000)	(10,248,237,577)
VI. Other long-term assets	260		18,677,605,266	17,194,753,957
1. Long-term prepayments	261	10	8,591,789,315	8,134,647,412
2. Deferred tax assets	262	15	10,085,815,951	9,060,106,545
TOTAL ASSETS (270=100+200)	270		1,974,551,102,668	1,348,059,540,063

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



SEPARATE BALANCE SHEET (Continued)
 As at 31 December 2019

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		396,307,363,904	310,755,867,971
I. Current liabilities	310		347,280,554,231	287,330,064,967
1. Short-term trade payables	311	16	127,701,152,292	75,747,832,423
2. Short-term advances from customers	312		1,717,101,219	3,107,151,405
3. Taxes and amounts payable to the State budget	313	17	19,378,215,706	6,973,952,827
4. Payables to employees	314		10,279,436,227	9,180,285,000
5. Short-term accrued expenses	315	18	37,934,959,235	34,270,913,582
6. Other current payables	319		4,826,713,390	4,457,168,818
7. Short-term loans	320	19	133,192,700,274	141,950,848,924
8. Bonus and welfare funds	322	23	12,250,275,888	11,641,911,988
II. Long-term liabilities	330		49,026,809,673	23,425,803,004
1. Long-term loans	338	20	25,846,153,842	-
2. Long-term provisions	342	21	23,180,655,831	23,425,803,004
D. EQUITY	400		1,578,243,738,764	1,037,303,672,092
I. Owners' equity	410	22	1,578,243,738,764	1,037,303,672,092
1. Owners' contributed capital	411		777,944,530,000	657,228,530,000
- Ordinary shares carrying voting rights	411a		777,944,530,000	657,228,530,000
2. Share premium	412		392,944,802,300	28,281,183,000
3. Investment and development fund	418		158,019,722,556	158,051,613,498
4. Retained earnings	421		249,334,683,908	193,742,345,594
- Retained earnings/ (losses) accumulated to the prior year end	421a		1,756,596,159	(50,369,624,574)
- Retained earnings of the current year	421b		247,578,087,749	244,111,970,168
TOTAL RESOURCES (440=300+400)	440		1,974,551,102,668	1,348,059,540,063



Dao Xuan Nam
Preparer



Nguyen Ngoc Nhon
Chief Accountant



Nguyen Dinh Tam
Chief Executive Officer
30 March 2020

SEPARATE INCOME STATEMENT
 For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold	01		1,552,890,373,261	1,407,098,906,846
2. Deductions	02		7,881,176,843	14,880,325,174
3. Net revenue from goods sold (10=01-02)	10	25	1,545,009,196,418	1,392,218,581,672
4. Cost of sales	11		972,166,203,965	900,338,094,611
5. Gross profit from goods sold (20=10-11)	20		572,842,992,453	491,880,487,061
6. Financial income	21	27	147,756,382,062	111,013,477,946
7. Financial expenses	22	28	7,390,818,227	11,058,831,539
- In which: Interest expense	23		6,810,048,759	7,879,543,255
8. Selling expenses	25	29	127,546,648,440	113,684,157,694
9. General and administration expenses	26	29	180,149,563,024	176,321,678,174
10. Operating profit (30=20+(21-22)-(25+26))	30		405,512,344,824	301,829,297,600
11. Other income	31		4,936,029,476	7,607,439,805
12. Other expenses	32		13,438,927	112,260,408
13. Profit from other activities (40=31-32)	40	30	4,922,590,549	7,495,179,397
14. Accounting profit before tax (50=30+40)	50		410,434,935,373	309,324,476,997
15. Current corporate income tax expense	51	31	59,752,004,007	43,682,616,114
16. Deferred corporate tax income	52	15	(1,025,709,406)	(1,183,172,623)
17. Net profit after corporate income tax (60=50-51-52)	60		351,708,640,772	266,825,033,506



Dao Xuan Nam
Preparer



Nguyen Ngoc Nhon
Chief Accountant



Nguyen Dinh Tam
Chief Executive Officer
30 March 2020

SEPARATE CASH FLOW STATEMENT
 For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	410,434,935,373	309,324,476,997
2. Adjustments for:			
Depreciation and amortisation of fixed assets and investment properties	02	48,401,782,932	42,348,816,935
Provisions	03	5,068,164,429	3,641,649,872
Foreign exchange losses arising from translating foreign currency items	04	30,591,878	484,786,858
Gain from investing activities	05	(176,084,758,297)	(107,141,613,987)
Interest expense	06	6,810,048,759	7,879,543,255
3. Operating profit before movements in working capital	08	294,660,765,074	256,537,659,930
Changes in receivables	09	(94,015,305,826)	(134,928,100,093)
Changes in inventories	10	90,986,205,242	(73,090,590,547)
Changes in payables	11	59,221,190,108	(30,441,939,510)
Changes in prepaid expenses	12	(167,931,811)	(243,713,515)
Interest paid	14	(6,779,914,506)	(7,720,463,535)
Corporate income tax paid	15	(54,383,165,834)	(43,439,027,138)
Other cash outflows	17	(40,375,256,157)	(36,272,836,000)
Net cash generated by/(used in) operating activities	20	249,146,586,290	(69,599,010,408)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(49,181,674,744)	(136,265,399,066)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	95,728,545,908	786,721,307
3. Cash outflow for lending, buying debt instruments of other entities	23	(608,000,000,000)	-
4. Cash recovered from lending, selling debt instruments of other entities	24	153,000,000,000	-
5. Equity investments in other entities	25	(236,943,299,000)	(42,000,000,000)
6. Interest earned, dividends and profits received	27	130,890,761,403	107,211,288,858
Net cash used in investing activities	30	(514,505,666,433)	(70,267,388,901)

SEPARATE CASH FLOW STATEMENT (Continued)
 For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Current year	Prior year
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from share issue and owners' contributed capital	31	414,663,619,300	-
2. Proceeds from borrowings	33	375,723,452,207	603,147,785,400
3. Repayment of borrowings	34	(358,635,447,015)	(572,261,831,059)
4. Dividends and profits paid	36	(183,880,080,350)	(101,107,152,100)
Net cash generated by/(used in) financing activities	40	247,871,544,142	(70,221,197,759)
Net decreases in cash (50=20+30+40)	50	(17,487,536,001)	(210,087,597,068)
Cash and cash equivalents at the beginning of the year	60	112,647,434,664	322,850,438,614
Effects of changes in foreign exchange rates	61	22,252,084	(115,406,882)
Cash and cash equivalents at the end of the year (70=50+60+61)	70	95,182,150,747	112,647,434,664



Dao Xuan Nam
Preparer



Nguyen Ngoc Nhon
Chief Accountant



Nguyen Dinh Tam
Chief Executive Officer
30 March 2020

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

Structure of ownership

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

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

Major shareholders of the Company are Thien Long An Thinh Investment Corporation owning 48.01%; NWL Cayman Holdings Ltd. owning 7.07% and Mr. Co Gia Tho owning 5.91% of share capital of the Company.

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

The number of employees of the Company as at 31 December 2019 was 1,441 (as at 31 December 2018: 1,536).

Operating industry and principal activities

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

The principal activities are to manufacture and trade stationaries products, classroom equipment, plastic teaching instruments, plastic household appliances, printing stamps, tampo printing, flexo printing and performing screen - printing and pressing on products.

Normal production and business cycle

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

The Company's structure

As at 31 December 2019, the Company's subsidiaries were as follows:

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

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

Disclosure of information comparability in the separate financial statements

Comparative figures are the figures of the audited separate financial statements for the year ended 31 December 2018.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

The separate financial statements are prepared solely to present the separate financial position of the Company as at 31 December 2019, and its separate results of operations and cash flows for the year then ended. Therefore, the Company did not consolidate its investments in subsidiaries in these separate financial statements. The investments of the Company are recorded under the Company's policy and are presented in Note 3 as below.

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

Financial year

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Cash and cash equivalents

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

Financial investments

Held-to-maturity investments

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

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

Investments in subsidiaries

A subsidiary is an entity over which the Company has control. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

Interests in subsidiaries are initially recognised at cost. The Company's share of the net profit of the investee after acquisition is recognised in the separate income statement. Other distributions received other than such profit share are deducted from the cost of the investments as recoverable amounts.

Equity investments in other entities

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

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

Provision for impairment of investment

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

Receivables

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

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

Inventories

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

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

	<u>Years</u>
Buildings and structures	3 - 25
Machinery and equipment	3 - 15
Motor vehicles	6 - 8
Office equipment	2 - 7
Moulds and others	3 - 5

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

Intangible assets and amortisation

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

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

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

	<u>Years</u>
Computer software	3 - 10
Copyrights, patents	3
Others	3

Investment property

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

Operating lease

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

The Company as lessor

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

The Company as lessee

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

Construction in progress

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

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods.

Prepayments comprise costs of small tools, supplies and spare parts issued for consumption, advertising and marketing expenditures, insurance cost and other prepaid expenses. These expenditures have been capitalised as prepayments, and are allocated to the separate income statement using the straight-line method in accordance with the current prevailing accounting regulations.

Provisions

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

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

This accrued severance pay is used to settle the severance allowance to be paid to employees upon termination of their labour contract following Article 48 of the Labour Code dated 18 June 2012.



Revenue recognition

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

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

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

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

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

Sales deductions

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

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

Borrowing costs

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

Foreign currencies

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

Taxation

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

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

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

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

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

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

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

Dividends distribution and funds appropriation

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

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

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

4. CASH AND CASH EQUIVALENTS

	Closing balance VND	Opening balance VND
Cash on hand	457,487,638	531,483,319
Cash in bank	34,724,663,109	72,115,951,345
Cash equivalents (*)	60,000,000,000	40,000,000,000
	<u>95,182,150,747</u>	<u>112,647,434,664</u>

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

5. FINANCIAL INVESTMENTS

a. Held-to-maturity investments

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

b. Long-term financial investments

	Closing balance VND	Opening balance VND
Investment in subsidiaries		
Thien Long Long Thanh Manufacturing and Trading Company Limited	169,500,000,000	69,500,000,000
Thien Long Global Trading and Service One Member Company Limited	100,000,000,000	40,000,000,000
Tan Luc South Trading and Service One Member Company Limited	80,000,000,000	40,000,000,000
Tan Luc North Trading and Service One Member Company Limited	60,000,000,000	40,000,000,000
Tan Luc Middle Trading and Service One Member Company Limited	20,000,000,000	10,000,000,000
FlexOffice Pte. Ltd.	6,943,299,000	-
	<u>436,443,299,000</u>	<u>199,500,000,000</u>
Other long-term investments		
Kinh Do Land Corporation	25,000,000,000	25,000,000,000
Saigon Securities Investment Fund A2	3,565,000,000	3,565,000,000
Brilliant Chip Joint Stock Company	1,520,000,000	1,520,000,000
Printing No. 7 Joint Stock Company	600,000,000	600,000,000
	<u>30,685,000,000</u>	<u>30,685,000,000</u>

	Closing balance VND	Opening balance VND
Provision for long-term investments		
Kinh Do Land Corporation	(5,489,200,000)	(6,092,220,000)
Saigon Securities Investment Fund A2	(3,565,000,000)	(3,565,000,000)
Brilliant Chip Joint Stock Company	(538,688,000)	(591,017,577)
	<u>(9,592,888,000)</u>	<u>(10,248,237,577)</u>
Net long-term investments	<u>457,535,411,000</u>	<u>219,936,762,423</u>

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

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

6. SHORT-TERM TRADE RECEIVABLES

	Closing balance VND	Opening balance VND
a. Related parties (Note 32)	305,286,533,127	218,866,855,587
b. Receivable from third-parties		
- SQI Group Int'l. Corp.	11,857,630,624	17,711,787,283
- Like Link Co., Ltd.	14,125,544,406	12,000,015,553
- Eastpoint	6,971,157,899	7,976,115,924
- Crayola LLC	12,415,034,306	6,592,190,868
- Other customers	28,797,424,737	20,776,698,327
	<u>379,453,325,099</u>	<u>283,923,663,542</u>

As noted further in Note 19, as at 31 December 2019, trade receivables of VND 50,000,000,000 were provided as collateral for loans obtained from banks (as at 31 December 2018: USD 2,000,000).

7. SHORT-TERM ADVANCES TO SUPPLIERS

	Closing balance VND	Opening balance VND
Jangoh Machinery Co.,Ltd.	-	1,409,272,998
D.Guan KLT & Casine E.Technology	-	349,713,388
Shanghai U-Trust Import-Export Co.,	1,723,609,825	78,825,399
LC Printing Machine Factory Limited	1,123,744,234	-
Other suppliers	1,736,283,788	1,391,668,798
	<u>4,583,637,847</u>	<u>3,229,480,583</u>

8. OTHER RECEIVABLES

	Closing balance VND	Opening balance VND
a. Short-term		
- Advances to employees	943,530,570	1,059,107,833
- Deposits	-	281,650,000
- Accrued interest	14,962,412,327	485,572,603
- Others	376,993	860,670,180
	<u>15,906,319,890</u>	<u>2,687,000,616</u>
b. Long-term		
- Deposits	982,197,328	979,197,328
	<u>982,197,328</u>	<u>979,197,328</u>

9. INVENTORIES

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Goods in transit	28,338,646,995	-	23,431,632,914	-
Raw materials	122,958,044,961	(15,252,502,637)	183,739,011,392	(11,781,336,529)
Tools and supplies	1,422,257,037	-	1,732,516,748	-
Work in progress	32,328,362,913	(1,399,614,442)	28,683,971,264	(160,586,938)
Finished goods	57,297,888,257	(3,104,925,908)	92,146,714,752	(1,853,588,016)
Merchandise	1,785,927,627	(13,592,404)	2,277,389,698	(6,462,729)
	<u>244,131,127,790</u>	<u>(19,770,635,391)</u>	<u>332,011,236,768</u>	<u>(13,801,974,212)</u>

As noted further in Note 19, as at 31 December 2019, inventories of VND 80,000,000,000 and USD 5,000,000 were provided as collateral for loans obtained from banks (as at 31 December 2018: USD 3,500,000).

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

	Current year VND	Prior year VND
Opening balance	(13,801,974,212)	(10,461,041,222)
Additional provision	(11,625,578,596)	(14,500,503,470)
Reversal of provision	5,656,917,417	11,159,570,480
Closing balance	<u>(19,770,635,391)</u>	<u>(13,801,974,212)</u>

10. PREPAYMENTS

	Closing balance VND	Opening balance VND
a. Short-term		
- Advertisement and marketing expenses	1,483,238,457	1,070,305,431
- Tools and supplies	203,333,422	820,461,802
- Health and asset insurance	1,154,990,060	1,002,523,451
- Others	2,494,971,135	2,518,962,776
	<u>5,336,533,074</u>	<u>5,412,253,460</u>
b. Long-term		
- Tools and supplies	7,702,164,954	6,932,452,235
- Others	889,624,361	1,202,195,177
	<u>8,591,789,315</u>	<u>8,134,647,412</u>

11. TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Moulds and others VND	Total VND
COST						
Opening balance	137,927,652,290	245,317,286,896	25,429,063,060	13,655,057,438	114,192,260,672	536,521,320,356
Additions	-	56,951,012,476	260,000,000	190,387,000	2,900,697,405	60,302,096,881
Transfer from construction in progress	-	11,259,277,743	-	-	17,327,899,408	28,587,177,151
Disposals	-	(1,264,132,280)	(748,697,050)	(34,893,914)	(13,817,767,435)	(15,865,490,679)
Closing balance	137,927,652,290	312,263,444,835	24,940,366,010	13,810,550,524	120,603,090,050	609,545,103,709
ACCUMULATED DEPRECIATION						
Opening balance	36,443,912,316	137,831,175,977	15,537,643,737	12,369,639,396	96,908,923,712	299,091,295,138
Charge for the year	6,891,405,009	28,044,183,040	2,863,782,473	820,035,545	8,026,709,721	46,646,115,788
Disposals	-	(1,264,132,280)	(748,697,050)	(34,893,914)	(13,817,767,435)	(15,865,490,679)
Closing balance	43,335,317,325	164,611,226,737	17,652,729,160	13,154,781,027	91,117,865,998	329,871,920,247
NET BOOK VALUE						
Opening balance	101,483,739,974	107,486,110,919	9,891,419,323	1,285,418,042	17,283,336,960	237,430,025,218
Closing balance	94,592,334,965	147,652,218,098	7,287,636,850	655,769,497	29,485,224,052	279,673,183,462
<i>In which</i>						
<i>Pledged as loan security (Note 19 and 20)</i>	5,605,042,843	51,480,866,999	-	-	1,324,322,306	58,410,232,148

As at 31 December 2019, the cost of tangible fixed assets included VND 202,881,212,013 (as at 31 December 2018: VND 192,818,195,767) of assets which have been fully depreciated but are still in use.

12. INTANGIBLE ASSETS

	Land use rights VND	Computer software VND	Copyrights, patents VND	Others VND	Total VND
COST					
Opening balance	9,847,625,000	44,289,632,481	367,000,000	115,978,400	54,620,235,881
Additions	-	3,337,471,814	-	-	3,337,471,814
Disposals	-	(1,655,394,320)	-	(115,978,400)	(1,771,372,720)
Closing balance	9,847,625,000	45,971,709,975	367,000,000	-	56,186,334,975
ACCUMULATED DEPRECIATION					
Opening balance	1,175,864,496	30,809,373,469	367,000,000	115,978,400	32,468,216,365
Charge for the year	-	4,228,129,132	-	-	4,228,129,132
Disposals	-	(1,655,394,320)	-	(115,978,400)	(1,771,372,720)
Closing balance	1,175,864,496	33,382,108,281	367,000,000	-	34,924,972,777
NET BOOK VALUE					
Opening balance	8,671,760,504	13,480,259,012	-	-	22,152,019,516
Closing balance	8,671,760,504	12,589,601,694	-	-	21,261,362,198
<i>In which</i>					
<i>Pledged as loan security (Note 19)</i>	8,671,760,504	-	-	-	8,671,760,504

As at 31 December 2019, the cost of intangible assets included VND 9,971,562,913 (as at 31 December 2018: VND 10,174,995,633) of assets which have been fully amortised but are still in use.

13. INVESTMENT PROPERTY

	Current year VND	Prior year VND
Opening balance	59,888,350,067	59,888,350,067
Addition	5,123,038,671	-
Disposal	(65,011,388,738)	-
Closing balance	-	59,888,350,067

As at 31 December 2018, the investment property of the Company includes land use right at Lot 209, Thac Gian Ward, Thanh Khe District, Da Nang City. This investment property is held for sales pursuant to the Board of Directors' Resolution No. 16/2018/NQ-HDQT dated 27 November 2018. In 2019, The company has completed the transfer of investment property to customer.

14. CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
Moulds under installation	9,571,080,676	15,552,737,327
Equipment under installation	5,514,854,693	46,383,344,530
Others	257,842,500	2,433,254,276
	15,343,777,869	64,369,336,133

15. DEFERRED TAX ASSETS

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

	Accrued expense VND	Provisions VND	Foreign exchange difference VND	Total VND
Prior year's opening balance	625,577,025	7,284,831,618	(33,474,721)	7,876,933,922
Credit to profit for the year	147,922,616	906,892,923	128,357,084	1,183,172,623
Current year's opening balance	773,499,641	8,191,724,541	94,882,363	9,060,106,545
Credit/(charge) to profit for the year	(93,971,420)	1,211,147,551	(91,466,725)	1,025,709,406
Current year's closing balance	679,528,221	9,402,872,092	3,415,638	10,085,815,951

16. SHORT-TERM TRADE PAYABLES

	Closing balance VND	Opening balance VND
a. Related parties (Note 32)	35,144,194,717	5,619,069,126
b. Payables to third parties		
- Basell Asia Pacific	-	7,781,641,445
- Teibow Co., Ltd.	7,365,991,650	3,687,707,376
- Aubex Corporation	9,796,866,000	955,648,800
- Other suppliers	75,394,099,925	57,703,765,676
	127,701,152,292	75,747,832,423

17. TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	Opening balance VND	Movements during the year		Closing balance VND
		Increase VND	Decrease VND	
Value added tax	1,750,291,593	77,815,163,841	(71,687,427,643)	7,878,027,791
Import tax	-	6,020,188,514	(5,839,118,717)	181,069,797
Corporate income tax	4,361,601,412	59,752,004,007	(54,383,165,834)	9,730,439,585
Personal income tax	862,059,822	19,423,654,698	(18,697,035,987)	1,588,678,533
	6,973,952,827	163,011,011,060	(150,606,748,181)	19,378,215,706

18. SHORT-TERM ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
13th & 14th month salary and incentive	34,075,428,503	29,971,660,000
Advertisement and marketing expenses	1,997,494,623	1,841,443,151
Interest expense	461,889,628	431,755,375
Others	1,400,146,481	2,026,055,056
	37,934,959,235	34,270,913,582



19. SHORT-TERM LOANS

	Opening balance		During the year		Closing balance	
	Amount VND	Amount able to be paid off VND	Increase VND	Decrease VND	Amount VND	Amount able to be paid off VND
a. Short-term loans						
Bank for Investment and Development of Vietnam JSC - West Saigon Branch	65,309,721,906	65,309,721,906	176,062,770,922	(173,270,980,648)	68,101,512,180	68,101,512,180
Vietnam Joint Stock Commercial Bank for Industry and Trade - West Saigon Branch	2,063,759,062	2,063,759,062	31,014,597,320	(28,190,671,521)	4,887,684,861	4,887,684,861
HSBC Bank (Vietnam) Ltd.	37,681,752,926	37,681,752,926	99,738,565,827	(88,997,097,873)	48,423,220,880	48,423,220,880
United Overseas Bank (Vietnam) Limited	34,244,281,429	34,244,281,429	35,307,518,138	(65,525,363,372)	4,026,436,195	4,026,436,195
	<u>139,299,515,323</u>	<u>139,299,515,323</u>	<u>342,123,452,207</u>	<u>(355,984,113,414)</u>	<u>125,438,854,116</u>	<u>125,438,854,116</u>
b. Current portion of long-term loans (Note 20)	2,651,333,601	2,651,333,601	7,753,846,158	(2,651,333,601)	7,753,846,158	7,753,846,158
	<u>141,950,848,924</u>	<u>141,950,848,924</u>	<u>349,877,298,365</u>	<u>(358,635,447,015)</u>	<u>133,192,700,274</u>	<u>133,192,700,274</u>

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

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

Short-term loan with HSBC Bank (Vietnam) Ltd. is obtained to finance its working capital requirements. The facility bears interest determined specifically in each debit note. The Company used its trade receivables, inventories, buildings and structures as collaterals for the loan (see Note 6, 9 and 11).

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

20. LONG-TERM LOANS

	Opening balance		During the year		Closing balance	
	Amount VND	Amount able to be paid off VND	Increase VND	Decrease VND	Amount VND	Amount able to be paid off VND
Vietnam Joint Stock Commercial Bank for Industry and Trade - West Saigon Branch	2,651,333,601	2,651,333,601	-	(2,651,333,601)	-	-
HSBC Bank (Vietnam) Ltd.	-	-	33,600,000,000	-	33,600,000,000	33,600,000,000
	2,651,333,601	2,651,333,601	33,600,000,000	(2,651,333,601)	33,600,000,000	33,600,000,000

Long-term loans are repayable as follows:

	Closing balance VND	Opening balance VND
Within one year	7,753,846,158	2,651,333,601
From second to fifth year	25,846,153,842	-
	33,600,000,000	2,651,333,601
Less: Amount due for settlement within 12 months (Note 19)	(7,753,846,158)	(2,651,333,601)
	25,846,153,842	-

Long-term loan with HSBC Bank (Vietnam) Ltd. is obtained to finance for its purchase and installation of fixed assets. The facility bears interest determined specifically in each debit note. The Company used its machinery and equipment as collaterals for the loan (see Note 11).

21. LONG-TERM PROVISIONS

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

22. OWNERS' EQUITY

Movement of owners' equity

	Owners' contributed capital VND	Share premium VND	Investment and development fund VND	Retained earnings VND	Total VND
Prior year's opening balance	505,562,560,000	28,281,183,000	125,884,643,498	196,420,872,815	856,149,259,313
Share issuance during year	151,665,970,000	-	-	(151,665,970,000)	-
Profit for the year	-	-	-	266,825,033,506	266,825,033,506
Dividends declared from 2017's profit after tax	-	-	-	(50,556,256,000)	(50,556,256,000)
Transferred to Investment and development fund from 2017's profit after tax	-	-	32,166,970,000	(32,166,970,000)	-
Transferred to Bonus and welfare fund from 2017's profit after tax	-	-	-	(10,872,301,389)	(10,872,301,389)
Bonus for exceeding profit target from 2017's profit after tax	-	-	-	(1,529,000,000)	(1,529,000,000)
Transferred to Bonus and welfare fund from 2018's profit after tax	-	-	-	(16,413,063,338)	(16,413,063,338)
Allowance for the Board of Directors and Supervisors	-	-	-	(6,300,000,000)	(6,300,000,000)
Current year's opening balance	657,228,530,000	28,281,183,000	158,051,613,498	193,742,345,594	1,037,303,672,092
Share issuance during year	120,716,000,000	364,663,619,300	(35,358,000,000)	(35,358,000,000)	414,663,619,300
Profit for the year	-	-	-	351,708,640,772	351,708,640,772
Dividends declared from 2018's profit after tax	-	-	-	(106,084,279,500)	(106,084,279,500)
Dividends declared from 2019's profit after tax	-	-	-	(77,794,453,000)	(77,794,453,000)
Transferred to Investment and development fund from 2018's profit after tax	-	-	35,326,109,058	(35,326,109,058)	-
Transferred to Bonus and welfare fund from 2018's profit after tax	-	-	-	(13,025,360,877)	(13,025,360,877)
Bonus for exceeding profit target from 2018's profit after tax	-	-	-	(2,192,000,000)	(2,192,000,000)
Transferred to Bonus and welfare fund from 2019's profit after tax	-	-	-	(18,531,300,023)	(18,531,300,023)
Allowance for the Board of Directors and Supervisors	-	-	-	(7,804,800,000)	(7,804,800,000)
Current year's closing balance	777,944,530,000	392,944,802,300	158,019,722,556	249,334,683,908	1,578,243,738,764

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

At as 5 March 2019, the Company has successfully issued 5,000,000 shares at par value of VND 10,000/share for NWL Cayman Holdings Ltd. with the selling price of 85,000 VND/share. The Company has reported the results of private placement of shares to the State Securities Commission and Ho Chi Minh City Stock Exchange with the Official Letter No. 19.19/CV-TLG dated 5 March 2019. Accordingly, the total received amount from share issuance was VND 425,000,000,000, after deducting the cost of issuing shares with amount of VND 10,336,380,700. The Company recognised the increase of "Owners' contributed capital" and "Share premium" with the amount of VND 50,000,000,000 and VND 364,663,619,300, respectively. Pursuant to Ho Chi Minh Stock Exchange's Decision No. 93/QD-SGDHCM dated 2 April 2019, the number of additional shares in circulation is 5,000,000. This change becomes effective since 4 April 2019.

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

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

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

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

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

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

	Total paid amount
	<u>VND</u>
Acquisition of machinery, equipment	14,364,509,216
Supplement working capital	<u>174,663,619,300</u>
	<u>189,028,128,516</u>

Capital transactions with shareholders and distribution of dividends

Contributed capital

	Current year <u>VND</u>	Prior year <u>VND</u>
Opening balance	657,228,530,000	505,562,560,000
Additions	<u>120,716,000,000</u>	<u>151,665,970,000</u>
Closing balance	<u>777,944,530,000</u>	<u>657,228,530,000</u>

Dividends

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

Shares

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

	Closing balance VND	Opening balance VND
Authorised and issued share capital	77,794,453	65,722,853
Shares issued and fully contributed	77,794,453	65,722,853
Par value (VND)	<u>10,000</u>	<u>10,000</u>

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

23. BONUS AND WELFARE FUNDS

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

	Current year VND	Prior year VND
Opening balance	11,641,911,988	12,912,383,261
Appropriation to the funds (Note 22)	33,748,660,900	28,814,364,727
Fund usage	<u>(33,140,297,000)</u>	<u>(30,084,836,000)</u>
Closing balance	<u>12,250,275,888</u>	<u>11,641,911,988</u>

24. OFF BALANCE SHEET ITEMS

Cash and cash equivalents included following foreign currencies:

	Closing balance	Opening balance
United State Dollars ("USD")	1,329,345	921,396
Euro ("EUR")	44,916	66,584
Chinese Renminbi ("RMB")	3,099	16,168
Great Britain Pound ("GBP")	1,920	830
Singapore Dollars ("SGD")	1,139	925
Thai Baht ("THB")	5,410	2,570
Korean Won ("KRW")	240,000	-
Japanese Yen ("JPY")	-	750
Australia Dollars ("AUD")	<u>110</u>	<u>110</u>

25. NET REVENUE

	Current year VND	Prior year VND
Gross revenue		
Revenue from selling finished goods	1,362,353,562,408	1,309,969,753,708
Revenue from selling merchandises	95,050,185,398	97,129,153,138
Revenue from investment property	95,486,625,455	-
	<u>1,552,890,373,261</u>	<u>1,407,098,906,846</u>
Sales deductions		
Sales returns of finished goods	(7,842,481,543)	(14,859,623,399)
Sales returns of merchandises	<u>(38,695,300)</u>	<u>(20,701,775)</u>
	<u>(7,881,176,843)</u>	<u>(14,880,325,174)</u>
Net revenue		
Net revenue from selling finished goods	1,354,511,080,865	1,295,110,130,309
Net revenue from selling merchandises	95,011,490,098	97,108,451,363
Net revenue from investment property	95,486,625,455	-
	<u>1,545,009,196,418</u>	<u>1,392,218,581,672</u>

26. PRODUCTION AND OPERATION COST BY NATURE

	Current year VND	Prior year VND
Raw materials and consumables	553,583,645,729	622,054,326,434
Staff cost	288,963,956,686	285,803,389,035
Depreciation and amortisation	50,874,244,920	44,652,297,719
Out-sourced services and other expenses	195,427,555,786	184,947,853,044
	<u>1,088,849,403,121</u>	<u>1,137,457,866,232</u>

27. FINANCIAL INCOME

	Current year VND	Prior year VND
Bank interest	25,187,597,927	6,243,402,905
Dividends and profits received	120,180,003,200	100,180,003,000
Foreign exchange gain	2,388,780,935	4,590,072,041
	<u>147,756,382,062</u>	<u>111,013,477,946</u>

28. FINANCIAL EXPENSES

	Current year VND	Prior year VND
Interest expense	6,810,048,759	7,879,543,255
Provision for impairment of investment	-	20,660,374
Reversal provision for impairment of investment	(655,349,577)	(762,934,406)
Foreign exchange loss	1,236,119,045	3,921,562,316
	<u>7,390,818,227</u>	<u>11,058,831,539</u>

29. SELLING, GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Prior year VND
Selling expenses		
Staff cost	27,401,930,283	25,719,411,339
Marketing and trade fair expenses	72,973,153,194	65,452,656,344
Others	27,171,564,963	22,512,090,011
	<u>127,546,648,440</u>	<u>113,684,157,694</u>
General and administration expenses		
Staff cost	122,846,743,933	118,545,020,940
Out-sourced services	40,421,598,494	40,051,544,397
Depreciation and amortisation	15,292,006,646	16,738,878,931
Others	1,589,213,951	986,233,906
	<u>180,149,563,024</u>	<u>176,321,678,174</u>

30. PROFIT FROM OTHER ACTIVITIES

	Current year VND	Prior year VND
Other income		
SAP using fee	2,672,383,848	2,672,383,848
Compensation for damaged materials	479,556,806	556,171,437
Gains from disposal of fixed assets	241,920,453	718,208,082
Rental income	173,500,000	193,500,000
Others	1,368,668,369	3,467,176,438
	<u>4,936,029,476</u>	<u>7,607,439,805</u>

	Current year VND	Prior year VND
Other expenses		
Others	13,438,927	112,260,408
	13,438,927	112,260,408
Profit from other activities	4,922,590,549	7,495,179,397

31. CORPORATE INCOME TAX EXPENSE

	Current year VND	Prior year VND
Current corporate income tax expense		
Corporate income tax expense based on taxable income in the current year	59,744,277,604	43,521,383,737
Adjustments for corporate income tax expense in previous years to the current year	7,726,403	161,232,377
Total current corporate income tax expense	59,752,004,007	43,682,616,114

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

	Current year VND	Prior year VND
Profit before tax	410,434,935,373	309,324,476,997
Adjustments for taxable income		
Non-deductible expenses	3,337,906,820	3,460,056,684
Difference of provision for severance allowance and according to Corporate income tax	(245,147,173)	1,042,990,914
Change in provision for long-term investment	332,225,750	(762,934,406)
Dividend received	(120,180,003,200)	(100,180,003,000)
Change in provision for obsolete inventories	5,968,661,179	3,340,932,990
Change in accrued expenses	(469,857,103)	739,613,084
Unrealised foreign exchange difference of cash and receivables	(457,333,628)	641,785,423
Taxable income	298,721,388,018	217,606,918,686
Tax rate	20%	20%
Current corporate income tax expense	59,744,277,604	43,521,383,737

The Company is obliged to pay corporate income tax at the rate of 20% (2018: 20%) of taxable income.

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

32. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

<u>Related Party</u>	<u>Relationship</u>
Thien Long An Think Investment Corporation	Main shareholder
Thien Long Long Thanh Manufacturing and Trading Company Limited	Subsidiary
Thien Long Global Trading and Service One Member Company Limited	Subsidiary
Tan Luc South Trading and Service One Member Company Limited	Subsidiary
Tan Luc North Trading and Service One Member Company Limited	Subsidiary
Tan Luc Middle Trading and Service One Member Company Limited	Subsidiary
FlexOffice Pte. Ltd.	Subsidiary

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

	Current year VND	Prior year VND
Sales		
Thien Long Long Thanh Manufacturing and Trading Company Limited	53,954,646,676	33,841,184,364
Thien Long Global Trading and Service One Member Company Limited	1,027,836,935,736	992,398,685,157
Tan Luc South Trading and Service One Member Company Limited	33,749,017,534	35,944,628,503
Tan Luc North Trading and Service One Member Company Limited	22,204,403,270	20,651,871,840
Tan Luc Middle Trading and Service One Member Company Limited	6,367,919,020	7,180,294,294
	<u>1,144,112,922,236</u>	<u>1,090,016,664,158</u>
Purchases		
Thien Long Long Thanh Manufacturing and Trading Company Limited	59,410,113,731	70,684,348,130
Thien Long Global Trading and Service One Member Company Limited	3,326,324,458	1,678,862,198
Tan Luc South Trading and Service One Member Company Limited	3,934,594,333	12,144,187,836
Tan Luc North Trading and Service One Member Company Limited	196,626,818	13,745,455
Tan Luc Middle Trading and Service One Member Company Limited	8,300,377	-
	<u>66,875,959,717</u>	<u>84,521,143,619</u>
SAP using fee		
Thien Long Long Thanh Manufacturing and Trading Company Limited	1,161,814,560	1,161,814,560
Thien Long Global Trading and Service One Member Company Limited	810,568,296	810,568,296
Tan Luc South Trading and Service One Member Company Limited	429,546,060	429,546,060
Tan Luc North Trading and Service One Member Company Limited	270,454,932	270,454,932
	<u>2,672,383,848</u>	<u>2,672,383,848</u>
Rental income		
Thien Long Global Trading and Service One Member Company Limited	60,000,000	60,000,000
Tan Luc South Trading and Service One Member Company Limited	28,000,000	48,000,000
Tan Luc North Trading and Service One Member Company Limited	48,000,000	48,000,000
Tan Luc Middle Trading and Service One Member Company Limited	24,000,000	24,000,000
	<u>160,000,000</u>	<u>180,000,000</u>
Rental expense		
Thien Long Global Trading and Service One Member Company Limited	90,000,000	82,500,000
Tan Luc South Trading and Service One Member Company Limited	-	40,986,000
	<u>90,000,000</u>	<u>123,486,000</u>



THIEN LONG GROUP CORPORATION
NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

	Current year VND	Prior year VND
Fixed assets disposal		
Thien Long Long Thanh Manufacturing and Trading Company Limited	-	53,994,035
	<u>-</u>	<u>53,994,035</u>
Fixed assets purchase		
Thien Long Long Thanh Manufacturing and Trading Company Limited	2,637,815,386	-
	<u>2,637,815,386</u>	<u>-</u>
Tools and supplies purchase		
Thien Long Long Thanh Manufacturing and Trading Company Limited	64,772,000	-
	<u>64,772,000</u>	<u>-</u>
Profits received		
Thien Long Long Thanh Manufacturing and Trading Company Limited	120,000,000,000	70,000,000,000
Thien Long Global Trading and Service One Member Company Limited	-	30,000,000,000
	<u>120,000,000,000</u>	<u>100,000,000,000</u>
Contributed capital		
Thien Long Long Thanh Manufacturing and Trading Company Limited	100,000,000,000	-
Thien Long Global Trading and Service One Member Company Limited	60,000,000,000	-
Tan Luc South Trading and Service One Member Company Limited	40,000,000,000	15,000,000,000
Tan Luc North Trading and Service One Member Company Limited	20,000,000,000	27,000,000,000
Tan Luc Middle Trading and Service One Member Company Limited	10,000,000,000	-
FlexOffice Pte. Ltd.	6,943,299,000	-
	<u>236,943,299,000</u>	<u>42,000,000,000</u>
Dividend declared		
Thien Long An Think Investment Corporation	88,284,070,000	26,119,548,000
	<u>88,284,070,000</u>	<u>26,119,548,000</u>

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

	Closing balance VND	Opening balance VND
Trade receivables		
Thien Long Long Thanh Manufacturing and Trading Company Limited	12,735,906,667	16,953,367,003
Thien Long Global Trading and Service One Member Company Limited	263,363,763,171	173,053,545,512
Tan Luc South Trading and Service One Member Company Limited	18,565,862,641	18,629,744,661
Tan Luc North Trading and Service One Member Company Limited	8,803,029,438	8,927,643,399
Tan Luc Middle Trading and Service One Member Company Limited	1,817,971,210	1,302,555,012
	<u>305,286,533,127</u>	<u>218,866,855,587</u>



	Closing balance VND	Opening balance VND
Trade payables		
Thien Long Long Thanh Manufacturing and Trading Company Limited	30,252,835,100	4,828,887,914
Thien Long Global Trading and Service One Member Company Limited	1,223,057,844	598,366,640
Tan Luc South Trading and Service One Member Company Limited	3,489,316,272	191,814,572
Tan Luc North Trading and Service One Member Company Limited	178,985,501	-
	<u>35,144,194,717</u>	<u>5,619,069,126</u>

Salary and bonus paid to the Company's Board of Management and other Management Personnel, allowance paid to the Company's Boards of Directors and Supervisors during the year:

	Current year VND	Prior year VND
Salary and bonus	<u>42,259,461,100</u>	<u>36,887,874,500</u>

33. SUPPLEMENTAL DISCLOSURES OF SEPARATE CASH FLOW STATEMENT

Supplemental non-cash disclosures

Cash outflows for purchases of fixed assets and construction in progress during the year exclude an amount of VND 3,157,273,700 (2018: VND 259,168,902) representing an addition in fixed assets and construction in progress during the year that has not yet been paid. Consequently, changes in payable have been adjusted by the same amount.

Cash outflows for purchases of fixed assets and construction in progress during the year include an amount of VND 2,908,429,307 (2018: nil) representing the payment to supplies in this year for the addition in fixed assets and construction in progress in next year. Consequently, changes in receivables have been adjusted by the same amount.

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

34. SUBSEQUENT EVENTS

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

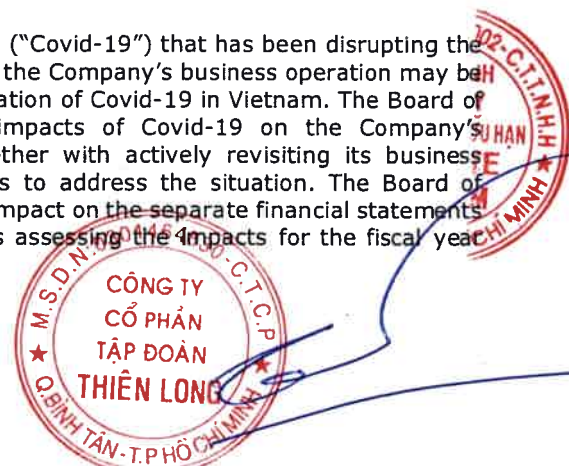
Owing to the current situation of the Novel Corona virus ("Covid-19") that has been disrupting the world's economy, therefore as of the date of this report, the Company's business operation may be affected as well due to uncertainty of the pandemic situation of Covid-19 in Vietnam. The Board of Managements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



Dao Xuan Nam
Preparer



Nguyen Ngoc Nhon
Chief Accountant



Nguyen Dinh Tam
Chief Executive Officer
30 March 2020