

TNG

ANUAL REPORT  
2016



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**TING BRAND IS MORE AND MORE POPULAR TO A LOT OF PEOPLE, SPECIALLY FOR THE YOUTH**



## Đặc tính vải Bamboo Silk



**MADE IN TNG**

### **BAMBOO SHIRT – SPECIAL IN TNG**

In spite of no bustle, from recent years, the bamboo fabric has seemed to be blowing a new breeze into the world textile and fashion industry, giving a rise to revolution in this field. This is a natural fiber, almost without the chemical intervention in the production process, so it is very environmentally friendly as well as safe with the users.

Catching up the trend as well as offering new experience in fashion, along with the advanced technology applications, TNG's Bamboo shirt line is full of natural features such as: High hygroscopicity, natural antibacterial, UV resistance, color fastness, high strength and environmentally friendly nature.





## VISION, MISSION, CORE VALUES

### VISION

To maintain the position of a Vietnam's leading garment export enterprise and raise its competitiveness in the country. In the next 10 years, it is expected to sell products with its own brand of TNG throughout the Vietnamese market, followed by the ASEAN and Asian markets, and gradually to penetrate in the EU and US markets.



### MISSION

TNG always offers the best and most comfortable garments. Meet the needs of people for a Better Life.

## CORE VALUES

### Accountability:

Always give priority to the responsibility to customers, the community, carry out business ethics in the work

### Publicity, transparency:

Shareholders, partners, investors always know all the business activities of the Company.

### Solidarity:

The whole company expresses the spirit of cooperation, solidarity and respect for colleagues.

# TNG

### Sustainable development

We work with our clients and partners for long term benefits.

### Green Future Development:

Because of the green color of TNG, we focus on all activities related to employees' living, local community. Implement the motto of action: "Economic development coupled with environmental protection"

## TNG'S COMMITMENTS

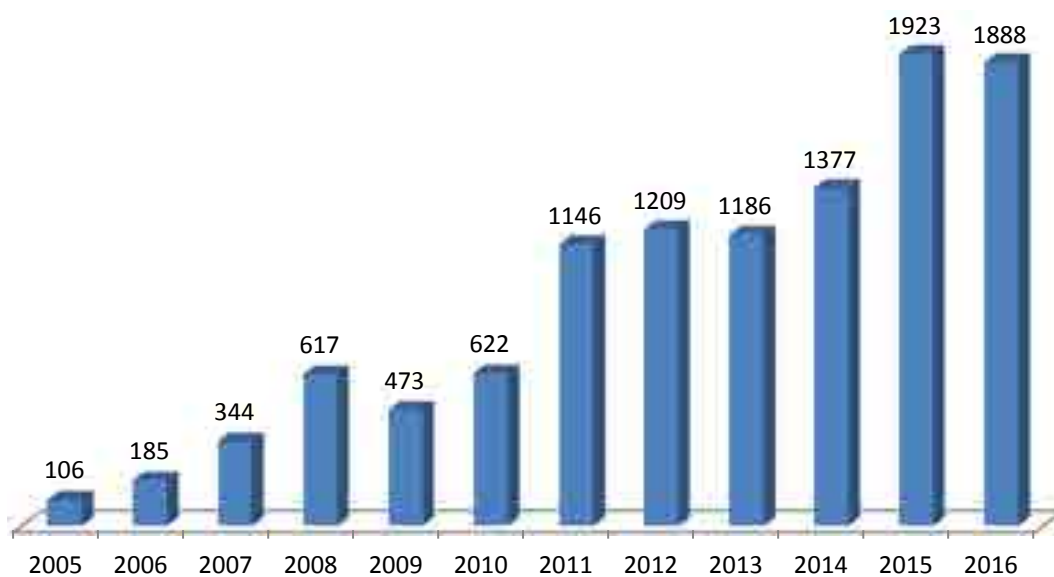
<b>Customers</b>	<b>Shareholders</b>	<b>Community</b>	<b>Employees</b>
1. Provide customers with standard products	1. Publicity, transparency, fairness of all information related to business activities.	1. Harmonize business interests with social benefits.	1. Employees working in TNG shall not be violated the rights as prescribed by law
2. Good product quality, competitive price and on-time delivery.	2. Maximize value and benefits to shareholders.	2. Participate in community activities, social security.	2. All rights of employees working in TNG under the Labor Code are guaranteed.
3. Protect the customers' rights on product and trademark.	3. Ensure sustainable development, effective business and prestige in the market.	3. Production goes hand in hand with environmental protection	
4. Ensure the customer respect.	4. Enhance the spirit of cooperation for overall development.	4. Show responsibility to the community	
5. Have commitment on production time, customer capacity.			
6. Have commitment on delivery time.			
7. Have commitment on anti-corruption, anti-bribery in production and business.			

## BASIC FINANCIAL INFORMATION

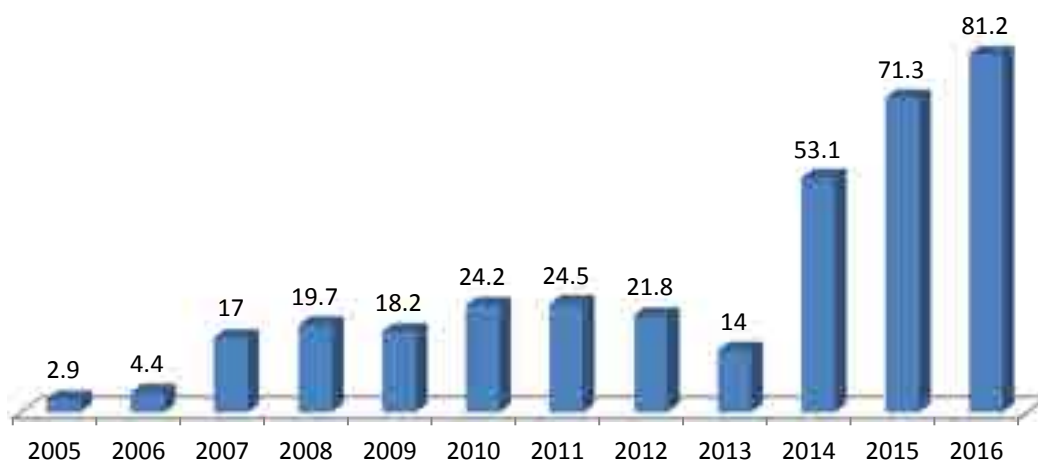
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total revenue	106	184	344	617	473	622	1,146	1,209	1,186	1,377	1,923	1,888
Profit before tax	3.4	5.1	17.7	20	20.3	26.1	26.9	23.4	17.1	64.3	88	95
Income after tax	2.9	4.4	17	19.7	18.2	24.2	24.5	21.8	14	53.1	71.3	81.2
Total assets	73.7	118	304.9	407.2	354.6	510.1	821.4	951.3	961.1	1197.9	1,613	1,846
Equity	16.2	20.7	74.3	84.2	90.3	150.1	216.2	213.1	211.5	262.2	428	521
Total liabilities	57.5	97.3	230.6	323	264.3	340	605.2	738.2	749.6	935.7	1,185	1,325



## Total revenue



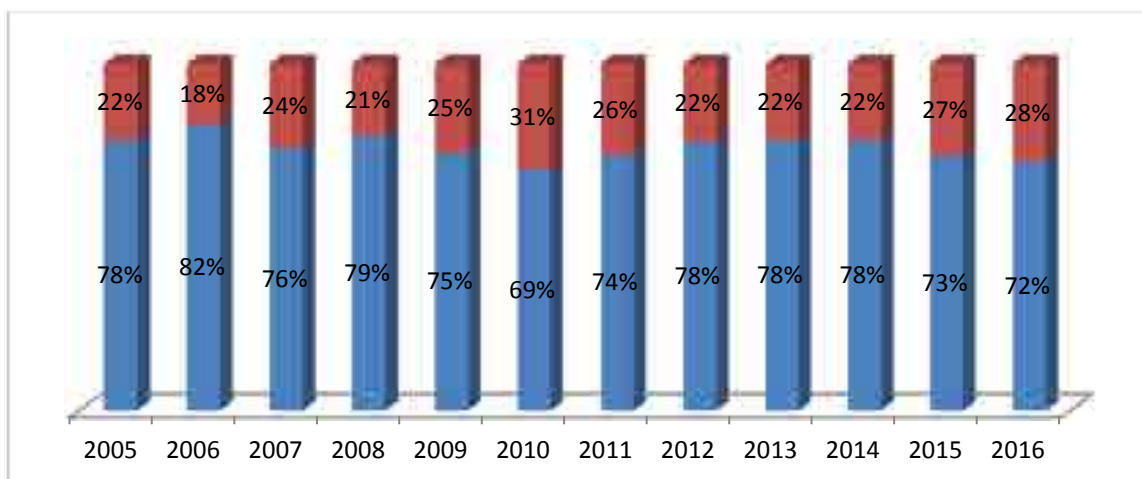
## Income after tax



## Total assets



### Structure of equity and debts



## TYPICAL TITLES AND AWARDS

### 1. TOP 3 THE MOST PROGRESSIVE SUSTAINABLE REPORTING



### 2. TOP 30 BEST ANNUAL REPORTS 2016



### 3. PRIORITY ENTERPRISES: DESTINATION IN THE CONTEXT OF INTEGRATION

The Investment and Trading Joint Stock Company (TNG), the 52th enterprise, was awarded the priority enterprise recognition on 13 July 2016 :



#### 4. TNG - AN EXCELLENT AND TYPICAL ENTREPRENEUR IN THAI NGUYEN PROVINCE IN 2015

On the evening of 29 February, TNG Company has been honored for its excellent achievements in production and business activities. Besides, the unit has well implemented social welfare policy and charity, etc. Recognizing the contributions of TNG Company, at the ceremony of honoring, TNG Company honorably received the certificate of merit of Thai Nguyen Labor Federation. (In the ceremony 2015, the unit was awarded the certificate of merit by Thai Nguyen People's Committee). And Mr. Nguyen Van Thoi - Secretary of the Party Committee - Chairman of the Board of Management is one of the eight entrepreneurs who received the Cup "Typical Businessman of Thai Nguyen Province in 2015"





## MESSAGE FROM THE CHAIRMAN OF THE BOARD OF MANAGEMENT



Mr. Nguyen Van Thoi,

Chairman of Thai Nguyen Business Association.

**"OVERCOMING THE CHALLENGES FOR GROWTH, SUSTAINABLE DEVELOPMENT, SECURING THE FIRST POSITION IN THE GARMENTS INDUSTRY ARE THE OVERALL OBJECTIVES IN THE" SUSTAINABLE DEVELOPMENT STRATEGIES FOR THE 2016-2020 PERIOD "**

Dear investors, shareholders, customers and all employees.

First of all, on behalf of TNG Investment and Trading Joint Stock Company, I would like to wish you and your family good health and happiness.

Ladies and Gentlemen, with the strategic orientation and concrete situation of each new stage of development in the context of macroeconomic support for the textile and garment industry, which is the TPP agreement approved by the National Assembly in 2016.

TNG Investment and Trading Joint Stock Company, in addition to maintaining its position in the top garment exporters, is fully confident in its position as a brand name of TNG.

Currently, most of TNG's revenue comes from outsourcing, FOB for foreign brands, and this segment will certainly remain a pillar in the next few years. But the key factor that TNG acknowledges to take the company to new height is the TNG fashion brand, designed and traded by the Company.

For the south market, the TNG fashion brand is still unfamiliar, but in the north, the TNG brand is successful in covering the TNG dealers and stores throughout the northern provinces, extending from Lang Son to Quang Binh. In Hanoi, a number of TNG stores have opened in convenient locations for attracting consumers such as stores in Time City, Royal City or Savico Long Bien.

It can be said that the TNG brand is a late-born one in the fashion business in Vietnam, compared to some successful ones such as An Phuoc, Viet Tien or May 10. But we think that we are going in a completely different way, much more sustainable. It is rather than signing a franchise agreement with famous companies in the world like An Phuoc did, TNG has designed and built a brand itself. By this way, TNG said that the products under the brand name MADE IN TNG will help TNG forward slowly but surely.

"TNG is learning the Uniqlo's experience" - that is, focusing on popular products for the majority rather than expensive products for just a few customers.

TNG products will have a better chance than other domestic garment companies because TNG is a joint stock company with 100% capital contributed by the shareholders. To develop the brand quickly, TNG is selling at reasonable prices, suitable for a fashionable women's clothing. Product prices in dealers and stores of TNG are similar, while TNG is taking advantage of facebook social networking to showcase the latest clothes, with tens of thousands of "like" for each product.

According to the development strategy for the period of 2015-2020, TNG will continue to grow steadily and sustainably in its business activities, in which, the products of MADE in TNG brand will account for 20-30% of total revenue. Through this, the Company will take advantage of the opportunity to expand investment cooperation, prioritize the available strengths and core competencies.

With determination and endless efforts of the Board of Management, Board of Directors and all officers and employees, TNG must continue to change and perfect to meet your confidence and expectation for TNG.

Respectfully,

Sincerely thank!

Thai Nguyen, 05 January 2016

**Chairman of Board of Directors**

**Nguyen Van Thoi**

## ENTERPRISE INFORMATION

<b>Transaction name</b>	<b>: TNG INVESTMENT AND TRADING JOINT STOCK COMPANY</b>
International transaction name	: TNG INVESTMENT AND TRADING JOINT STOCK COMPANY
Short name	: TNG
Charter capital	: VND 342,649,780,000
Owner's investment capital	: VND 342,649,780,000
Securities code	: TNG
Posted price on the Stock Exchange	: VND 13.600 (dated 06 January 2017)
Total employees in 2016	: 9544
Head Office	: No. 434/1, Bac Kan Street, Hoang Van Thu Ward, Thai Nguyen City
Tel	: 02803.856.508
Fax	: 02803.856.408
Email	: <a href="mailto:info@tng.vn">info@tng.vn</a>
Website	: <a href="http://tng.vn">http://tng.vn</a>
The Certificate of business registration and tax identification number: 4600305723	

Date of establishment: 22  
November 1979



The number of garment  
branches: 14



Total employees (as of  
31 December 2016):  
9544



Network of stores and  
shops: 42 shops in 22  
provinces and cities



## PROCESS OF FORMATION AND DEVELOPMENT

From 1979 to 2003:



Date of establishment: 22  
November 1979

1. State-owned enterprise
2. Company name: Thai Nguyen  
Garment Company.
3. Manufacture under the orders  
and plans of the State.
4. Employees: 1,150 people (2003)
5. Equity (VND 9.3 billion) in 2003.
6. Profit after tax: VND 1.5 billion
7. The number of garment  
factory: 01.



Picture of garment factory 2003 - 2007



Picture on the Stock Exchange TNG; 2007 - Hnx

From 2003 to 2007:

1. 2003: Equitization: 100% share capital, no state share.
  2. 2003: Changed into: Thai Nguyen Garment Export Joint Stock Company.
  3. Manufacture under the orders and exports
  4. 2007: Changed into: TNG Investment and Trading Joint Stock Company
  5. 2007: Posted in the Hanoi Stock Exchange - HNX
  6. Labor: 4,380 people (2007)
  7. Equity (VND 54.3 billion) in 2007.
  8. Profit after tax: VND 17.1 billion
- The number of garment factories: 03.



*From 2007 to 2016:*

1. 2016: Inauguration of Fashion Design Center (TNG Design Research Institute)
2. Manufacture under the orders and exports
3. Top 10 Sustainability Reporting.
4. Top enterprises with the most progressive annual reports
5. Top 30 most transparent enterprises 2015
6. 2016: Recognized the priority enterprises under the Decision No. 2018QD-TCHQ dated 06 July 2016 of the Director General of General Department of Vietnam Customs.
7. 2016: Merging the TNG Fashion Joint Stock Company into the TNG Investment and Trading Joint Stock Company
8. Employees in 2016: ... people (2016)
9. Profit after tax 2016: VND... billion
10. The number of garment factories: 11 garment factories.
11. The number of auxiliary factories: 02 (Auxiliary Factory 1: Cotton, Embroidery, Quilting, Padding, Auxiliary Factory 2: Laundry, Carton Box, Printing, PE Bags)
12. There are 42 shops and dealers selling exclusively the TNG brand.
13. The head office was relocated: from No. 160 Minh Cau Street, Phan Dinh Phung Ward, Thai Nguyen City to No. 434/1 Bac Kan Street, Hoang Van Thu Ward, Thai Nguyen City, Thai Nguyen Province.



## HIGHLIGHT EVENTS




1. Inauguration of Fashion Design Center (TNG Design Research Institute)
2. Relocation of the Head Office
3. Merging the TNG Fashion Joint Stock Company into the TNG Investment and Trading Joint Stock Company
4. TNG - Priority Enterprises of the General Department of Vietnam Customs
5. Disciplinary Remedy, Examination Of All Acts Of Violation
6. TNG wins the title of one of the 30 most transparent listed companies on HNX 2016
7. Top 100 Sustainable Businesses of 2016








LINES OF BUSINESS AND LOCATION OF BUSINESS

**LINES OF BUSINESS**

The main activities that generate revenue and profit of the Company are:

<p><b>Export garments</b></p> <p>Main products: Cotton Jackets, Feathers, Seam Clothing, Shorts, skirts, children's wear, wool clothes, knitwear, etc.</p>	
<p><b>Cotton sheets, cotton quilting, industrial embroidery</b></p>	
<p><b>Carton boxes, PE bags of all kinds, industrial washing</b></p>	
<p><b>Production of domestic goods bearing the TNG brand name</b></p> <p>TNG is in the process of penetrating the domestic market. Annually, TNG is offering unique collections of colors and designs, catching up with world fashion trends.</p> <p>With the slogan "<b>TNG - my choice</b>", TNG is aiming for beautiful garments and constantly improving product quality.</p>	

**LOCATION OF BUSINESS**

<p><b>Viet Duc Garment Branch</b>                  Date of establishment: 1979                  Address: 160 Minh Cau Street, Thai Nguyen City, Thai Nguyen Province</p> 	<p><b>TNG Fashion Branch</b>                  Date of establishment: 2013                  Address: No. 434/1, Bac Kan Street, Hoang Van Thu Ward, Thai Nguyen City</p> 	<p><b>Viet Thai Garment Branch</b>                  Date of establishment: 1997                  Address: No. 223 Thong Nhat Street, Thai Nguyen City, Thai Nguyen Province</p> 	<p><b>Dai Tu Garment Branch</b>                  Date of establishment: 2015                  Address: Tien Hoi Commune, Dai Tu District, Thai Nguyen Province</p> 		<p><b>Production of cotton sheets, embroidery, cotton</b>                  Date of establishment: 2006                  Address: Zone B, Song Cong Industrial Park, Song Cong City, Thai Nguyen Province</p>
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**Song Cong Garment Branch Including 4 garment branches: Song Cong 1, 2, 3, 4**  
 Date of establishment: 2006  
 Address: Zone B, Song Cong Industrial Park, Song Cong City, Thai Nguyen Province



**Fashion Design Center**  
 Date of establishment: 2016  
 Address: No. 434/1, Bac Kan Street, Hoang Van Thu Ward, Thai Nguyen City



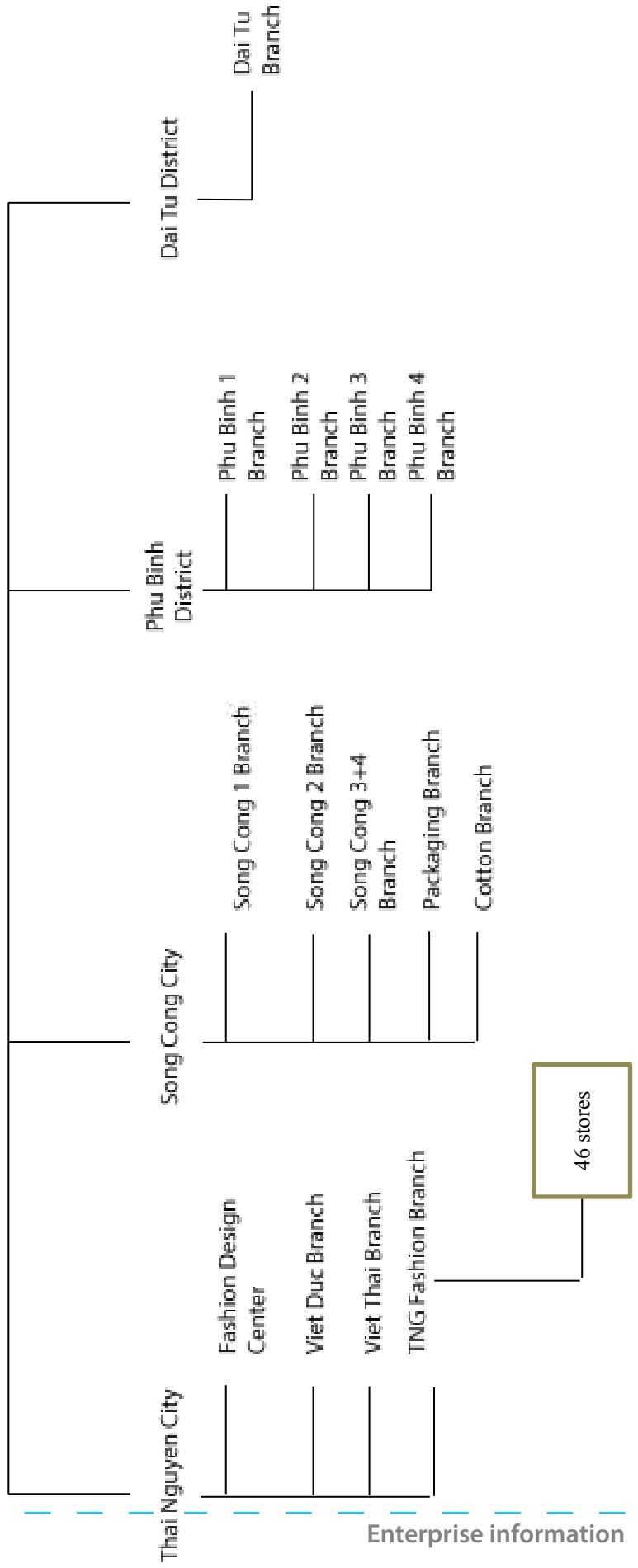
**Phu Binh Garment Branch Including 4 garment branches: Phu Binh 1, 2, 3, 4**  
 Date of establishment: 2012  
 Address: Kha Son Industrial Park, Kha Son Commune, Phu Binh District, Thai Nguyen Province



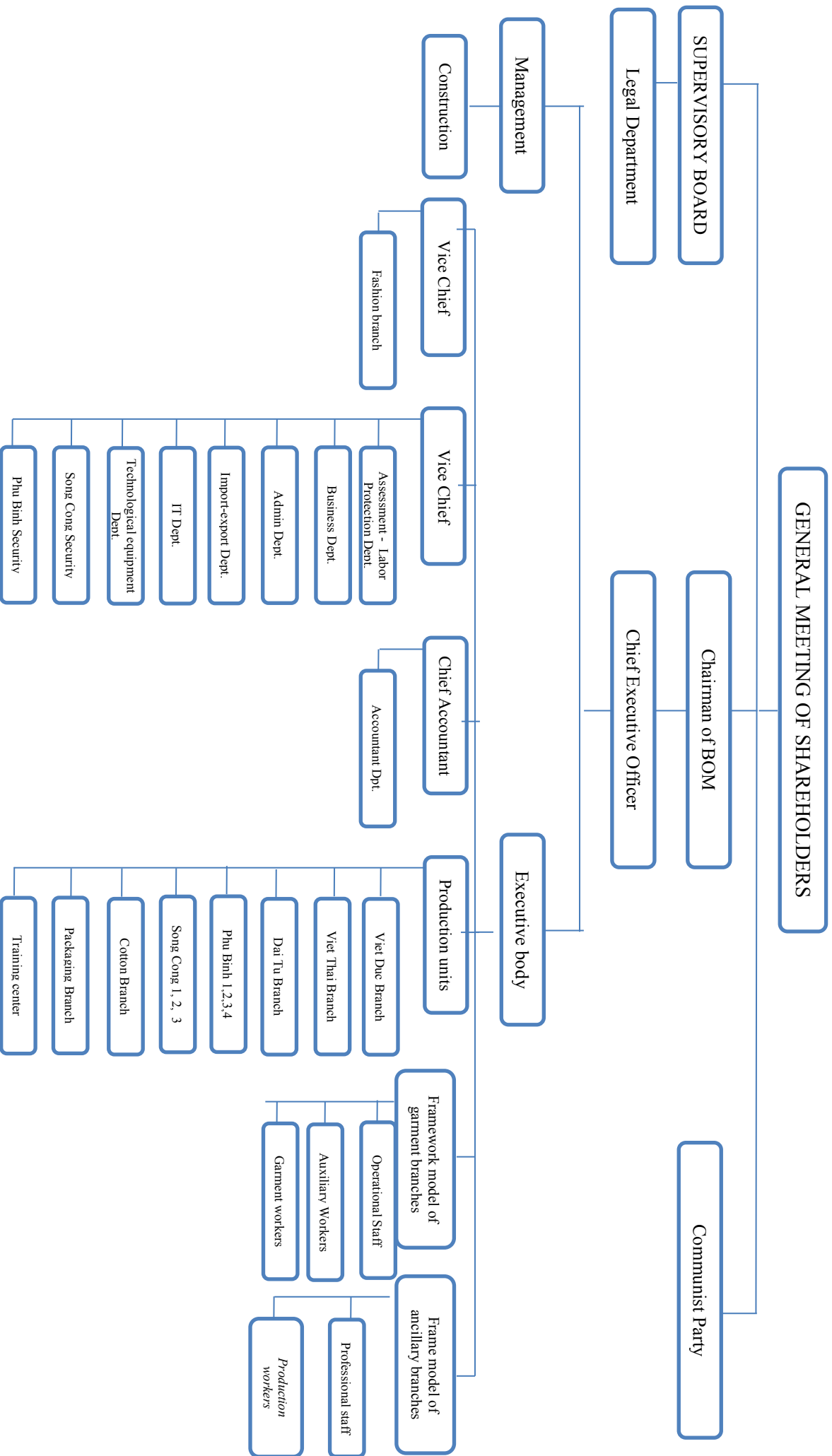
CORPORATE GOVERNANCE MODEL

TNG has 14 branches throughout Thai Nguyen Province with 42 retail stores nationwide.

# TNG








**ORGANIZATIONAL MODEL**  
 (Issued in attachment with the Decision No. 695/QĐ-HDQT dated 05 May 2016)





## ABOUT THE BOARD OF MANAGEMENT

 <p><b>Mr.: Nguyen Van Thoi</b> Chairman of Board of Management Year of birth: 1958 Nationality: Vietnamese Time of appointment: 2003 <b>Working experience:</b> 1982 – 1992: Team leader of Material of Bac Thai Electrical Installation Company 1993: Deputy Director of Bac Thai Garment Enterprise 1993 – 2002: Director of Thai Nguyen Garment Company 2003 – now: Chairman of BOM of TNG Investment and Trading JSC <b>Qualifications:</b> Engineer of Mine M&amp;E, Bachelor of Economics, Bachelor of Politics <b>Others:</b> President of Thai Nguyen Enterprises Association; Vice President of Thai Nguyen Enterprises Association <b>Outstanding achievements:</b> Award of typical businessman; the third labor medal in 2007</p>	 <p><b>Mr.: Rusdy Pranata</b> Member of Board of Management Year of birth: 1975 Nationality: Indonesia Time of appointment: 2014 <b>Working experience:</b> 11/2001-2/2005: Financial controller at Toys'R'Us Company – Indonesia 2/2005-12/2014: Chief Financial Officer, Deputy Chief Executive Officer of PT Great River International Tbk Garment Manufacturing and Retailers/ PT Samudra Biru/ Garment Manufacturing for Export and Local Market 12/2014 – now: Director of PT Surya Berkat Indonesia KlATEN, Central Java/PT Aseli Garment Indonesia. Member of Board of Management – TNG Investment and Trading Joint Stock Company</p>	 <p><b>Mr.: Nguyen Duc Manh</b> Member of Board of Management Year of birth: 1983 Nationality: Vietnamese Time of appointment: 2007 <b>Working experience:</b> 1995: Thai Nguyen Garment Company 2010 – 2011 Manager of Sales Department of TNG Investment and Trading Joint Stock Company 2011 – now: Member of BOM, Vice General Director of TNG Investment and Trading Joint Stock Company <b>Qualifications:</b> IT Bachelor in USA; Bachelor of Foreign Languages: Shanghai, China. <b>Others:</b> Director of TNG Fashion Branch</p>	 <p><b>Mr.: Nguyen Van Thoi</b> Member of Board of Management Year of birth: 1971 Nationality: Vietnamese Time of appointment: 2013 <b>Working experience:</b> 1985 – 2013: Official of Thai Nguyen Garment Company 2013 – 8/2014: Vice-General Director of TNG Investment and Trading Joint Stock Company 9/2014 – now: General Director of TNG Investment and Trading Joint Stock Company</p>	 <p><b>Ms.: Luong Thi Thuy Ha</b> Member of Board of Management Nationality: Vietnamese Year of birth: 1969 Time of appointment: 2016 <b>Working experience:</b> 1992-2012: Employee working in TNG Investment and Trading Joint Stock Company 2013 – 4/2016: Chief Accountant – TNG Investment and Trading Joint Stock Company 04/2016 – now: Member of Board of Management, Chief Accountant – TNG Investment and Trading Joint Stock Company</p>
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## ABOUT THE BOARD OF DIRECTORS

	<p><b>Mr.: Nguyen Van Thoi</b>  <b>Member of Board of Management</b>  <b>Year of birth:</b> 1971  <b>Nationality:</b> Vietnamese  <b>Time of appointment:</b> 2013;  <b>Working experience:</b>                      1995 – 2013: Official of Thai Nguyen Garment Company                      2013 – 8/2014: Vice General Director of TNG Investment and Trading Joint Stock Company                      9/2014 – now: General Director of TNG Investment and Trading Joint Stock Company</p>
	<p><b>Ms.: Ly Thi Lien</b>  <b>Vice Chief Executive Officer</b>  <b>Year of birth:</b> 1962  <b>Nationality:</b> Vietnamese  <b>Time of appointment:</b> In 2009  <b>Working experience:</b>                      1989 – 1993: Yen Bai Bank of Industry and Trade                      1996: Thai Nguyen Garment Company                      1998 – 2008: Chief Accountant of Thai Nguyen Garment Company                      2008 – now: Member of BQM, Vice General Director of TNG Investment and Trading Joint Stock Company  <b>Responsibilities:</b> Supervise activities on human resource, finance, import and export, internal and office affairs; Offer solutions to control capital flow of TNG  <b>Qualifications:</b>                      College of finance - banking</p>
	<p><b>Mr.: Nguyen Duc Manh</b>  <b>Vice Chief Executive Officer</b>  <b>Member of Board of Management</b>  <b>Year of birth:</b> 1983  <b>Nationality:</b> Vietnamese  <b>Time of appointment:</b> 2007  <b>Working experience:</b>                      1995: Thai Nguyen Garment Company                      2010 – 2011                      Manager of Sales Department of TNG Investment and Trading Joint Stock Company                      2011 – now: Member of BQM, Vice General Director of TNG Investment and Trading Joint Stock Company  <b>Qualifications:</b> IT Bachelor in USA; Bachelor of Foreign Languages; Shanghai, China.  <b>Others:</b> Director of TNG Fashion Branch</p>
	<p><b>Ms.: Luong Thi Thuy Ha</b>  <b>Chief Accountant</b>  <b>Member of Board of Management</b>  <b>Nationality:</b> Vietnamese  <b>Year of birth:</b> 1969  <b>Time of appointment:</b> 2016;  <b>Working experience:</b>                      1992- 2012: Employee working in TNG Investment and Trading Joint Stock Company                      2013 – 4/2016: Chief Accountant - TNG Investment and Trading Joint Stock Company                      04/2016 – now: Member of Board of Management, Chief Accountant - TNG Investment and Trading Joint Stock Company  <b>Qualifications:</b> Bachelor of Accounting</p>



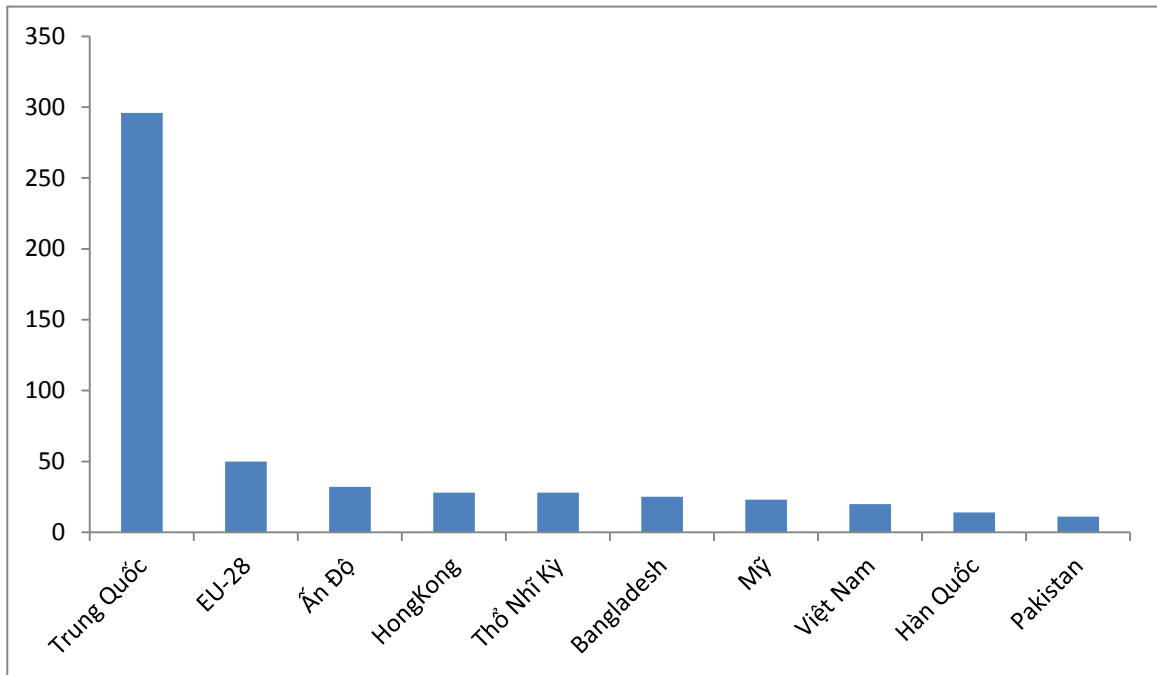
About the Supervisory Board		
		
<p><b>Mr.: Nguyen Van Duc</b>  <b>Head of the Supervisory Board</b>  <b>Year of birth: 1977</b>  <b>Nationality: Vietnamese</b>  <b>Time of appointment: 2011</b>  <b>Working experience:</b>            1996 – 2007: Official of Thai Nguyen Garment Company            2008 – now: Head of Supervisory Board - TNG Investment and Trading Joint Stock Company  <b>Qualifications</b>            Master of Business Administration, Bachelor of Accounting, Bachelor of Foreign Languages</p>	<p><b>Mr.: Tran Minh Hieu</b>  <b>Member of the Supervisory Board</b>  <b>Year of birth: 1979</b>  <b>Nationality: Vietnamese</b>  <b>Time of appointment: 2016</b>  <b>Working experience:</b>            2004 – 2012: Official of Thai Nguyen Garment Company            2012 – now: Manager of Sales Department of TNG Investment and Trading Joint Stock Company  <b>Qualifications</b>            Bachelor of International Business Administration</p>	<p><b>Ms.: Ha Thi Tuyet</b>  <b>Member of the Supervisory Board</b>  <b>Year of birth: 1984</b>  <b>Nationality: Vietnamese</b>  <b>Time of appointment: 2016</b>  <b>Working experience:</b>            07/2007 – 2015: Employee of Thai Nguyen Garment Company            2015 – now: Manager of Legal Department of TNG Investment and Trading Joint Stock Company  <b>Qualifications: Lawyer</b></p>

## DEVELOPMENT ORIENTATION

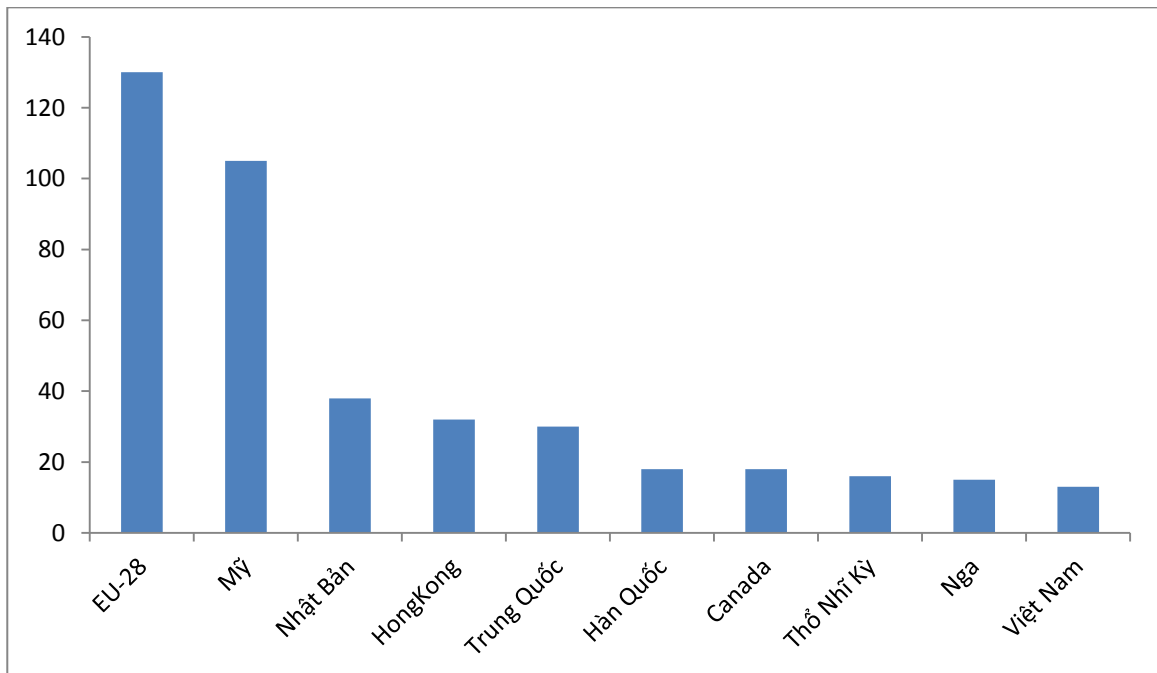
### EVALUATION OF THE WORLD TEXTILE AND GARMENT INDUSTRY

- The world textile and garment industry is deeply influenced by macroeconomic fluctuations. After slumping in 2009 due to the global economic crisis, the textile and garment industry is on the road of recovery and is forecast to grow at a rate of 6% in the coming years.
- China is the world's largest textile producer with a complete supply chain and the advantages of machinery and cheap labor. Developed countries like the United States, Italy, South Korea and Hong Kong dominate the higher value added stages such as design, marketing and branding, commercialization and export.
- China, the United States, Germany and Japan are the largest textile and garment consumers in the world. Developing countries have a large market size for textiles and garments mainly due to their large population. Per capita expenditure on textile and garments varies widely between developed and developing countries. It is predicted that in the next five years, emerging markets with large population sizes such as China and India will grow strongly; Meanwhile, textile and garment markets in developed countries, especially in European countries, tend to be saturated and grow slower.
- Trade agreements such as the TPP or the RCEP will promote the formation of trade areas with the complete textile and garment value chain thanks to strict rules on production as well as rules of origin.

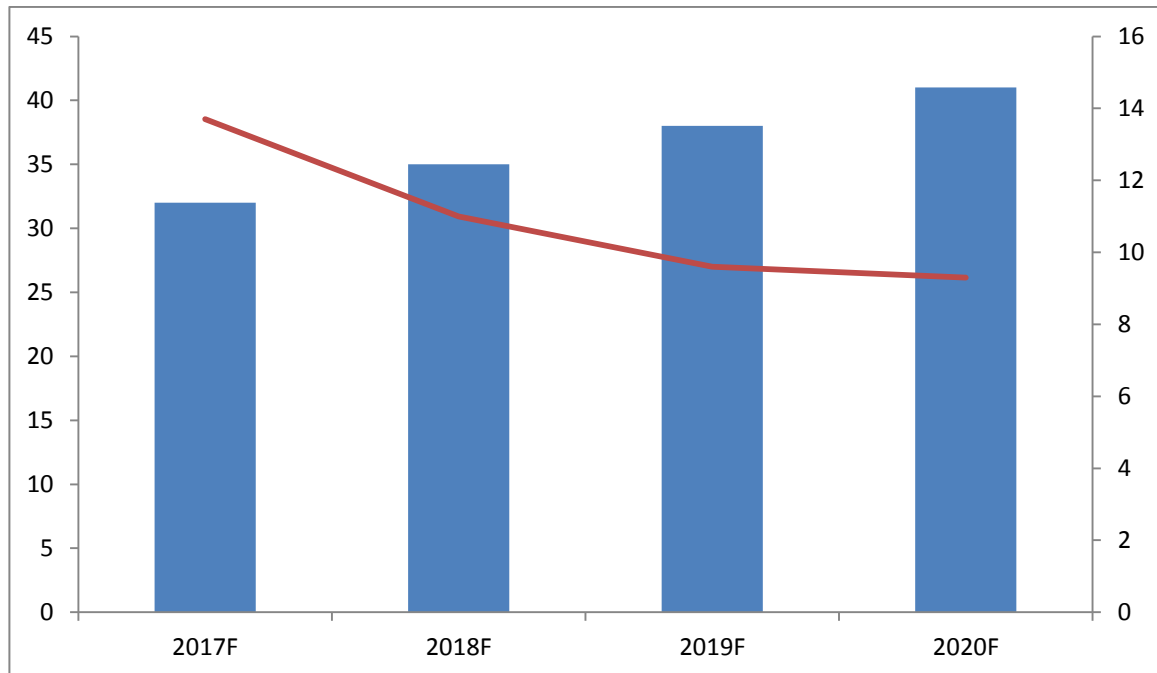
**Top 10 textile and garment exporters in the world 2014 (USD billion)**



**Top 10 textile and garment importers in the world 2014 (USD billion)**



### Forecast of textile and garment export turnover in the period of 2015-2020 (VND billion)



#### EVALUATION OF VIETNAM TEXTILE GARMENT INDUSTRY

• The textile and garment industry is one of the key industries in Vietnam, having the second largest export turnover, with export value accounting for 10-15% of GDP. In recent years, the textile and garment industry has been growing constantly at an average rate of 17% per year.

• According to the Vietnam Textile and Apparel Association, by the end of 2014, Vietnam had 5,214 textile garment companies with majority of small and medium companies. The labor force of the textile and garment industry occupies more than 20% of the labor force in the industrial sector and nearly 5% of the total labor force. Garment companies account for the largest share (84%), followed by textile and spinning companies (15%).

• Vietnam is one of the top ten textile exporters in the world with a market share of 3.1% in 2014. Major export markets of Vietnam include the United States, the EU, Japan and South Korea (accounting for 85% of total export turnovers), with the main products of low and middle class clothing. FDI enterprises, however, make up only 25% of the numbers but contribute more than 65% to the export turnover of Vietnam.

- At present, Viet Nam is only involved in the lowest value-added stage which is "sewing" with simple CMT method (accounting for 85%). Vietnam's textile and garment industry still depends on imported materials (about 70-80%), mainly from China, Taiwan and Korea.

- Market size of Vietnamese textile and apparel market is limited, only about USD 3 billion, low per capita expenditure on textiles and garments. Vietnamese garment enterprises have difficulty in occupying the domestic market as they have to compete with counterfeit goods, fake goods and non-quota imported goods.

- The domestic textile and garment enterprises are weak in the knowledge-intensive stages such as building distribution system, exporting, designing and branding. Viet Tien, Nha Be, May 10, TNG ... are a few successful businesses in brand building and marketing.

- Free Trade Agreements, such as VKFTA, EVFTA and TPP, have opened up many opportunities for export growth for the Vietnam's garment industry. Vietnam's textile and garment exports are expected to reach USD 50-55 billion by 2025 thanks to FTAs. At the same time, Vietnam faces many difficulties and challenges when it comes to complying with rules of origin, labor standards, strict social responsibility, ecological label and environmental protection. Currently, Vietnam is relying on supply of main fabrics and fibers from China and Taiwan, which are not in TPPs. Thus, when trade agreements come into force, Vietnam has little chance of enjoying tax incentives.

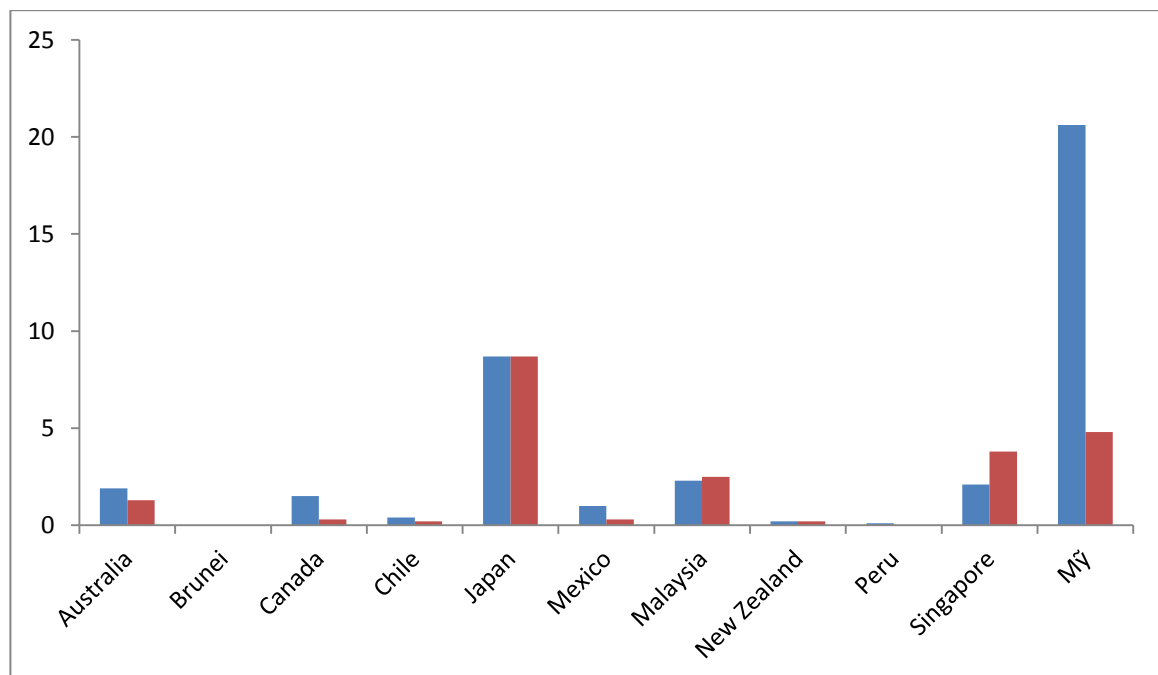
- It can be said that the textile and garment industry with the majority of medium and small companies, low financial capacity and competitiveness will have difficulty when opening up the economy. However, in the long run, FTAs will motivate businesses to perfect and move higher up the value chain, integrating deeper and broader into the world economy.

**Top 9 Vietnam garment enterprises with the largest net revenue of the industry (VND billion)**

Company name	Address
Viet Tien Garment Corporation	07 Le Minh Xuan, Tan Binh District, Ho Chi Minh City
Nha Be Garment Corporation	04 Ben Nghe Street, District 7, Ho Chi Minh City
Hoa Tho Textile & Garment Joint Stock Corporation	35 Ong Ich Duong, Cam Le District, Da Nang City
Song Hong Garment Joint Stock Company	105 Nguyen Duc Thuan, Nam Dinh
Garment 10 Corporation - Joint Stock Company	765 Nguyen Van Linh, Long Bien District, Hanoi.
Duc Giang Corporation	59 Duc Giang, Long Bien District, Hanoi.
TNG Investment and Trading Joint Stock Company	No. 434, Hoang Van Thu Ward, Thai Nguyen City
Saigon Garment Manufacturing Trading Joint Stock Company	213 Hong Bang, District 5, Ho Chi Minh City
Dong Nai Garment Corporation	Street 2, Bien Hoa 1 Industrial Park, Dong Nai Province

**Trans-Pacific Partnership Agreement TPP**

**Vietnam's proportion of imports and exports in TPP 2014 (USD billion)**



Vietnam accounts for 38.8% of the proportion of exports to the TPP countries, with the highest export volume in the US with 20.6%. Second place is the Japanese market 8.7%. The remaining markets, Vietnam has not reached much, the proportion of export is limited. In Brunei, none of Vietnam's products came to this market.

TPP promotes real export growth to countries. It is projected that Vietnam's real exports in 2020 will grow by more than 5% thanks to TPP, and this number will increase to 17.1% by 2030.



TNG has a large workforce

TNG establishes long term partnership with some famous brands in the world such as: C & A, JC PENNEY, DECATHLON, LEVIS ...

To fulfill commitments with employees: No employee working in TNG is in violation of the regime and rights as prescribed by law.

There are houses for employees (about 4,000 LDs), kindergartens, cars for staffs (about 120 buses from 19-45 seats)

There is a system of company management software from input to collection

Having a quantitative KPI that is linked to the income of the employee

Initially, the supply of tariffs after the TPP was signed (with a cotton mill) would allow customers to directly order goods at TNG and have their supplies at TNG not to be located elsewhere. The cotton factory is also a plus point for tax deduction calculations

### STRENGTHS

### OPPORTUNITIES

TNG has factories in labor-intensive regions  
TNG has good relationships with the local government that TNG has planted  
TNG is also reaping the benefits of moving orders from China and other countries back to Vietnam

### WEAKNESSES

### THREATS

High corporate debt, negative working capital (2014 = 209 billions) and weak debt repayment capacity  
Skilled workforce has not met the need to expand production  
FOB goods are made according to FOB convert (Customer designates material source)  
Commodity CMPT orders are subject to synchronous production so that the production plan is often unplanned

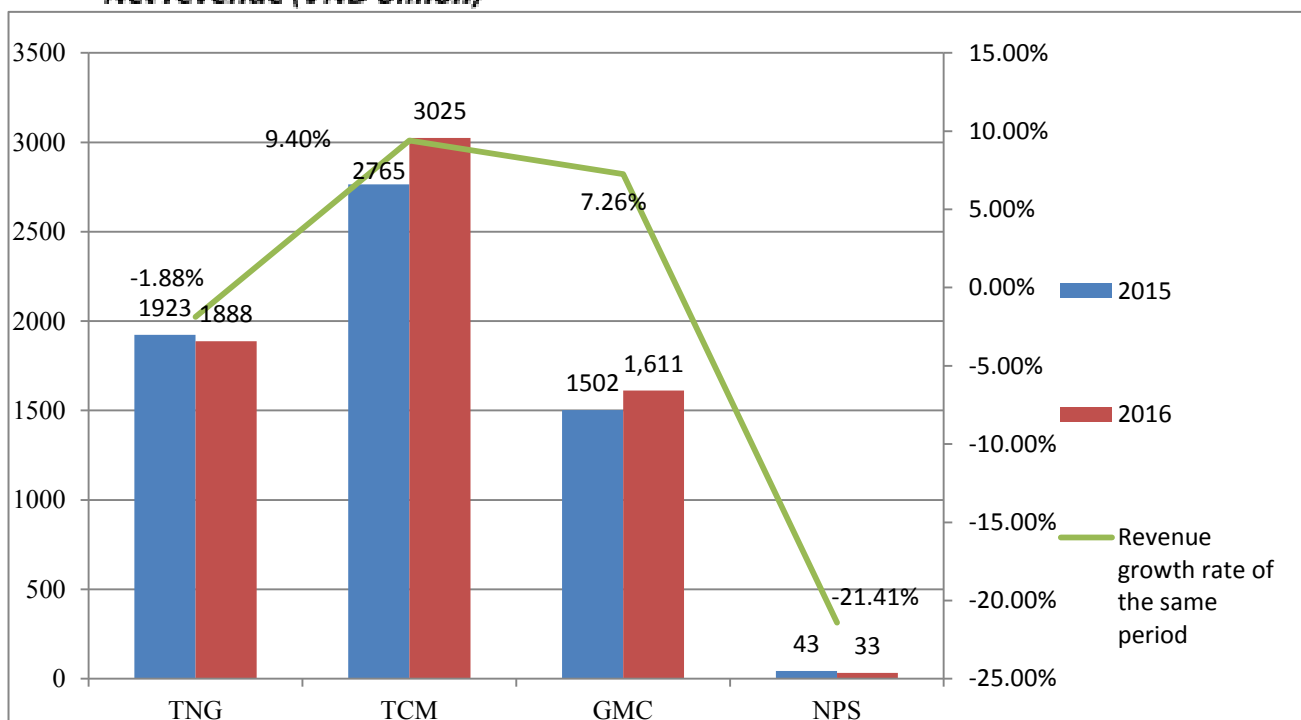
Competition attracted human resources in the area by Sam Sung Thai Nguyen factory project  
Risk of interest repayment when using high leverage  
Units of the same product line compete on labor costs

## TNG'S POSITION

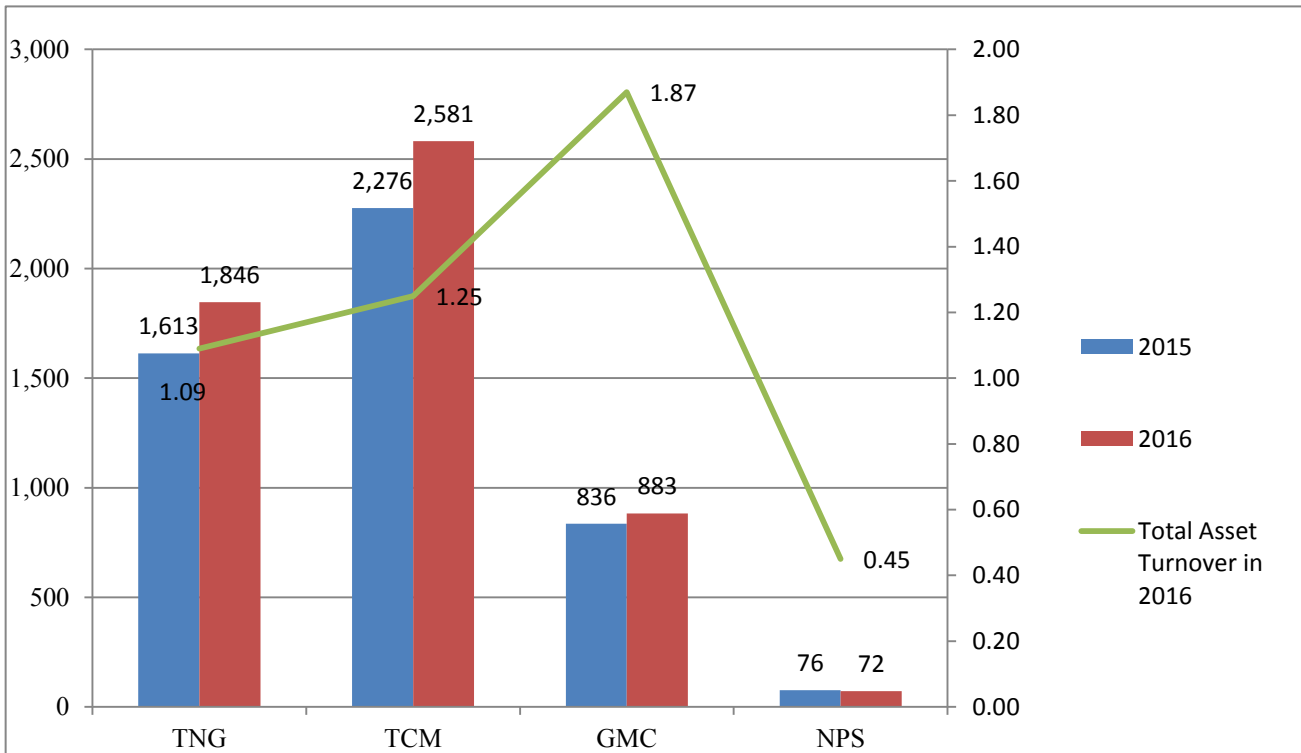
TNG used to be a 100% state-owned enterprise, was established in 1979 when the Vietnamese economy was still a centrally-run economy, known as Bac Thai Garment Enterprise. With a long history of development, the Company has grown steadily throughout the years. In 2003, TNG was allowed to be privatized and became a non-state owned private enterprise. In 2007, the company was allowed to list on HNX. At present, TNG is in the top 10 typical businesses of Vietnam garment industry - the typical enterprise garment industry awards, held every three years by the Ministry of Industry and Trade and performed by the Vietnam Textile and Apparel Association.

With its position among the top 10 enterprises among the numerous garment companies in Vietnam, TNG is taking advantage of the industry's great potential; Among the strengths are the international outsourcing agreements for well-known brands such as ZARA, MANGO, GAP, C&A, CK, TCP, Columbia, Walmart, Mark & Spencer, Target, Decathlon, JCPenney, The Children Place. TNG's long-term goal is to sell directly to the world's leading retailers to increase profitability. On the other hand, TNG is also taking advantage, exploiting and consolidating its position in the local fashion market.

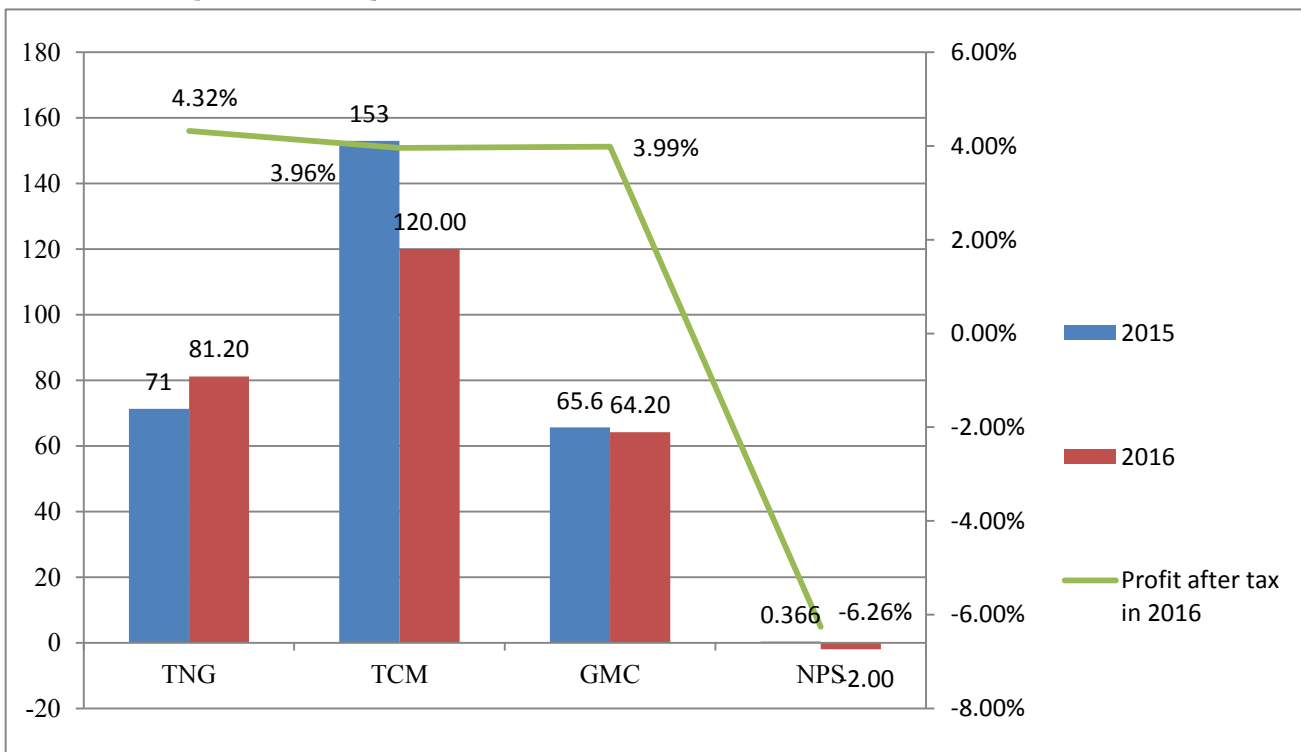
**Net revenue (VND billion)**



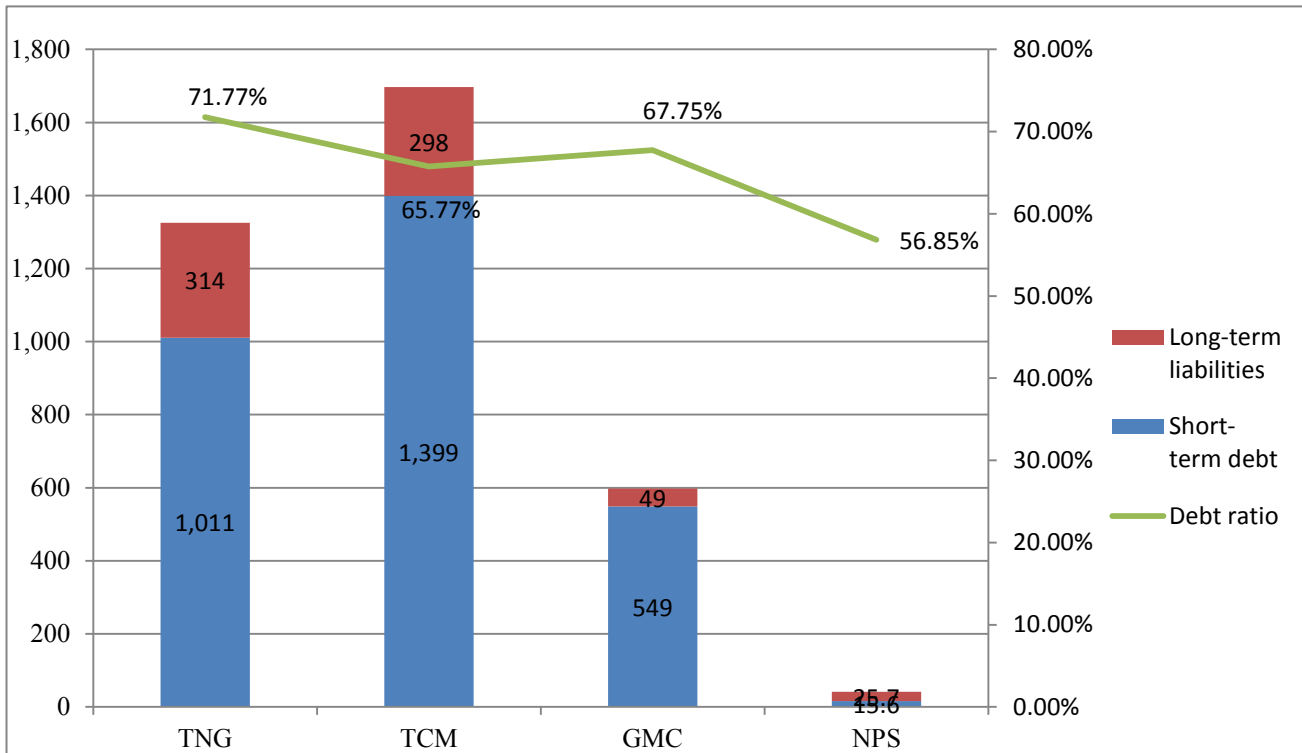
### Total assets (VND billion)



### Profit (VND billion)



### Debt structure (VND billion)



### Other financial indicators (\*)

Indicators	TNG	TCM	NPS
<b>Liquidity ratio</b>			
Current ratio	0.76	0.93	0.38
Quick ratio	0.32	0.42	0.25
Instant ratio	0.01	0.05	0.09
Interest Coverage Ratio	2.41	7.36	-3.00
<b>Asset structure ratio</b>			
Debt ratio	71.77%	65.77%	56.85%
Equity ratio	28.23%	34.23%	43.15%
Debt equity ratio	254.29%	192.16%	131.76%
<b>Incremental Capital - Output Ratio</b>			
Inventory Turnover Ratio	3.92	3.51	10.83
Days of a Inventory Turnover Ratio	93,18	102.59	33.24
Account Receivable Turnover Ratio	7.13	9.11	11.68
Average collection period	51,17	39.54	30.83
<b>Basic earning ratio</b>			
Return on Assets (ROA)	4.69%	4.93%	-2.81%
Return on Equity (ROE)	17.09%	13.76%	-6.44%
<b>Expense structure ratio</b>			
Cost of goods sold/net revenue	82.35%	85.44%	90.56%
Selling expenses/net revenue	1.53%	3.19%	1.93%
Expenses of business management/Net revenue	7.42%	4.15%	13.75%
Interest expenses/Net revenue	3.56%	0.72%	1.56%

STRATEGIC OBJECTIVES

OBJECTIVES	SOLUTIONS
<p><b>GROWTH</b></p> <ul style="list-style-type: none"> <li>• Average growth of net revenue &gt; 20% per year</li> <li>• Improve and ensure effective financial indicators: ROE&gt; 20%; ROA&gt; 10%</li> <li>• Focus on developing core lines of business</li> </ul>	<p><b>GROWTH</b></p> <ul style="list-style-type: none"> <li>• Focus on developing core lines of business Garments</li> <li>• Build the internal auditing system of the company</li> <li>• Strengthen the function of capital and investment management,</li> <li>• Build relationships with customers, maintain good quality</li> </ul>
<p><b>MARKET</b></p> <ul style="list-style-type: none"> <li>• Expand export markets, increase market share in emerging markets</li> <li>• Expand the domestic market, set up sales channels across the country</li> </ul>	<p><b>MARKET</b></p> <ul style="list-style-type: none"> <li>• Organize market research, work directly with foreign customers.</li> <li>• Evaluate overseas suppliers</li> <li>• Set up 20 more sales channels per year on the domestic market</li> </ul>
<p><b>GOVERNANCE</b></p> <ul style="list-style-type: none"> <li>• Gradually perfect governance model following the model of world governance</li> </ul>	<p><b>GOVERNANCE</b></p> <ul style="list-style-type: none"> <li>• Study, research the management methods of Thailand, USA , etc.</li> <li>• Build a governance model towards good internal control</li> </ul>
<p><b>ENVIRONMENT</b></p> <ul style="list-style-type: none"> <li>• Towards a green, environmentally friendly TNG image</li> <li>• Minimize adverse impacts on the environment and pollution</li> </ul>	<p><b>ENVIRONMENT</b></p> <ul style="list-style-type: none"> <li>• Invest in the construction of the best wastewater treatment projects for the factories</li> <li>• Carry out training and improve the employee awareness</li> <li>• Organize the day for the environment every year</li> </ul>
<p><b>SOCIAL AND COMMUNITY</b></p> <ul style="list-style-type: none"> <li>• Accompany the development of local economy</li> <li>• Carry out good corporate responsibility for the local environment in production</li> <li>• Ensure transparency in information disclosure, production and business</li> </ul>	<p><b>SOCIAL AND COMMUNITY</b></p> <ul style="list-style-type: none"> <li>• Carry out charity programs with the community</li> <li>• Engage in economic development activities with local people</li> <li>• Implement anti-corruption and anti-bribery policies in order to clarify information and build trust with investors</li> </ul>
<p><b>EMPLOYEES</b></p> <ul style="list-style-type: none"> <li>• Maintain health check-ups, living conditions for employees</li> <li>• Implement and improve policies on occupational safety and health</li> </ul>	<p><b>EMPLOYEES</b></p> <ul style="list-style-type: none"> <li>• Develop policies on occupational safety and health</li> <li>• Invest in safe and modern machinery and equipment to ensure the health of employees</li> <li>• Carry out a periodic assessment of the working environment, ensure a clean working environment</li> </ul>

## DEVELOPMENT STRATEGY IN THE PERIOD OF 2017 - 2020

**1** Look for investment in new business lines, garment industry still plays the leading role. First of all, direct service to garments including laundry, packaging, printing, embroidery, etc. and real estate

**2** Export market is still the main target, gradually increasing the ratio of domestic sales to 10-15% from now until 2017.  
**2** Promote relationships with new customers, expand markets, avoid dependencies

**3** Continuously develop production intensively and extensively, maximize the design capacity to increase labor productivity. Regularly add and renew new machinery and technology.

**4** The company will focus on garment and textile production capacity. Best grasp the opportunities from the TPP Agreement and the VN-EU FTA.

**5** Expand production and business by investing in garment factories in Thai Nguyen Province: The system of factories includes: TNG Phu Luong, TNG Vo Nhai, Son Cam Industrial Park, etc. In the development strategy in the period of 2017 - 2020: TNG will invest in building: Social Housing in Thai Nguyen

Over the next four years, TNG's objective will be USD160 million in revenue, in which the profit after tax is:

**USD 10 million**

This is the motivation and determination of all TNG employees



## MAJOR OBJECTIVES OF THE COMPANY

- Focus on developing core lines of business of textile - garment: Improve production capacity; diversify the major products; improve product quality; enhance the speed of delivery; manage the production costs; train and develop personnels.
- Expand production and business by building new factory branches to increase the efficiency of the Company
- **Develop social housing, first of all, give priority to employees of the Company.**
- **Top transparent companies on HNX.**
- **TNG** strives to become a leading Vietnamese retailer of TNG brand products- VIETNAMESE BRANCH - MADE IN VIET NAM in the field of textiles and garments instead of the production of major brands in the world, first of all, it covers the Vietnamese market, followed by the ASEAN and Asian markets, and then to the EU markets and US northern markets.
- Currently, TNG has 7 stores and 42 dealers selling TNG products. TNG is proud to be ordered by Thai retailers and sold at ROBINS supermarket in Ho Chi Minh City.

## STRATEGIES FOR MIDDLE AND LONG TERM DEVELOPMENT

Based on the general direction of the industry, TNG shall develop its development orientation in the coming years as follows:

1. Garment plays the leading role, step by step investing in new business lines, first of all, to directly serve the garments including laundry, packaging, printing, embroidery, etc.
2. The export market remains the main pillar, increasing the percentage of domestic sales to 10-15% by the end of 2016, balancing markets, avoiding excessive dependence on the US market, accessing and exploiting the Japanese market.
3. Continuously develop production intensively and extensively, maximize the design capacity to increase labor productivity. Regularly add and renew new machinery and technology.
4. Concentrate on the production capacity of textiles and garments; best grasp the opportunities from the TTP Agreement and the VN-EU FTA.
5. Expand production and business by investing in garment factories in Thai Nguyen Province: The system of TNG Dai Tu factory has come into operation. In the development strategy in the period of 2015 - 2020: TNG will invest in building: TNG Phu Luong, TNG Vo Nhai with a total capital of up to VND 1,460 billion, creating jobs for workers in the province.

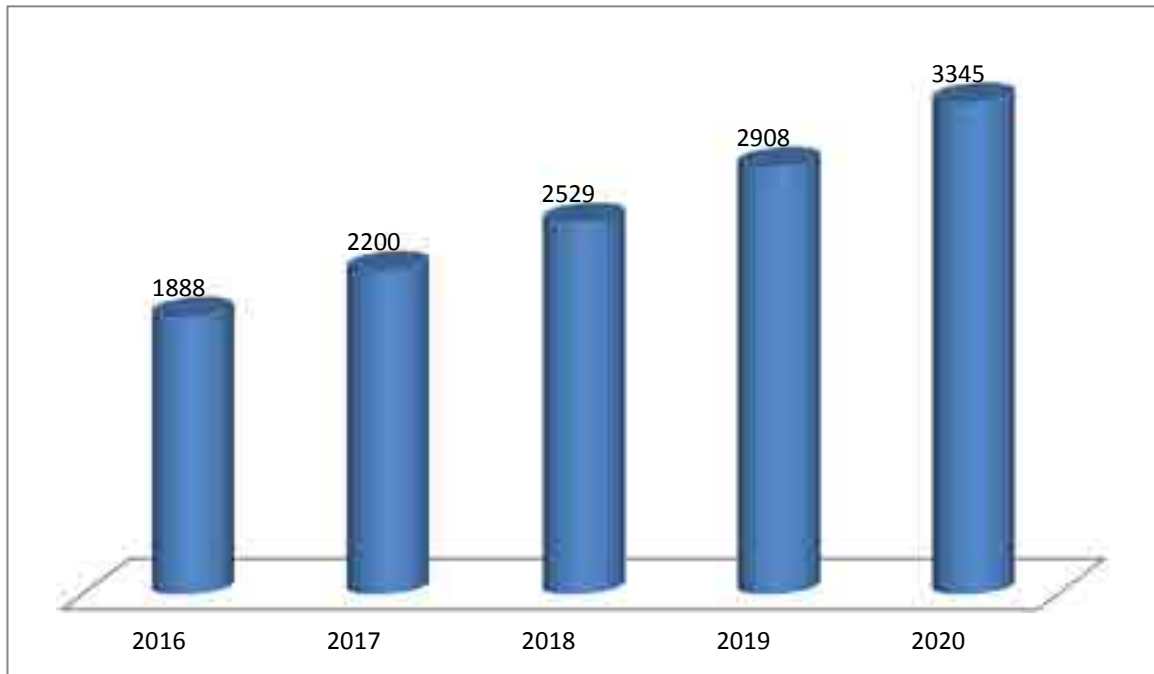
The orientation for the development of the garment industry is the key, expanding into the areas in line with the comprehensive development strategy of the Vietnam Textile and Garment Industry in the coming time. The increase in investment is determined on

the basis of the identification of potential and advantages of Vietnam in the world textile & garment market and the strategic objectives of Vietnam Textiles & Garments in the coming period. In addition, as well as units in the industry, the Company is aware of the domestic market importance with more than 92 million people, the young population, the demand for consumption is growing.

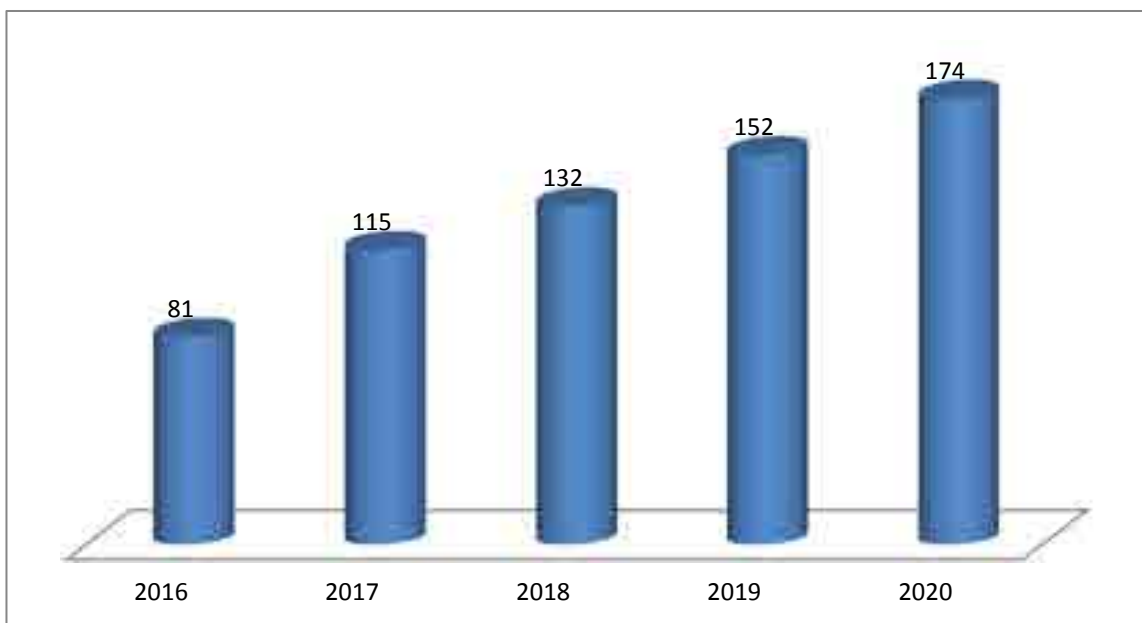
REVENUE PLAN

**BUSINESS TARGETS FOR THE PERIOD OF 2016-2020**

**Revenue in 2020**  
**(VND 3,345 billion)**

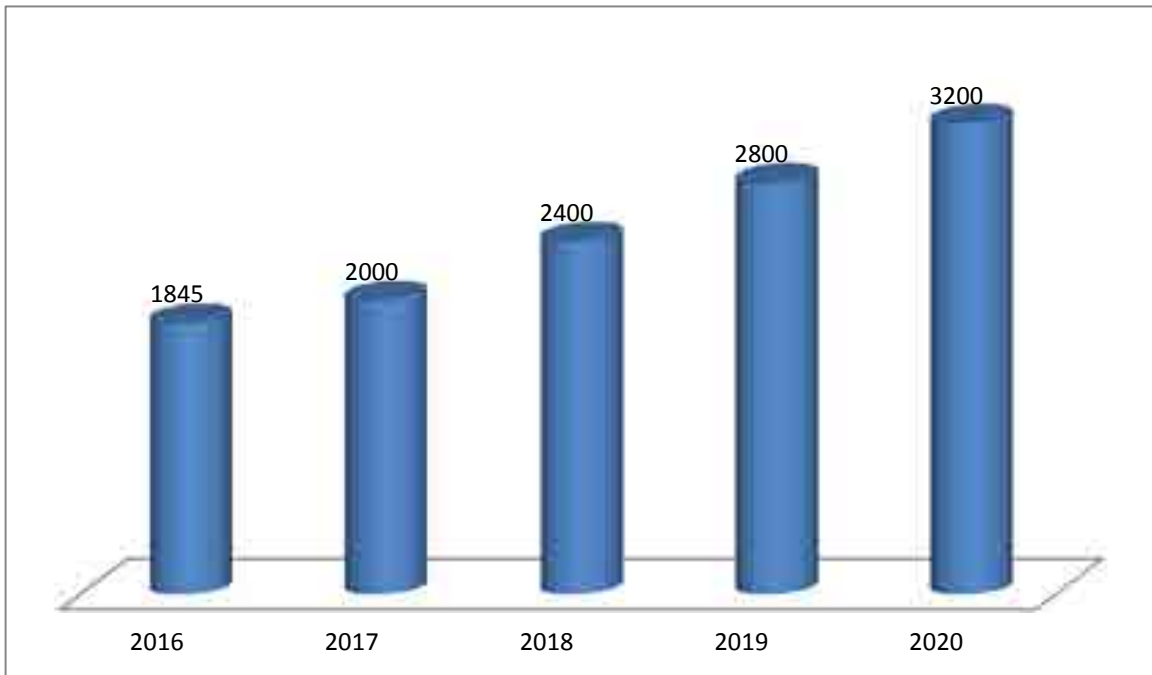


**Profit after income tax in 2020**  
**VND 174 billion**



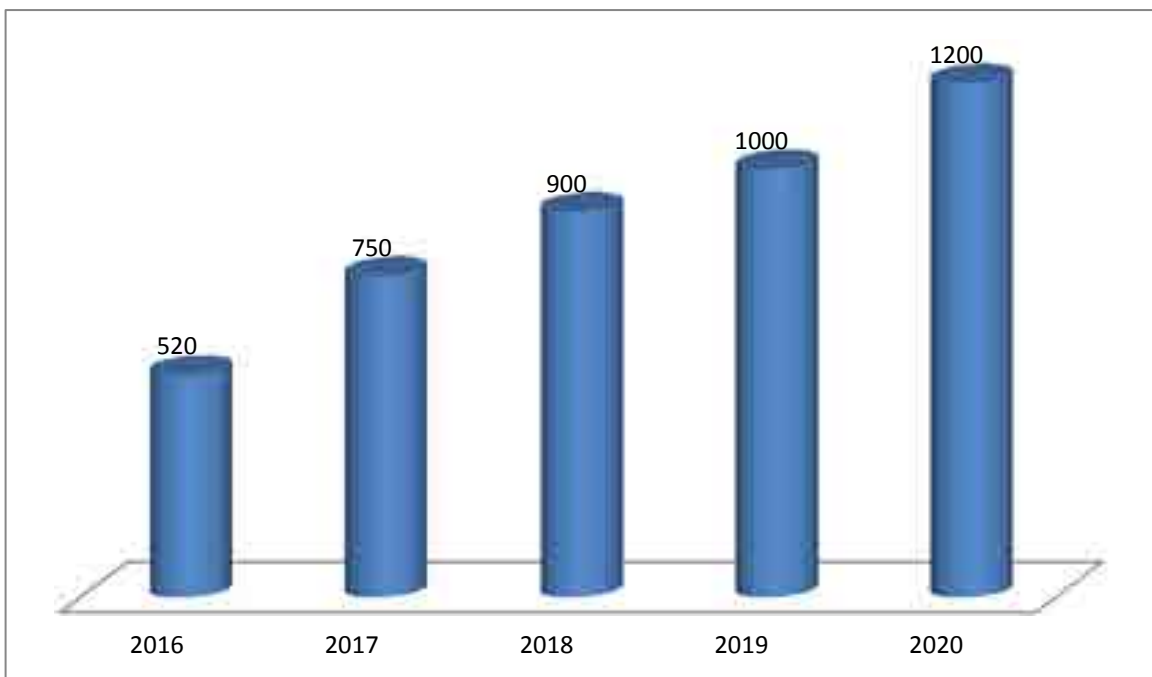
### Total assets in 2020

VND 3,200 billion

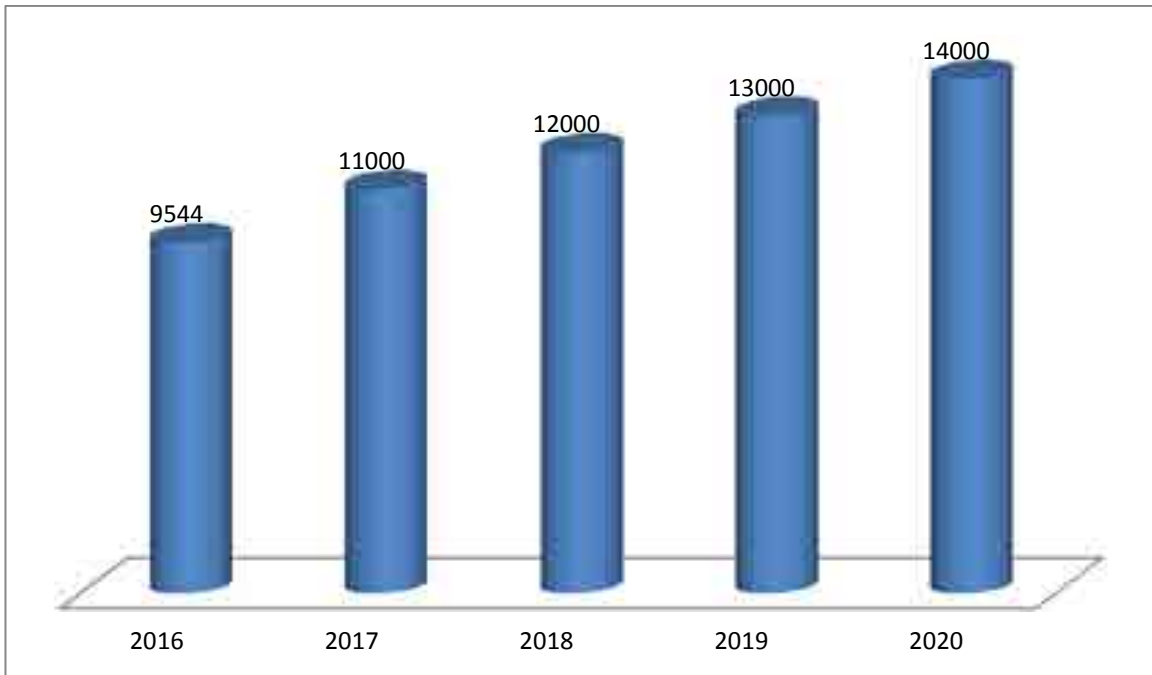


### Equity in 2020

VND 1200 billion



**Total employees in 2020**  
20,000 people



## SUSTAINABLE DEVELOPMENT OBJECTIVES IN 2017

Fields	Objectives	Solutions
<p><b>Sustainable economic growth</b></p>	<ul style="list-style-type: none"> <li>- Ensure growth of 20% in revenue and 10% in profit</li> <li>- Expand the production scale out of Thai Nguyen Province</li> <li>- Maintain the dividend payout ratio of 20%</li> <li>- Ensure the position of one of the leading garment companies in Vietnam</li> <li>- Receive customer feedback, improve the product quality, affirm the TNG brand</li> <li>- Save 5% of electricity energy, 5% of water, 5% of coal energy</li> </ul>	<ul style="list-style-type: none"> <li>- Diversify garment products, conduct in-depth research of clients' and consumers' taste</li> <li>- Focus on boosting sales, exports, international trade</li> <li>- Expand the business markets in developed countries</li> <li>- Focus on core business: Garments</li> </ul>
<p><b>Sustainable social development</b></p>	<ul style="list-style-type: none"> <li>- Production of quality products, satisfaction of the needs of domestic customers</li> <li>- Spending more than VND 10 billion for community activities to improve the quality of local life</li> <li>- Ensuring benefits and working environment for employees, creating long-term attachment to the company</li> </ul>	<ul style="list-style-type: none"> <li>- Improve the product quality to ensure the principles of quality of the suppliers</li> <li>- Support households and individuals in financial and spiritual difficulties</li> <li>- Continuously improve the welfare of employees on labor and wages</li> </ul>
<p><b>Keep the environment sustainable</b></p>	<ul style="list-style-type: none"> <li>- Save 5% of electricity energy, 5% of water, 5% of coal energy</li> <li>- Build up the advanced wastewater treatment systems for all factories and auxiliary branches</li> <li>- Perform regular environmental inspection, ensure the requirements of the suppliers</li> <li>- Develop researches on the use of renewable energy, clean energy in production</li> </ul>	<ul style="list-style-type: none"> <li>- Implement good management of the use of water, electricity and coal in production and business</li> <li>- Carry out activities of afforestation and planting trees in the company.</li> <li>- Organize propaganda about green planet, keep clean and protect environment for all staffs</li> <li>- Save stationeries, reduce the waste of office waste, production area</li> </ul>

## **ENVIRONMENTAL OBJECTIVES, COMMUNITIES, EMPLOYEES**

### **GREEN ENVIRONMENT**

TNG looks to the image of an environmentally friendly company

TNG has invested in the best wastewater treatment plant in TNG factories.

TNG will continue to take measures to minimize the adverse impacts on the environment, reduce urban and industrial air pollution. In the long run, we plan to relocate some factories to industrial zones planned for the industry, so as not to affect the surrounding residential areas.

### **HEALTH AND BENEFITS OF EMPLOYEES**

Maintain health check-ups, living conditions for employees

Organize or encourage employees to take part in training courses to improve their knowledge

TNG takes care of employees' lives with the goal of: Healthy employees – Sustainable enterprise

TNG has built a clean and healthy working environment for employees

### **SAFETY WORKING ENVIRONMENT**

Develop policies on occupational safety and health

Invest in safe and modern machinery and equipment to ensure the health of employees

Carry out a periodic assessment of the working environment, ensure a clean working environment

### **COMPANION TO COMMUNITY DEVELOPMENT**

TNG has accompanied the development to local economy

TNG has implemented charitable and humanitarian programs for families and individuals with difficult conditions.

TNG is committed to protecting the local environment in the production process



TNG has participated in cultural and social activities in the area to develop the spiritual life of the locality

## **TRANSPARENCY**

TNG has made the disclosure of information on a variety of means, with clear, transparent and open information

TNG has adopted anti-bribery policies in the production and business process

TNG has built trust with customers and investors through openness and transparency

## RISKS

### Risk of economic growth

<p><b>Reality:</b> The political situation in the world is uncertain. TNG acknowledges three major risks faced by exporters such as TNG, in which rising budget oversupply is also the biggest risk. At the same time, the risk of returning inflation and the foreign exchange market facing instability, have put pressure on the domestic exchange rate. Two major markets of the Company are the United States and the EU which are experiencing two gloomy economic scenarios. While the United States has shown signs of economic recovery but still relatively weak, the EU is facing a near recession with Britain leaving the EU. This will also affect the import and export of TNG.</p>	<p><b>Actions:</b> Expand market in developing markets such as domestic market, South East Asia market, South Korea market, Japan market, etc.</p>
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### Risk of inflation

<p><b>Reality:</b> The fluctuation of politics in the world also leads to inflation, which affects considerably the exchange rate, raw material price, labor cost and input cost. Increasing inflation can cause difficulties for the Company in its business strategy.</p>	<p><b>Actions:</b> TNG always takes the initiative in purchasing raw materials and has the right policy for customers.</p>
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### Risk of competition

<p><b>Reality:</b> In the near future, the garment industry is under competitive pressure both at home and abroad. In addition to the competition of domestic enterprises such as: TCM, NPS, and GMC, TNG is subject to intense competition from rivals from China, India, Indonesia.</p>	<p><b>Actions:</b> In order to compete in the harsh market like today, TNG will diversify its products, reduce costs to have the most competitive prices on the market. In addition, investment in machinery and equipment should be necessary to improve production and product quality.</p>
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### **Risk of Human resource**

<p><b>Reality:</b> Human resources are one of the important inputs for all enterprises today. In Thai Nguyen Province, at present there are many large enterprises competing labor resources with TNG such as Samsung, Gonic, Thai Nguyen Steel, etc.</p>	<p><b>Actions:</b> Increase the income for employees. Improve welfare policies to attract workers to TNG. Carry out effective recruiting activities such as: Recruitment activities in wards, universities, etc.</p>
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### **Risk of environment**

<p><b>Reality:</b></p> <ul style="list-style-type: none"><li>- Solid waste has not yet been classified as required.</li><li>- The impacts of climate change have created more natural disasters and typhoons to affect production</li><li>- Employees are not aware of saving water resources.</li><li>- The solid waste, water has not been properly processed</li></ul>	<p><b>Actions:</b></p> <ul style="list-style-type: none"><li>- Construct the waste water treatment system at all branches</li><li>- Perform periodically environmental inspection</li><li>- TNG complies with the law on environmental protection.</li><li>- Implement measures of afforestation, reduce greenhouse emissions to reduce pressure on the environment</li></ul>
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## BUSINESS PERFORMANCE IN 2016

2016 is the year marking the great development of TNG in both size and brand. On the one hand, the Company continues to achieve the target set on revenue and profit growth. On the other hand, it is necessary to actively promote the TNG brand in order to strengthen domestic consumption.

In 2016, TNG merged TNG Fashion Joint Stock Company, building it as a local manufacturing subsidiary. This is a sign of TNG's determination to expand its domestic market.

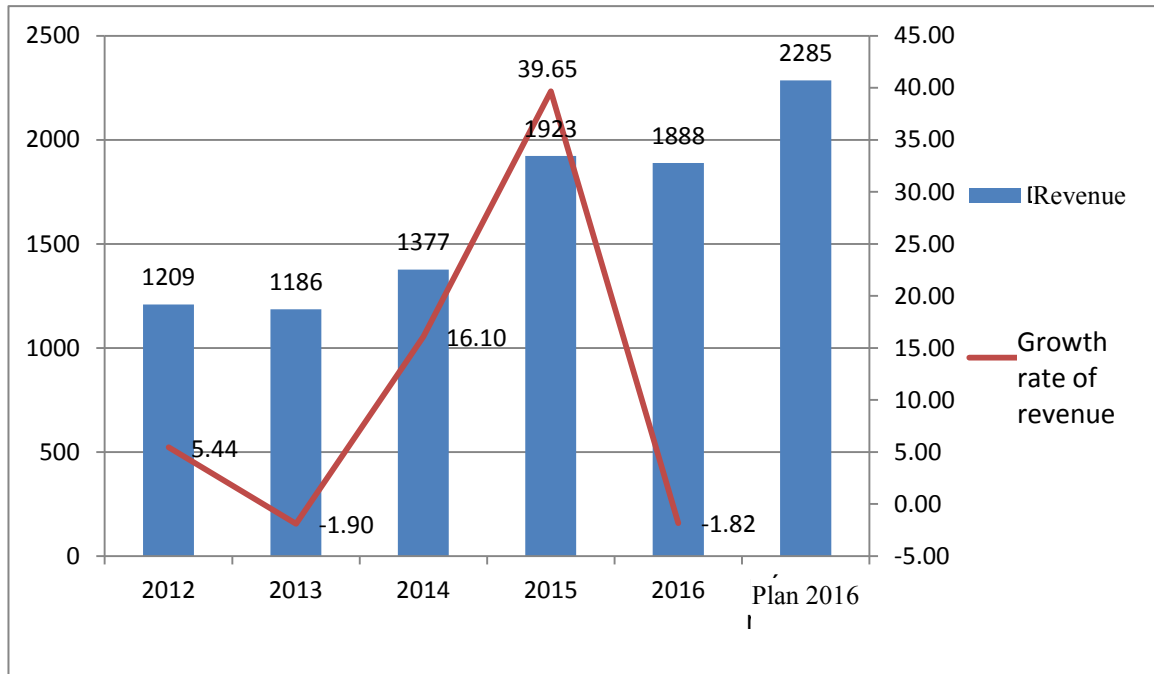
Thanks to the focus on production management in the core areas of Garments, TNG's business performance in 2016 achieved good results, all business objectives have grown sharply and exceeded the plan. Specifically as follows:

### 1. Business performance in 2016

<i>Item</i>	<i>2015 (VND)</i>	<i>Performance 2016 (VND)</i>	<i>Increase/Decrease (%)</i>
<b>Net revenue</b>	<b>1,923,940,013,849</b>	<b>1.887.748.876.802</b>	-1,88%
<b>Cost of goods sold</b>	1,574,938,521,234	1.554.545.859.262	-1,29%
<b>Gross profit</b>	<b>349,001,492,615</b>	<b>333.203.017.540</b>	-4,53%
<b>Financial revenue</b>	18,332,478,234	15.624.286.111	-14,77%
<b>Financial Expense</b>	97,899,770,796	88.185.793.211	-9,92%
- <i>In which: Interest expenses</i>	56,842,066,988	67.121.178.523	18,08%
<b>Selling expenses</b>	36,668,267,417	28.942.215.544	-21,07%
<b>Expenses of business management</b>	146,518,877,448	140.126.838.350	-4,36%
<b>Revenues from operating activities</b>	<b>86,247,125,188</b>	<b>91.572.456.546</b>	6,17%
<b>Other income</b>	1,791,514,454	5.958.322.231	232,59%
<b>Other expenses</b>	7,886,828	2.731.506.032	34533,77%
<b>Other profits</b>	<b>1,783,627,626</b>	<b>3.226.816.199</b>	80,91%
<b>Profit before tax</b>	<b>88,030,752,814</b>	<b>94.799.272.745</b>	7,69%
<b>Income after tax</b>	<b>71,300,379,040</b>	<b>81.179.114.445</b>	13,86%

### Sales revenue (VND billion)

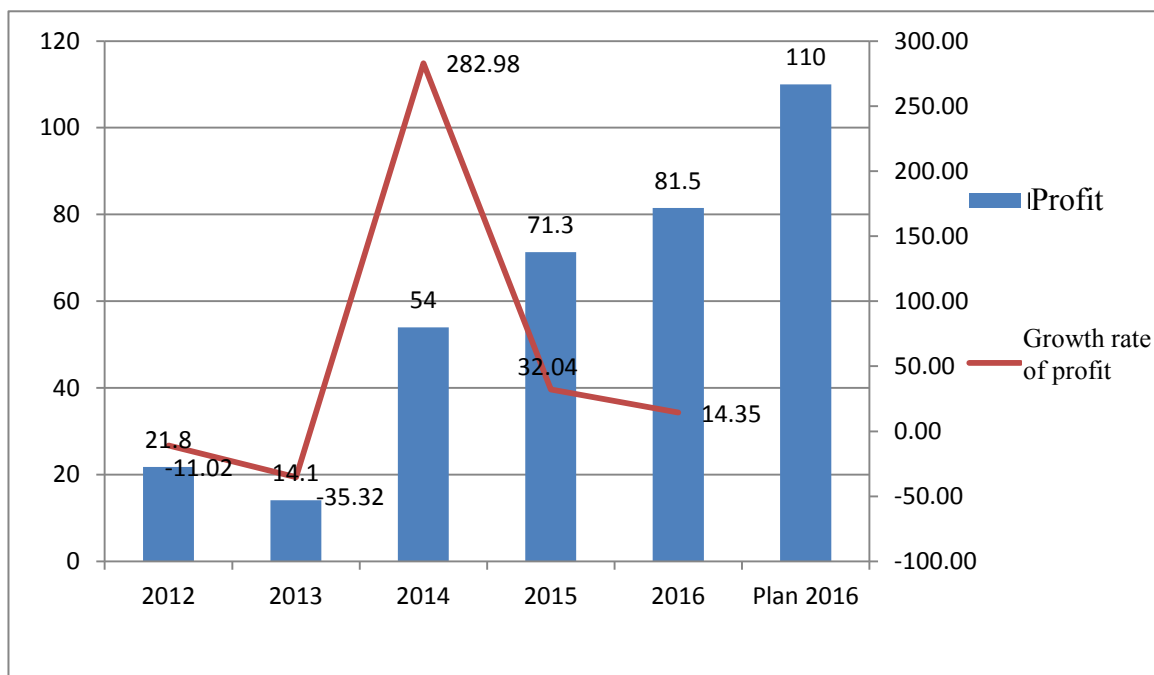
In 2016, the sales revenue reached VND1,888 billion, decrease of 1.88% compared to 2015. The revenue decline in 2016 is due to the difficulties of the textiles and garments market.



The chart showing the performance of sales over the years

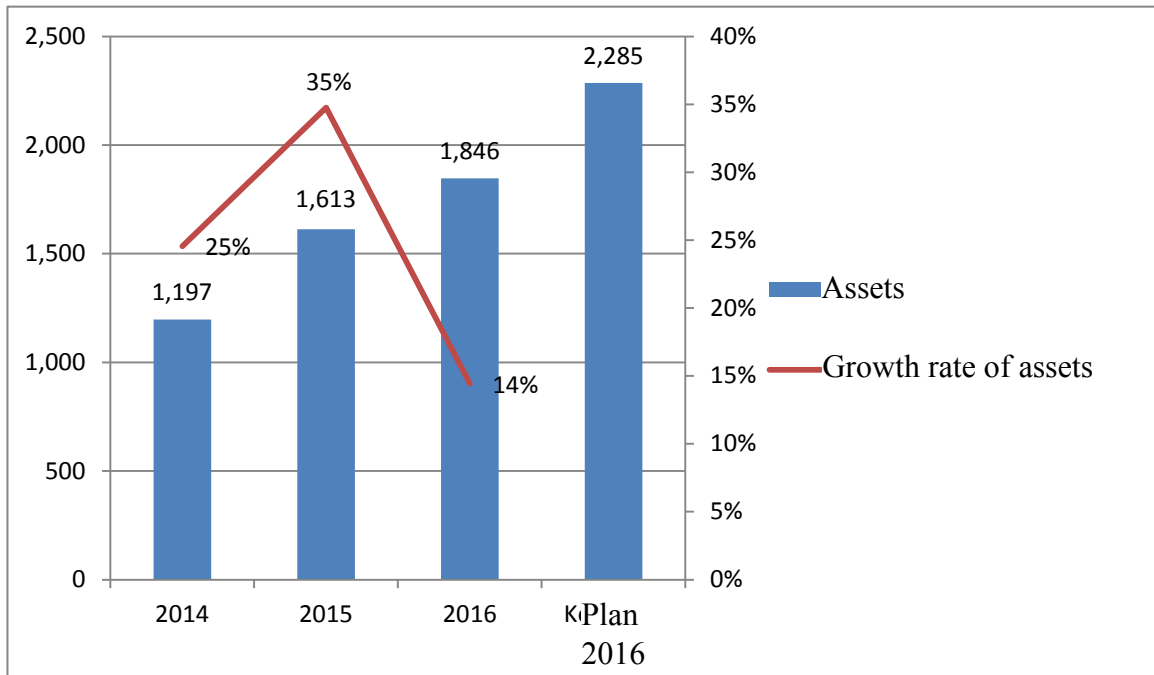
### Profit after tax (VND billion)

Profit after tax reaches VND 81.2 billion in 2016, an increase of 13,86% compared to 2015.



Asset situation (VND billion)

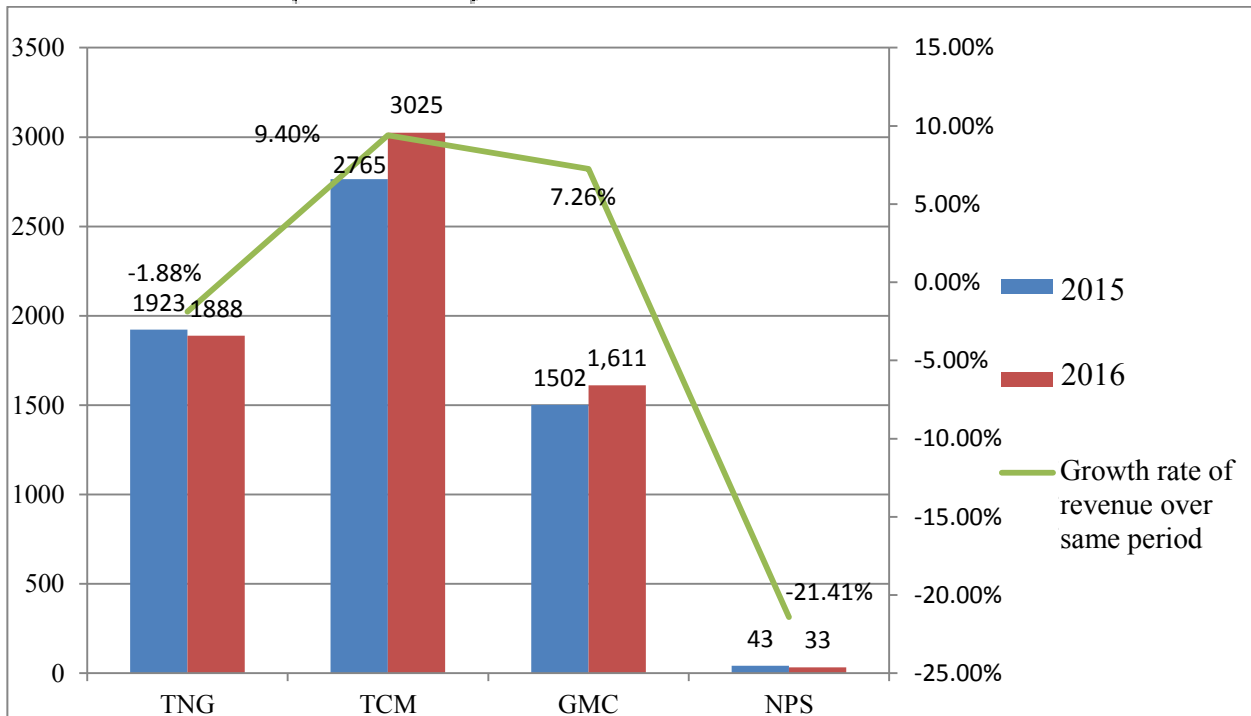
TNG assets in 2016 are up 14% over 2015.



## I. GENERAL FINANCIAL SITUATION OF TEXTILE & GARMENT ENTERPRISES IN THE 2ND QUARTER 2016

### 1. BUSINESS PERFORMANCE

#### Net revenue (VND billion)

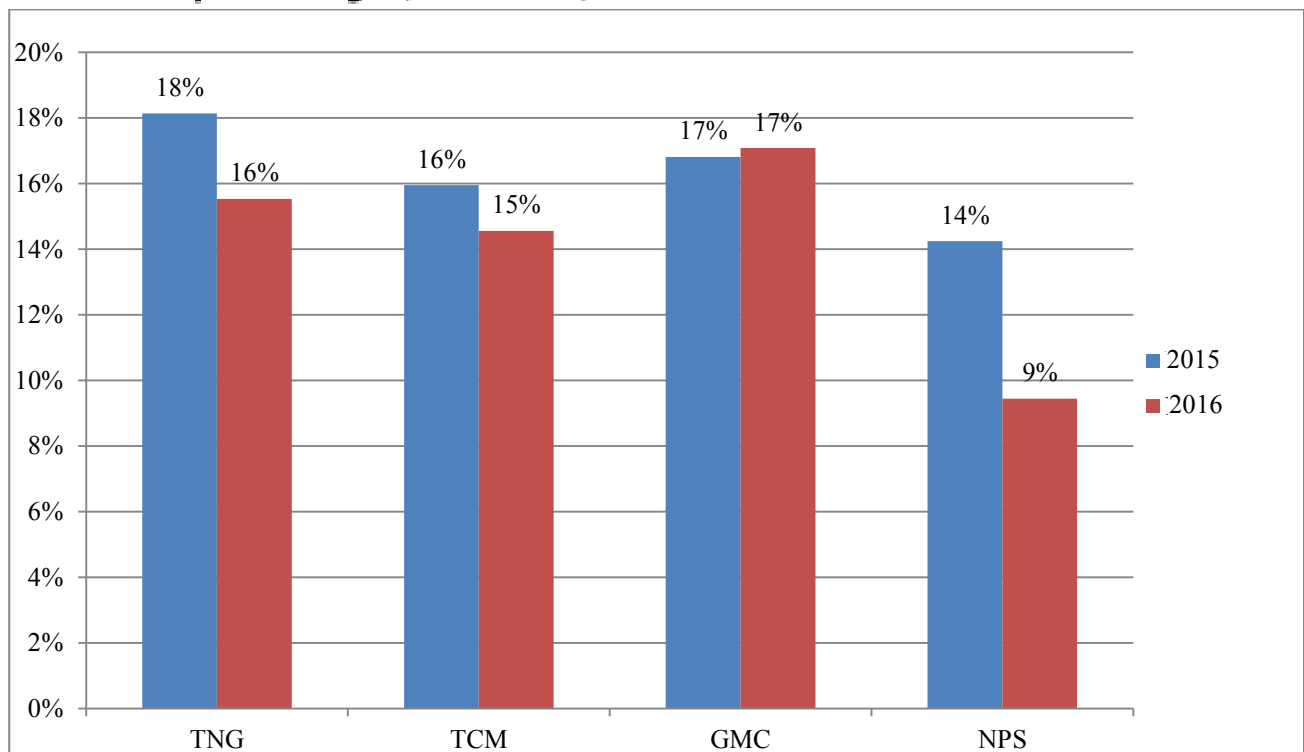


Among enterprises, TCM is the largest scale enterprise with 2016 revenue of VND 3,025 billion, up 9.40% over the same period.

TCM also achieved the highest revenue growth among the top four companies

TNG, NPS are enterprises with negative revenue growth rate in 2016 over the same period. Specifically, TNG: -1.88% and NPS: -21.41% However, TNG is still the second largest player in terms of revenue among rated ones, but its revenue margin has dropped slightly.

### Gross profit margin (VND billion)



Profit margin is the gross profit-to-revenue ratio.

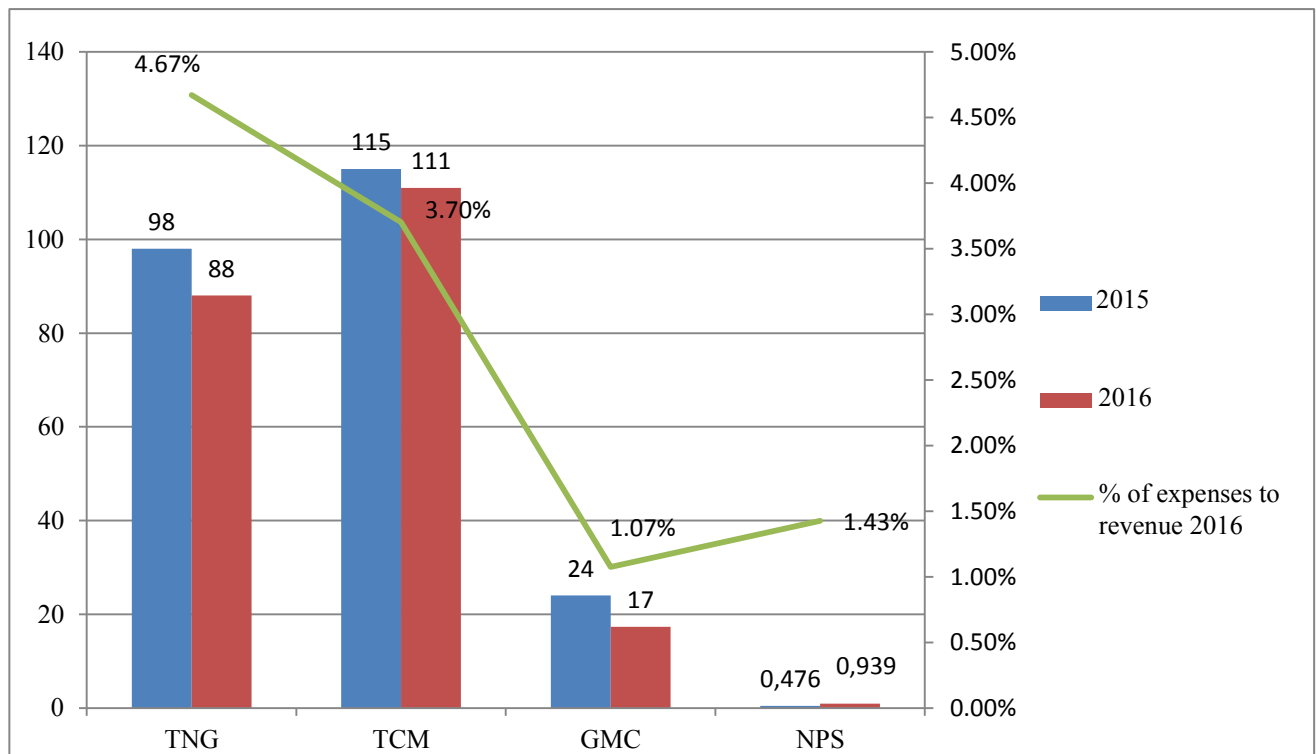
GMC is the company with the highest gross profit margin, which was improved and reached 17.08% in 2016.

TNG, NPS, TCM have reduced profit margins in 2016. Specifically as follows:

Gross margin of TNG was down compared to 2016, from 18% to 16%



### Financial expenses (VND billion)



Financial expenses of all textile and garment enterprises in 2016 decreased compared to last year. Specifically as follows:

TNG's financial expenses decreased from VND 98 billion to VND 88 billion

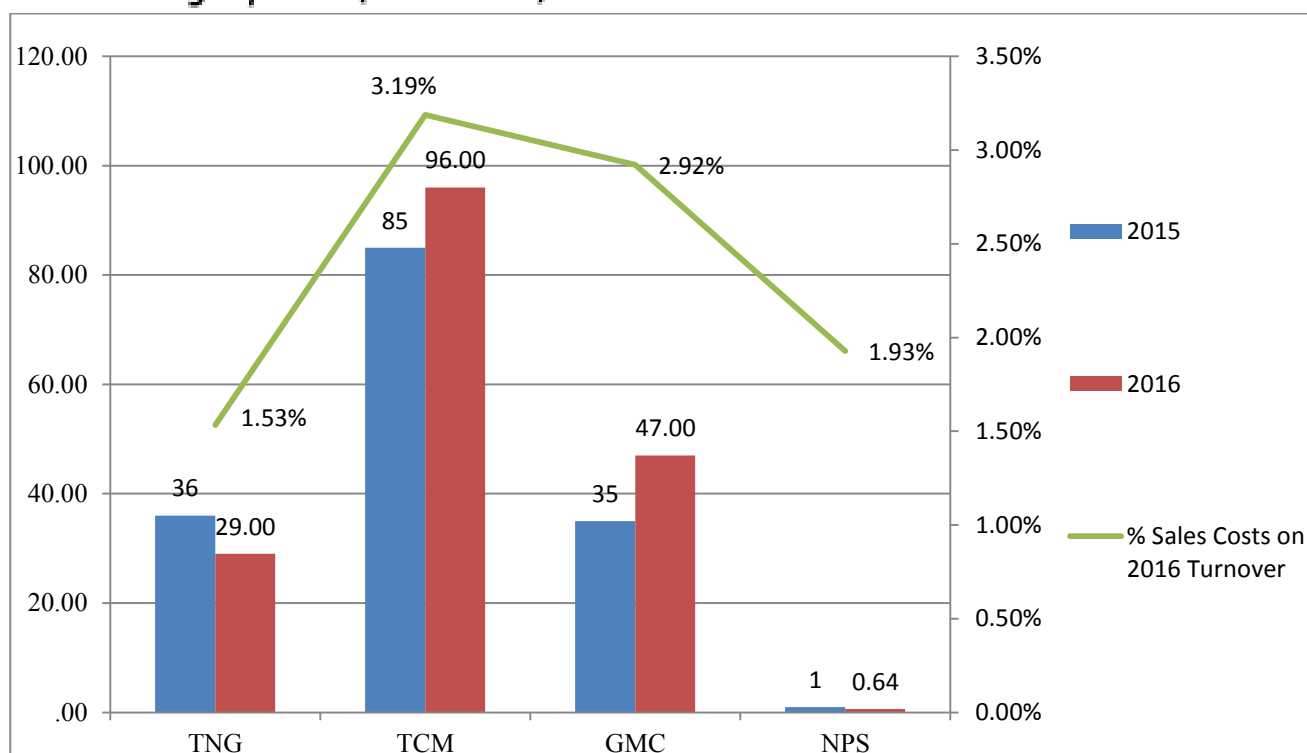
TCM's financial expenses decreased from VND 115 billion to VND 111 billion

GMC's financial expenses decreased from VND 24 billion to VND 17 billion

NPS's financial expenses decreased from VND 0.476 billion to VND 0.939 billion

TCM is the company with the highest financial expense-to-net revenue ratio due to its use of high leverage. In 2016, TNG's financial expense was VND 88 billion, the financial expense-to-revenue ratio was 4.67%.

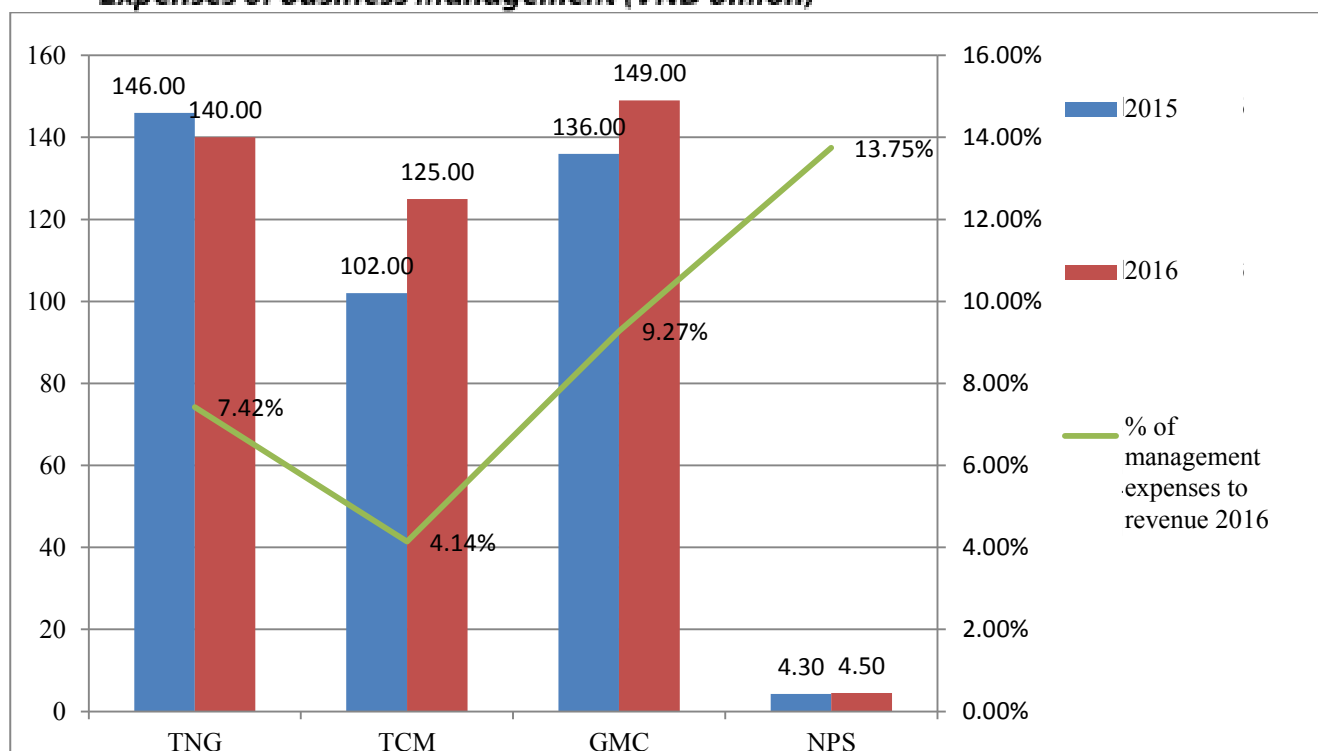
### Selling expenses (VND billion)



TCM is the enterprise with the highest selling expenses and the selling expense-to-revenue ratio. In 2016, TCM's selling expense was VND 96 billion and the selling expense-to-revenue ratio was 3.19%

In 2016, TNG's selling expense was VND 29 billion, the selling expense-to-revenue ratio was 1.53%

### Expenses of business management (VND billion)

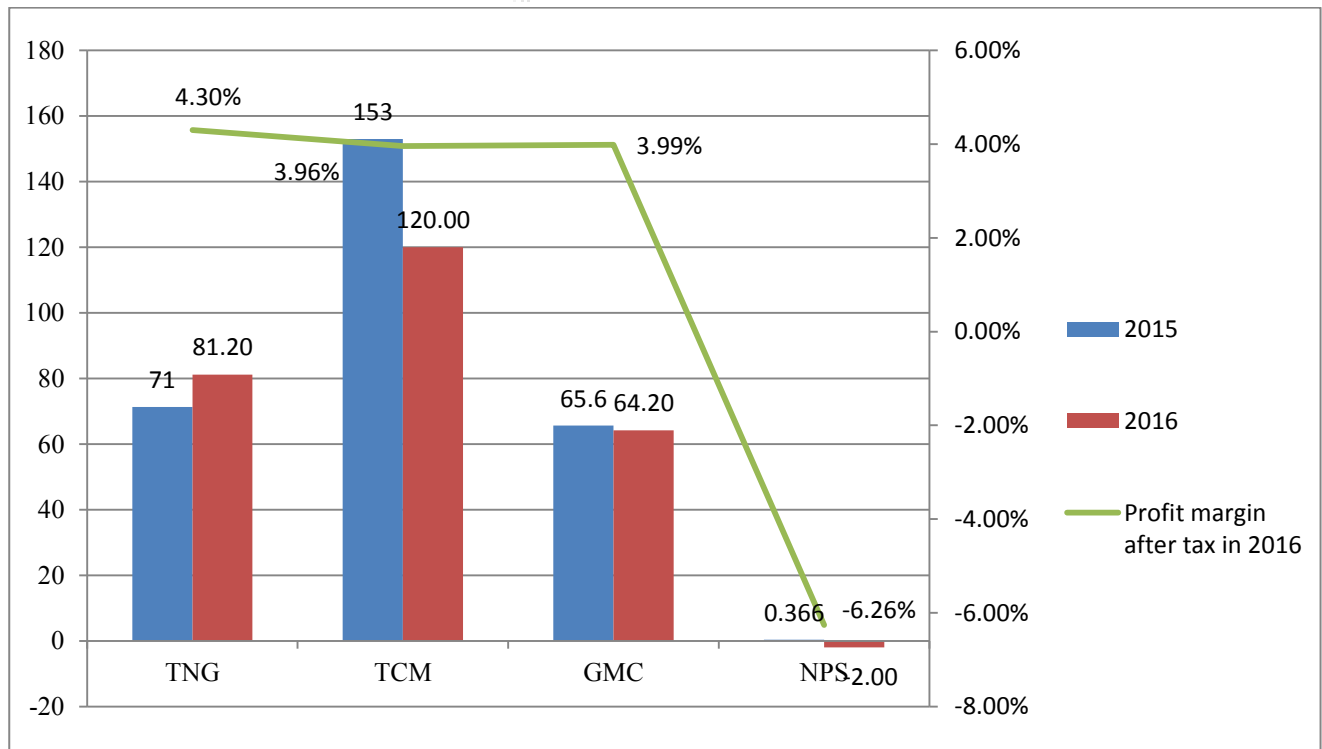


**NPS** is the enterprise with the highest expenses of business management.

NPS is the enterprise with the highest the ratio of the management expenses to the revenue of 13.75%.

TCM is the enterprise with the lowest ratio of management expenses to the revenue of 4.14%

**Profit after tax (VND billion)**



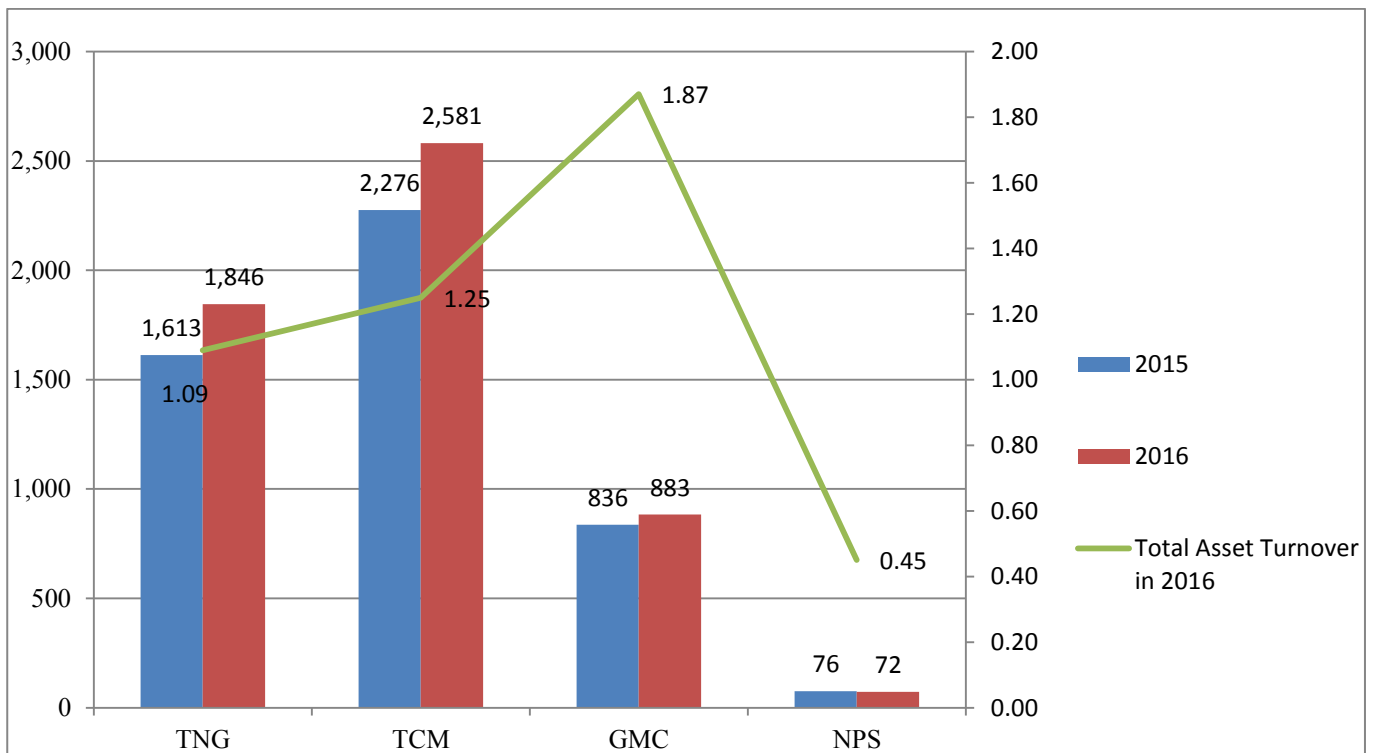
GMC is the enterprise with the largest profit after tax in 2016. GMC's profit after tax was VND 64.2 billion and its net profit margin was 3.99%

This GMC's item decreased over years. In 2015, the number was VND 153 billion and only VND120 billion in 2016.

In 2015, TNG's profit after tax was VND 71.3 billion, and it increased to VND 81.2 billion in 2016, followed by the net profit margin after tax of 4.30%

## 2. FINANCIAL SITUATION

### Total assets (VND billion)

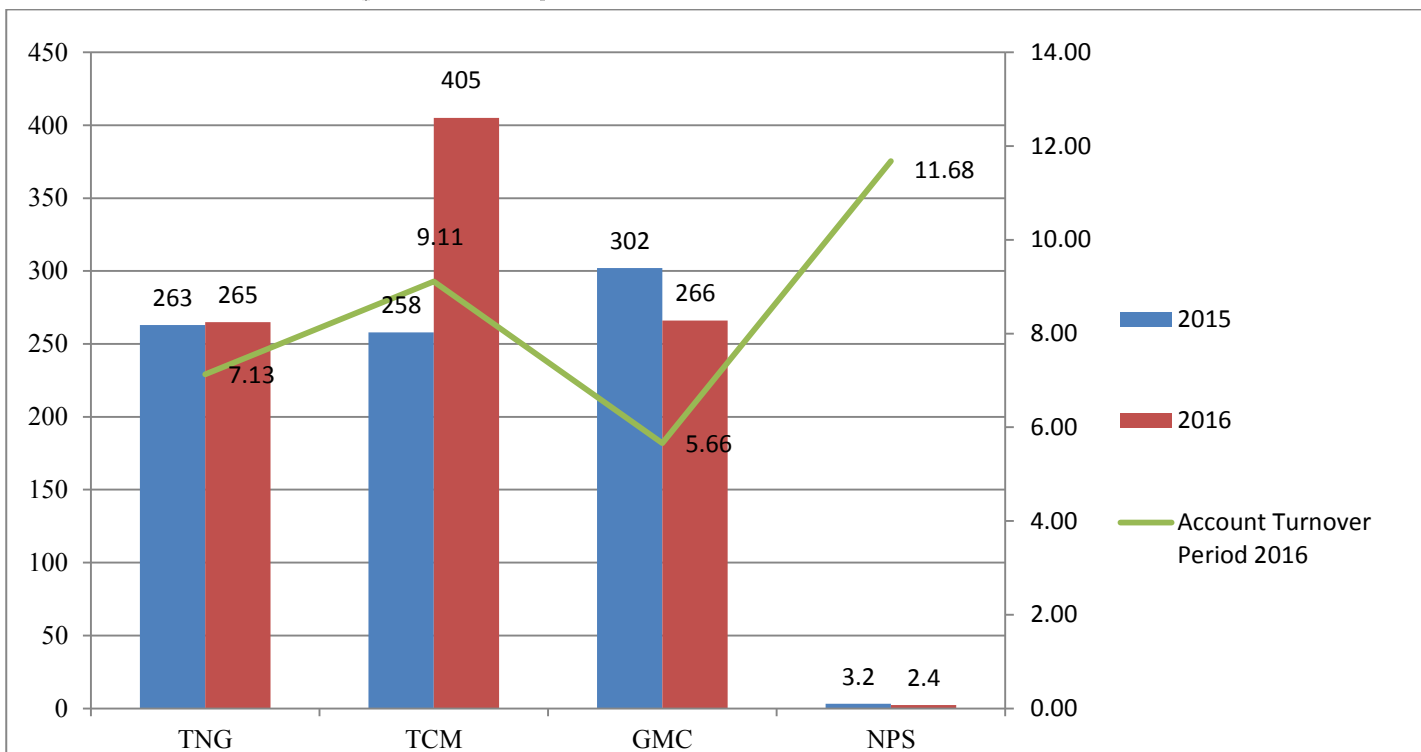


**TCM** is the enterprise with the highest total asset value. As of 31 December 2016, total asset value of the Company was VND 2,581 billion, much higher than VND 1,846 billion - the total asset value of TNG - the second position. Asset turnover was 1.25; only lower than GMC

GMC is the enterprise with the highest asset turnover. In 2016, its total asset turnover reached 1.87, which represents the GMC's efficiency of the asset use.

Total assets of TNG as of 31 December 2016 was VND 1,846 billion with a total asset turnover of 1.09.

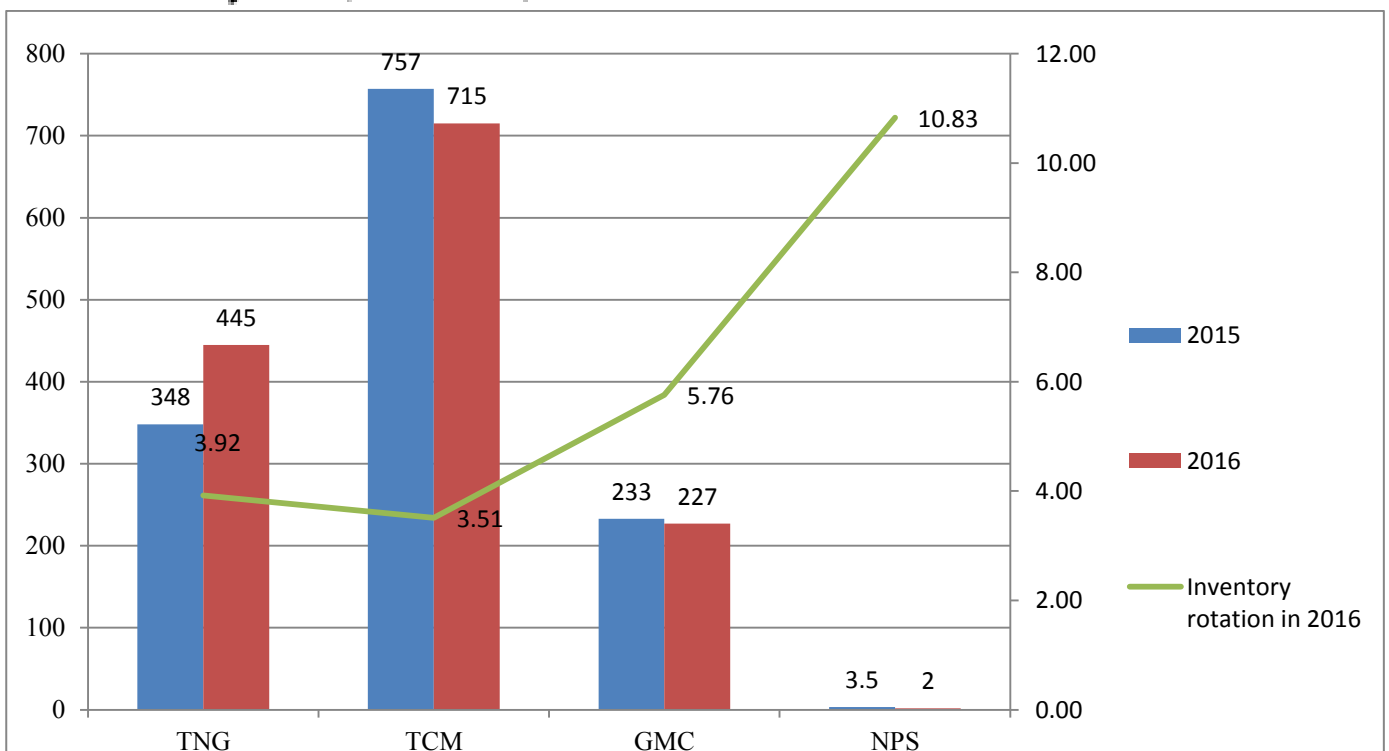
### Receivable value (VND billion)



TNG had the receivables with large values. In 2016, the TNG's receivable value was VND 265 billion, corresponding to the receivables turnover of 7.13.

NPS is the enterprise with the highest receivable turnover of 11.68

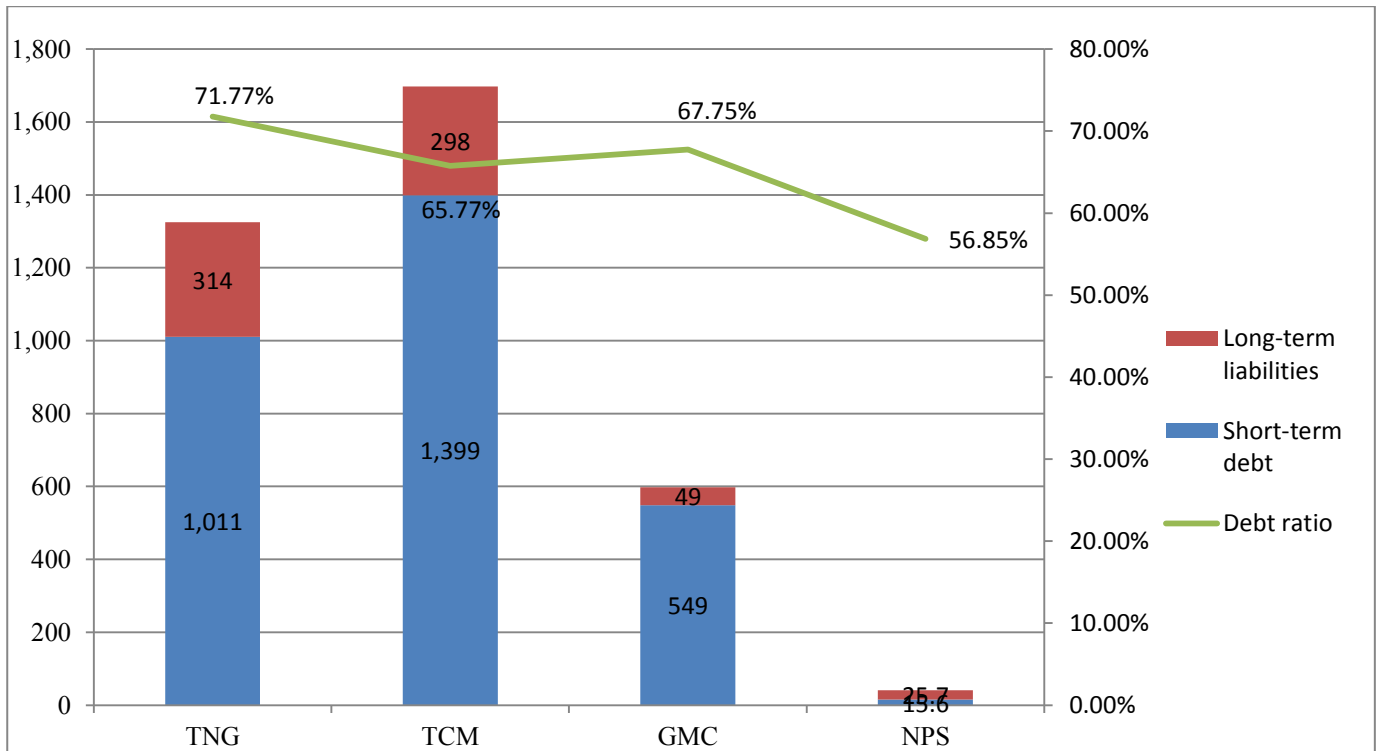
### Inventory value (VND billion)



TCM is the enterprise with the largest inventory value in 2016 corresponding to the company size with VND 757 billion

NPS had the highest inventory turnover in 2016 with the number of 10.83  
 TNG's inventory in 2016 valued VND 445 billion, and inventory turnover was 3.92

**Debt structure (VND billion)**



**TCM** is the most leveraged business. As of 31 December 2016, short term and long term loans were VND1,399 billion and VND 298 billion, respectively. However, the debt ratio of TCM remained good, stable of 65.77%

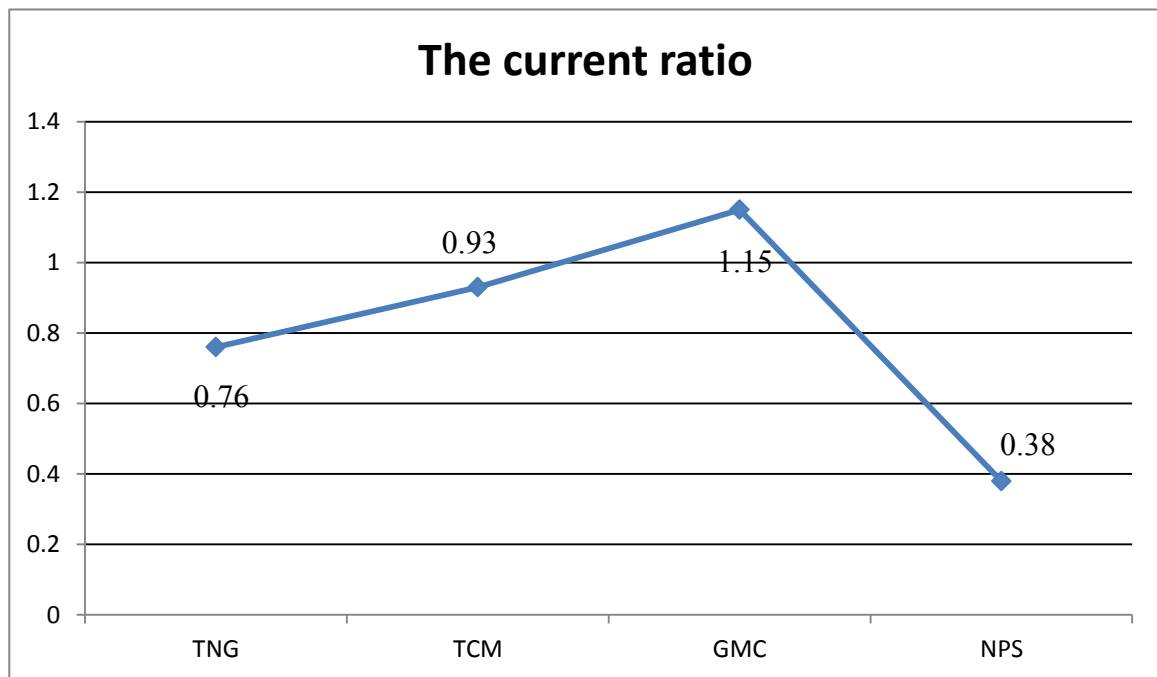
TNG's the debt-asset ratio was 71.77% - the highest one with short term and long term debts valued VND 1,011 billion and VND 314 billion respectively.

Due to the high financial leverage, TNG's financial expenses are also high compared to peers and greatly affect its profitability.

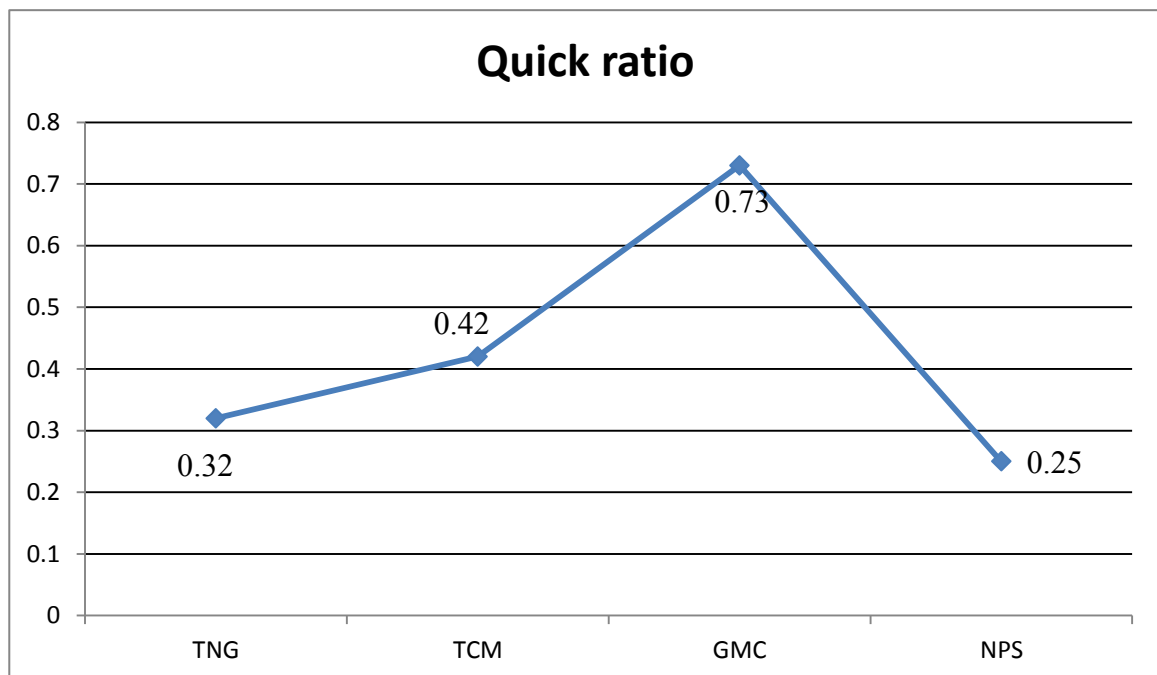
## II. FINANCIAL INDICATORS OF TEXTILE & GARMENT ENTERPRISES IN THE 2ND QUARTER 2016

Indicators	TNG	TCM	GMC	NPS
<b>Liquidity ratio</b>				
Current ratio	0.76	0.93	1.15	0.38
Quick ratio	0.32	0.42	0.73	0.25
Instant ratio	0.01	0.05	0.19	0.09
Interest Coverage Ratio	2.41	7.36	8.77	-3.00
<b>Asset structure ratio</b>				
Debt ratio	71.77%	65.77%	67.75%	56.85%
Equity ratio	28.23%	34.23%	32.25%	43.15%
Debt equity ratio	254.29%	192.16%	210.08%	131.76%
<b>Incremental Capital - Output Ratio</b>				
Inventory Turnover Ratio	3.92	3.51	5.79	10.83
Days of a Inventory Turnover Ratio	93,18	102.59	62.14	33.24
Account Receivable Turnover Ratio	7.13	9.11	5.66	11.68
Average collection period	51,17	39.54	63.56	30.83
Payable Turnover	9.88	11.33	14.41	44.55
Numbers of payable days	36.94	31.77	24.98	8.08
Equity turnover	1.09	1.25	1.87	0.45
<b>Profitability ratio</b>				
Return on Assets (ROA)	4.69%	4.93%	7.47%	-2.81%
Return on Equity (ROE)	17.09%	13.76%	23.57%	-6.44%
<b>Expense structure ratio</b>				
Cost of goods sold/net revenue	82.35%	85.44%	82.92%	90.56%
Selling expenses/net revenue	1.53%	3.19%	2.92%	1.93%
Expenses of business management/Net revenue	7.42%	4.15%	9.26%	13.75%
Interest expenses/Net revenue	3.56%	0.72%	0.60%	1.56%

## 1. Liquidity group

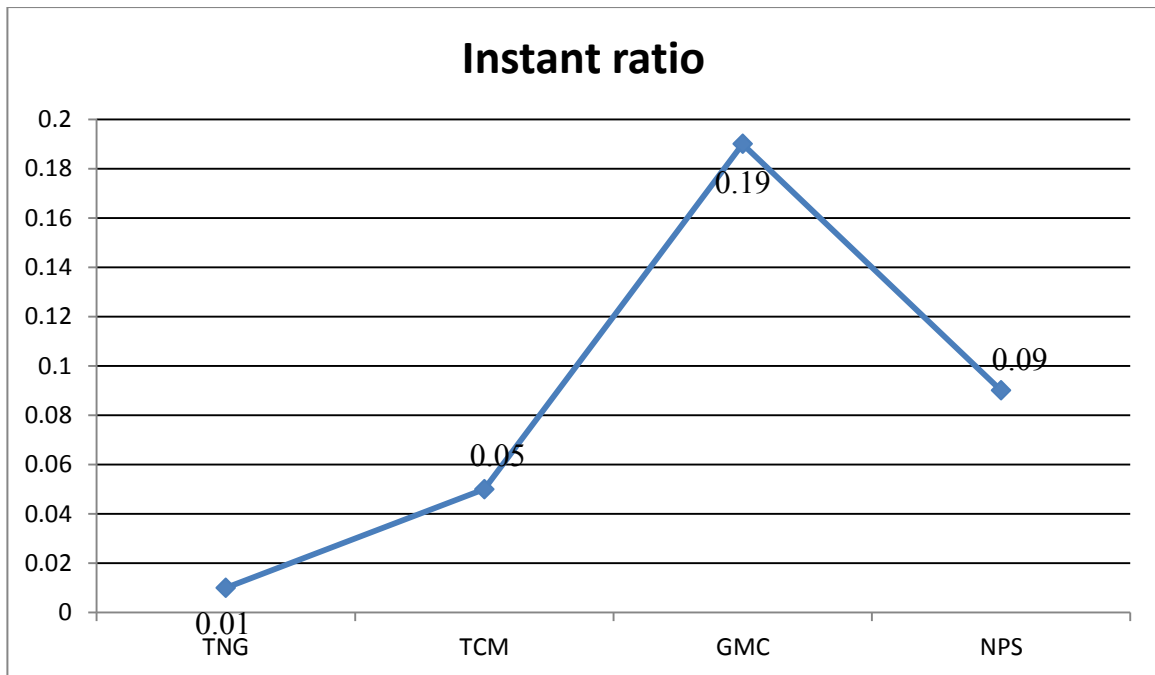


The current ratio of TNG in 2016 is 0.76. This indicator of GMC is  $1.15 > 1$ . It shows that the current payment capacity of GMC is good.

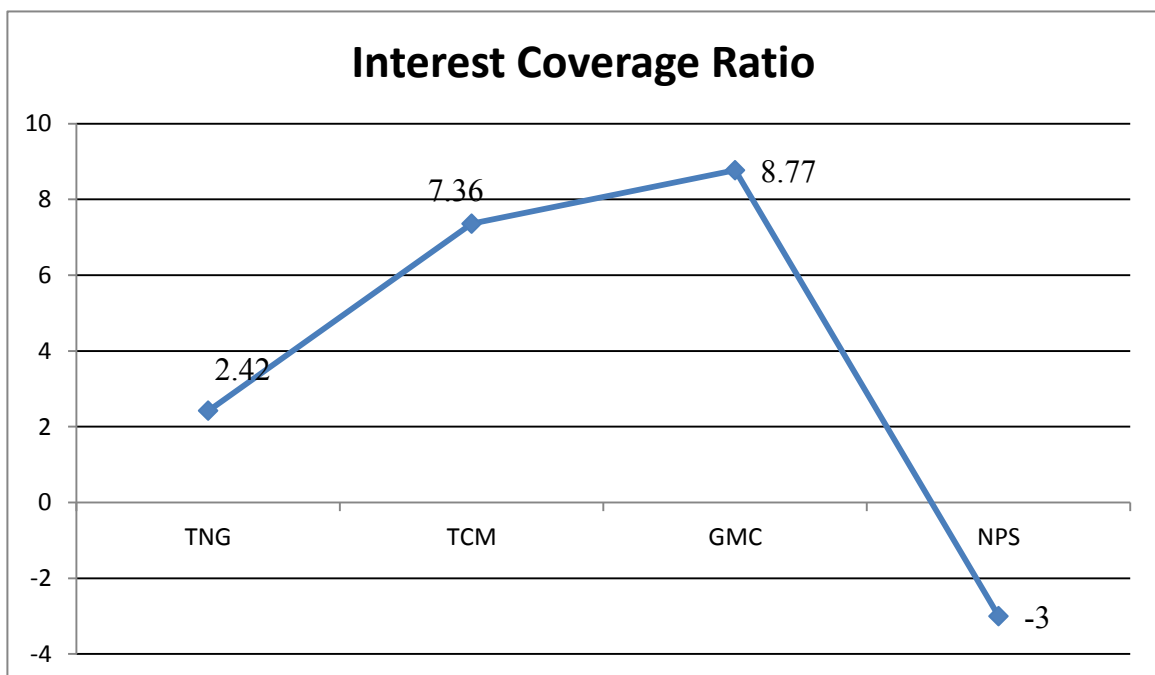


This indicator of GMC is the best of 0.73. This indicator of TNG is not really good at just 0.32.





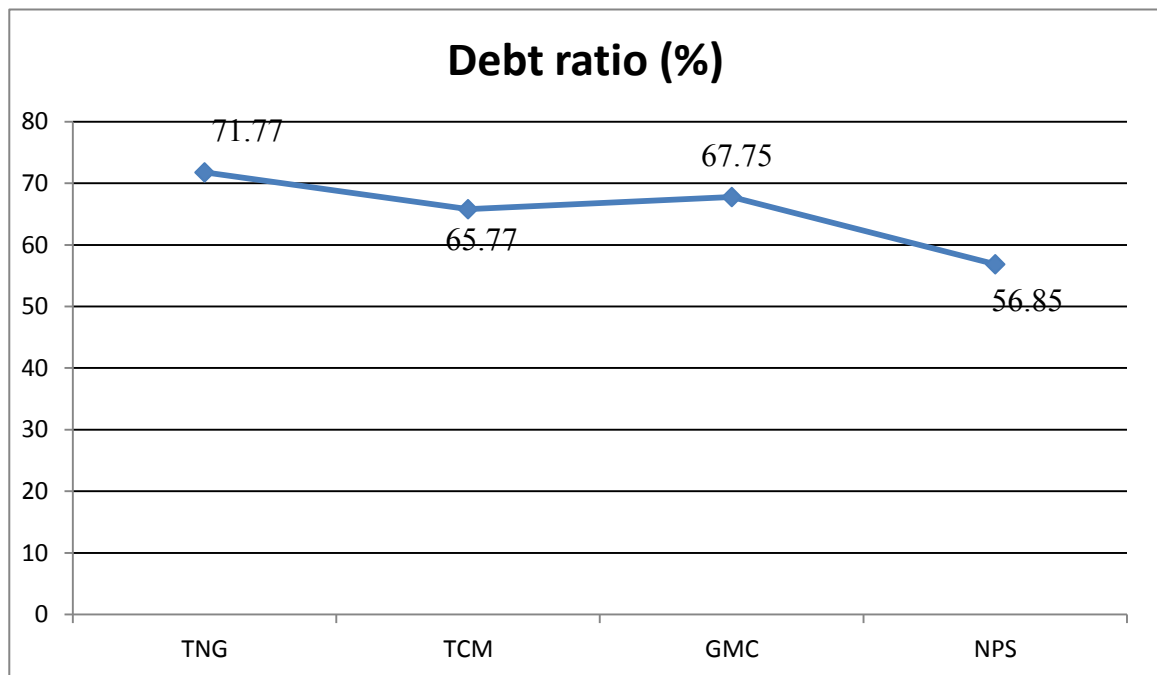
Instant ratio of 4 companies are low. Among them, TNG's one is the lowest with 0.01. In terms of instant liquidity, GMC is the best with 0.19 times. TNG's liquidity is not good.



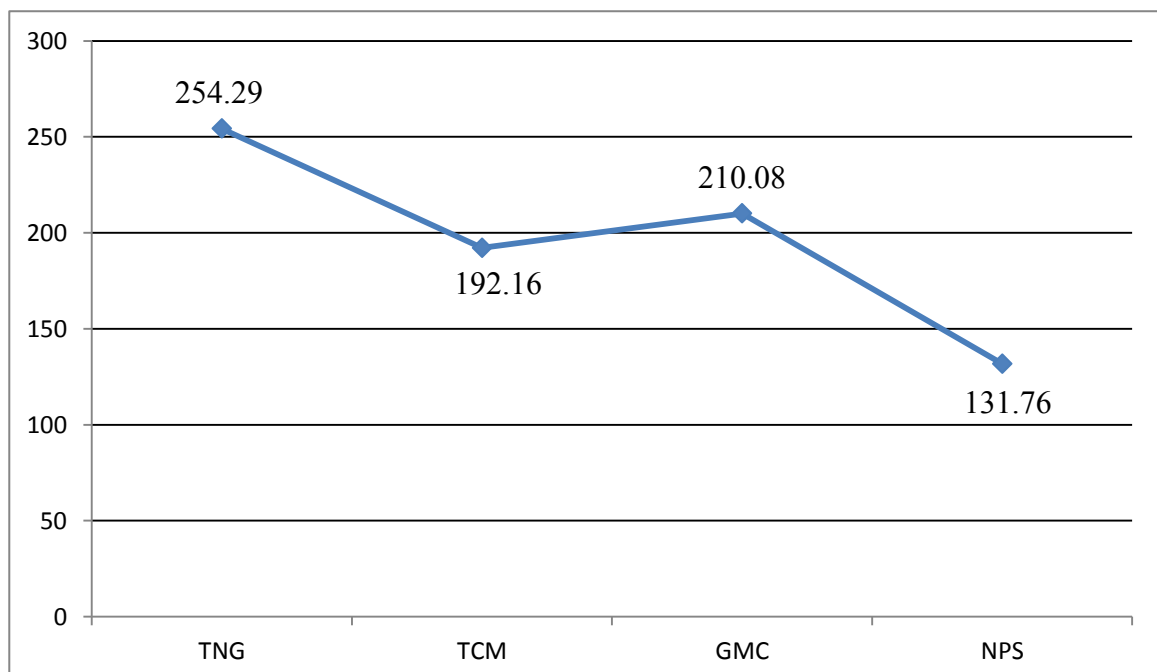
This indicator of TNG in 2016 is 2.41. This indicator of TNG is low and far away from GMC (8.77).

**Comments: In terms of liquidity, GMC has the best one.**

## 2. Asset structure group

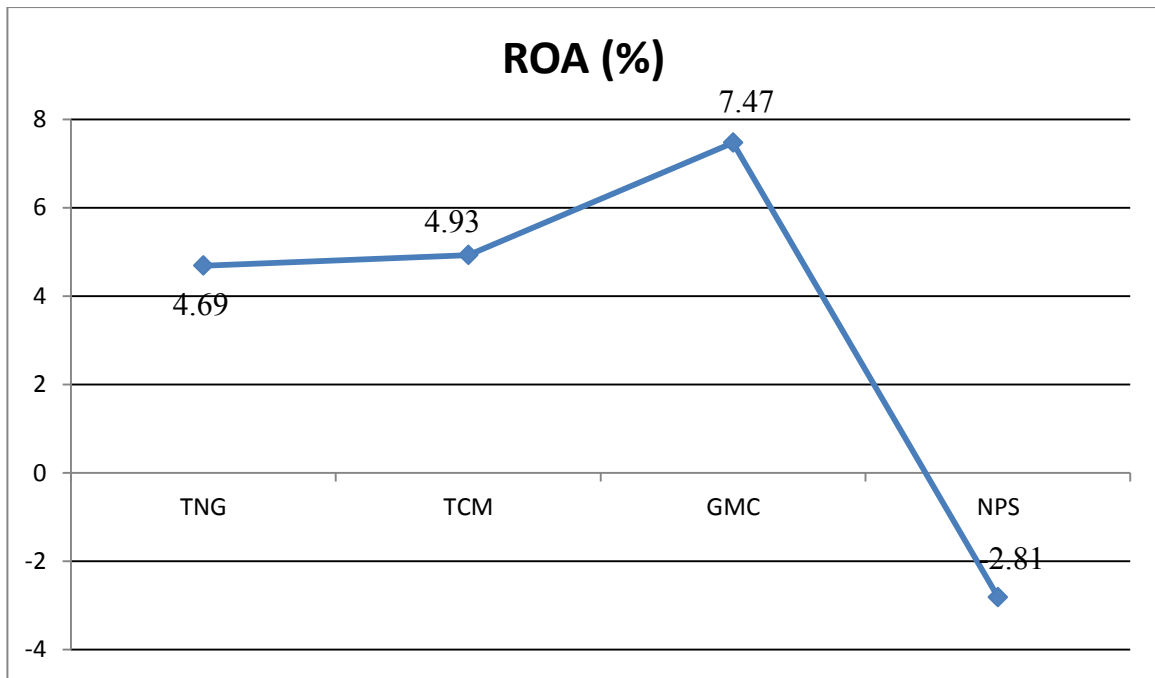


The TNG's debt ratio in 2016 was 71.77%, the highest among the four rated companies. Three remaining companies had fairly good debt ratios, namely 65.77%, 67.75%, and 56.85% for TCM, GMC and NPS in respectively. This can also be explained by the fact that TNG is using financial leverage using a loan, but TNG should lower its debt ratio to under 60% for better management of finance.



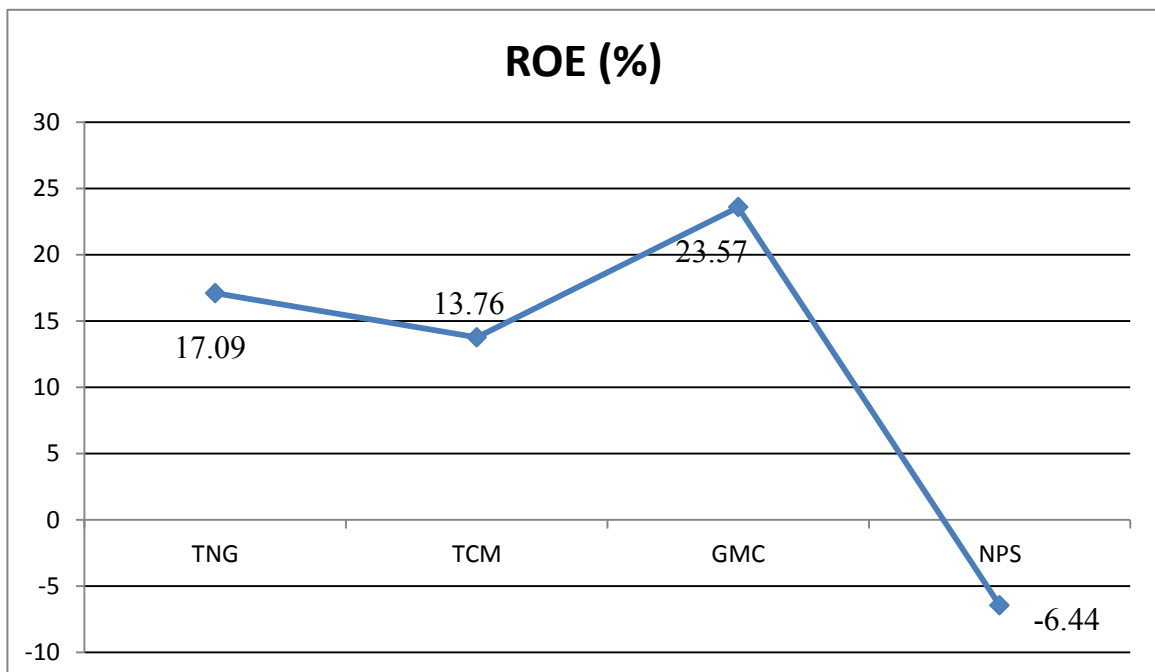
This indicator of TNG in 2016 was 254.29%, the highest among the four rated companies.

### Profitability on operating capital



Profitability ratio on operating capital of TNG in 2016 was 4.69%, which was improved. GMC owned the highest profitability ratio in the four rated companies. Specifically, the ROAs of GMC, TCM and NPS were in turn 7.47%, 4.93% and -2.81%. The indicator shows that every VND 100 of assets, TNG generates the highest profit with VND 4.69 of profit after tax in 2016.

#### Profitability on equity



The return on equity of TNG in 2016 was 17.09%, which is significantly improved compared to 2015

GMC's ROE is the most attractive with 23.57%. And ROEs of TCM and NPS were 13.76% and -6.44% in respective. This indicator shows that for every VND 100 of equity, TNG generates VND 23.57 of profit after tax in 2016.

## EVALUATION OF TNG FINANCIAL STATUS

### **Positive**

- ✓ In 2016, the company expanded its business scale. The amount of capital put into business increased to nearly VND 300 billion compared to the beginning of the year, which increased strongly in long term assets.
- ✓ ROA and ROE have both grown. In which, ROE increased from 16.66% to 17.09%
- ✓ Quick ratio, instant ratio, current ratio and interests have been improved positively, creating trust for the partners in difficult economic conditions.
- ✓ The debt ratio is on the upward trend with a slight increase over the first quarter of 2016, when it rose from 77% to 71.77%

### **Negative**

Apart from the above mentioned positive points, there are still some shortcomings that the Company should consider to make more reasonable adjustments in the future.

- ✓ TNG's revenue in 2016 decreased compared to the same period last year, down by 1.88%.
- ✓ The structure of capital mobilization is not reasonable, the debt ratio of the company is high, the payable debts always accounts for more than 70% of the total capital of the Company.
- ✓ The current ratio, quick ratio and instant ratio are too low, so the company should take measures to accelerate debt recovery, release inventories, enhance solvency.

## CONCLUSIONS

In 2016, TNG will have steady and stable growth. The higher ROE and ROA ratios suggest that investors should invest in TNG in the future.

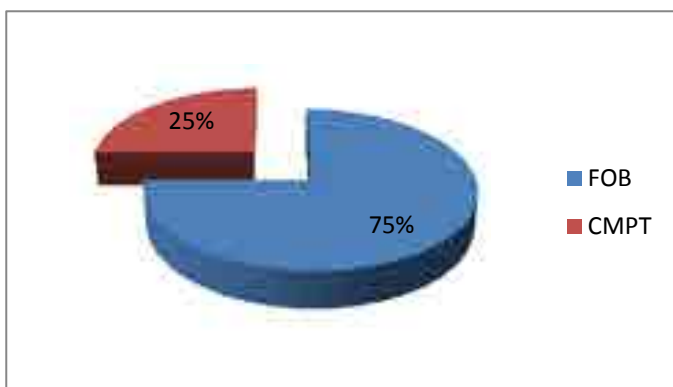
Although the liquidity ratios are not good, this is not due to TNG's financial problem, but the use of financial leverage, and if leverage is used effectively, TNG will grow very fast..

TNG is still a dominant player in Vietnam's textile & garment industry, as compared to the top players in this industry, TNG still has had superior performances.

In 2017, TNG has developed the detailed plans for its development. TNG's entire staff and management team will be well on track to develop TNG.

### 2. Changes and fluctuations in business strategies

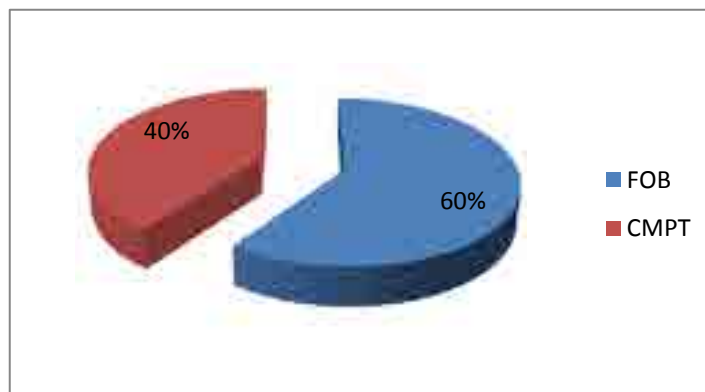
#### VND 2.1, Change of order percentage from FOB/CMPT



2014



2015



2016

### 2.2. Source of supply

#### Percentage (%) of input materials

Local materials (in the province)	Domestic materials (from other localities)	Imported materials
1%	30%	69%

The Company usually buys materials from various sources, both domestic and abroad ones. But the proportion of textile materials from China, South Korea and Hong Kong, Taiwan always accounts for the large part because of meeting the product quality, the variety of products and the competitive price. In addition, the Company also imports raw materials from other countries such as Panama, Malaysia, etc.

### List of domestic material suppliers

No.	Partners	Goods
1	Hanoi Trading And Packing Production Company Limited	Papers of all kinds
2	Dong Tien Think Development and Investment Company Limited	Papers of all kinds
3	An Giang Energy Joint Stock Company	Coal
4	Thuy Viet Company Limited	Papers of all kinds
6	Hanoi Development and Electricity Mechanics Joint Stock Company	Tapes, logo

### List of foreign material suppliers

No.	Partners	Goods
1	LIBERTY MILLS LTD	Fabrics and lining
2	KAI CHERNG ENTER PRICE	Fabrics and ancillary materials
3	REALTY TE TILE CO., LTD	Fabrics and lining
4	JANGKI TEXTILE CO., LTD	Fabrics and lining
5	OS - SONG	Fabrics and lining
6	FULTIDE ENTERPRISE CO., LTD	Fabrics and lining



### 2.3 Market

- Network of customers and clients: TNG's products are available throughout the country and across the world. TNG's export markets include: USA, Hong Kong, Canada, Mexico, EU, etc.
- Network of stores: TNG currently has 46 stores in more than 20 provinces and cities in Vietnam. In 2016, 10 retail outlets in the country were expanded. And in 2017, more 20 retail outlets will have been opened.

#### Domestic market:

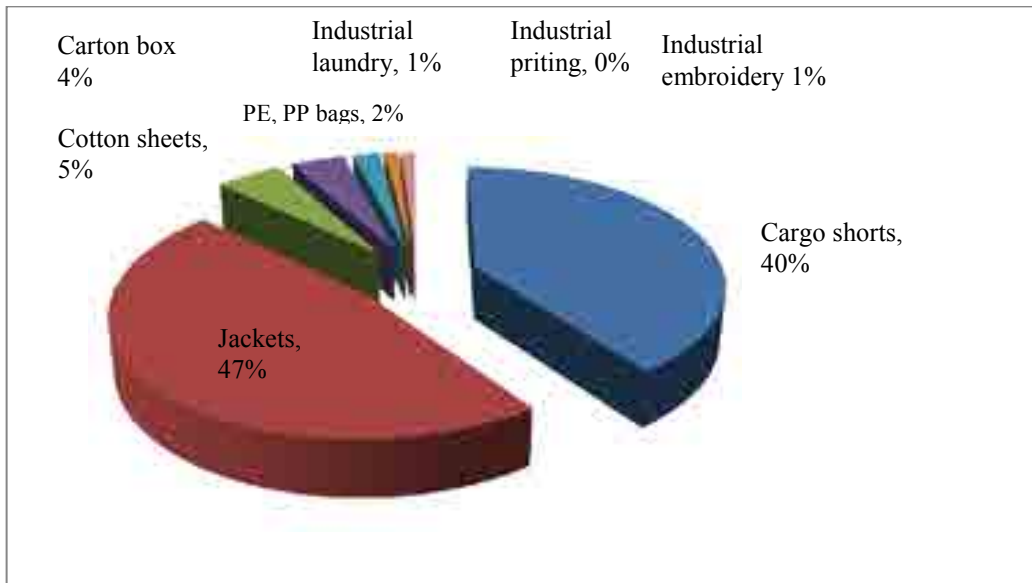


#### Export markets:

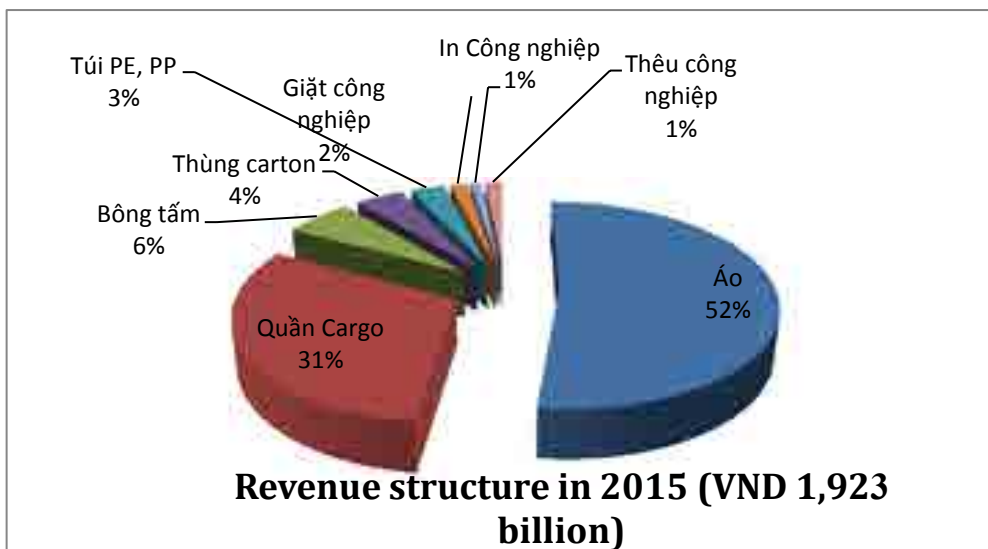




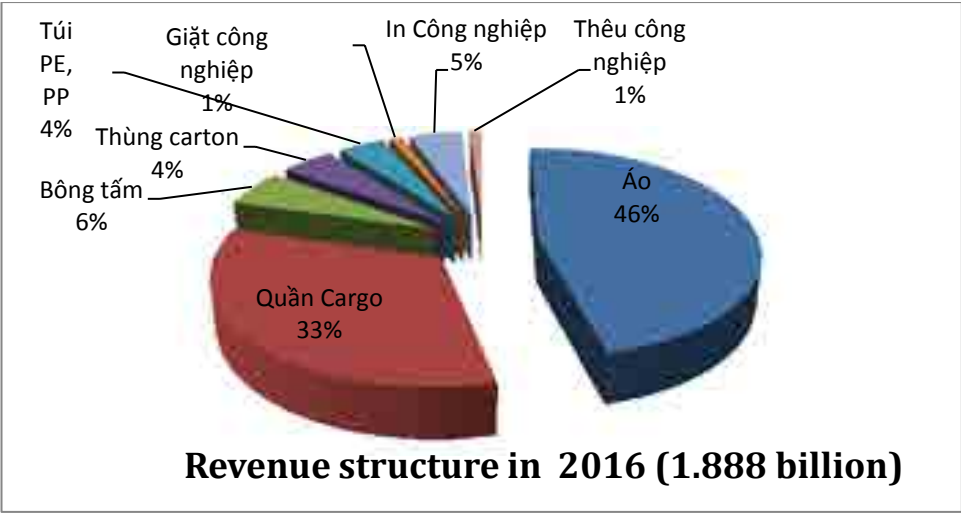
6. Revenue structure



Revenue structure in 2014 (VND 1,377 billion)



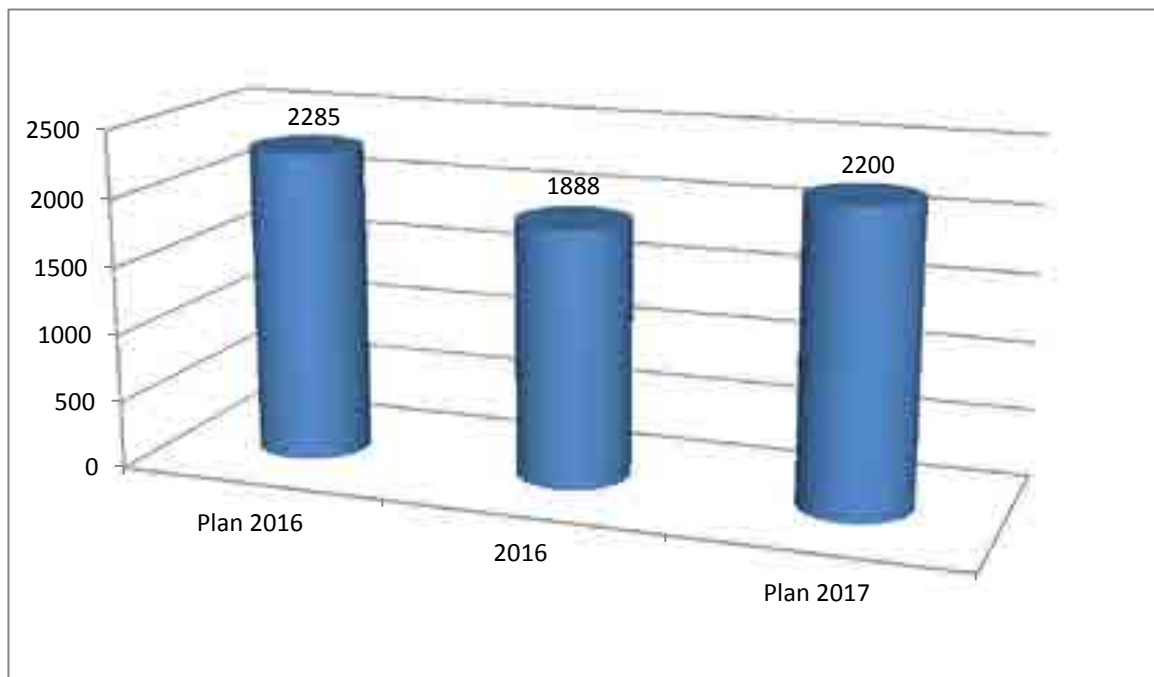
Revenue structure in 2015 (VND 1,923 billion)



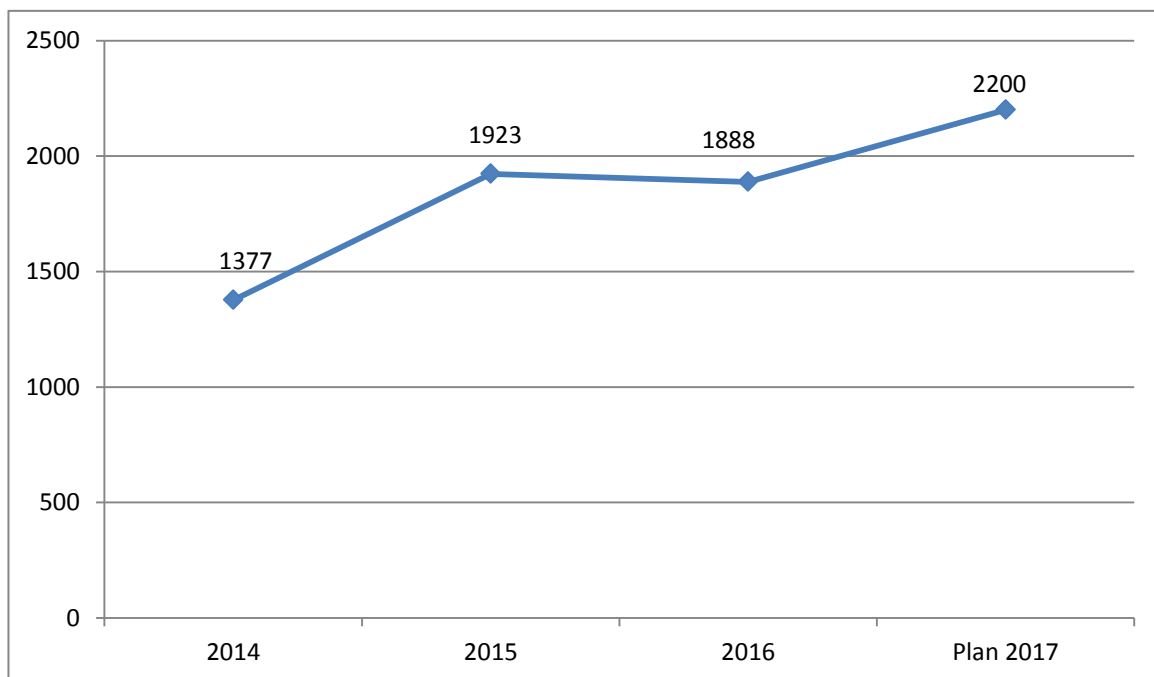
Revenue structure in 2016 (VND 1,888 billion)

## A. PERFORMANCE COMPARED TO THE PLAN

**1. Actual revenue compared to the plan:** Actual revenue compared to the plan decreased 17,37%

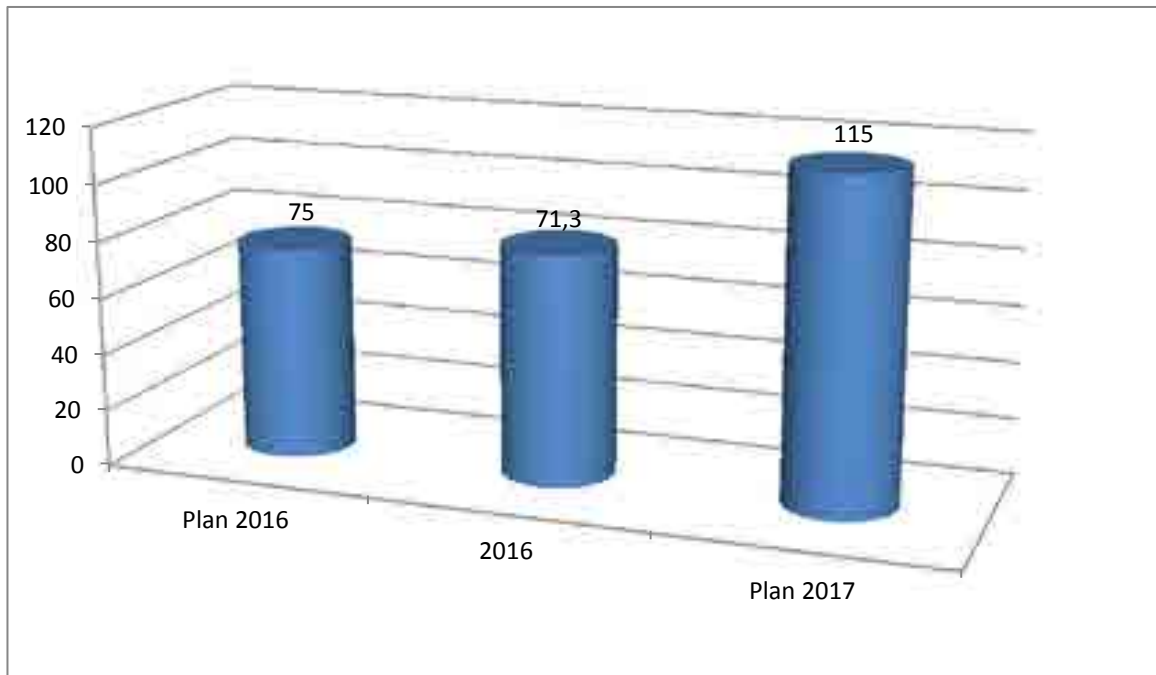


Revenue over 3 years:

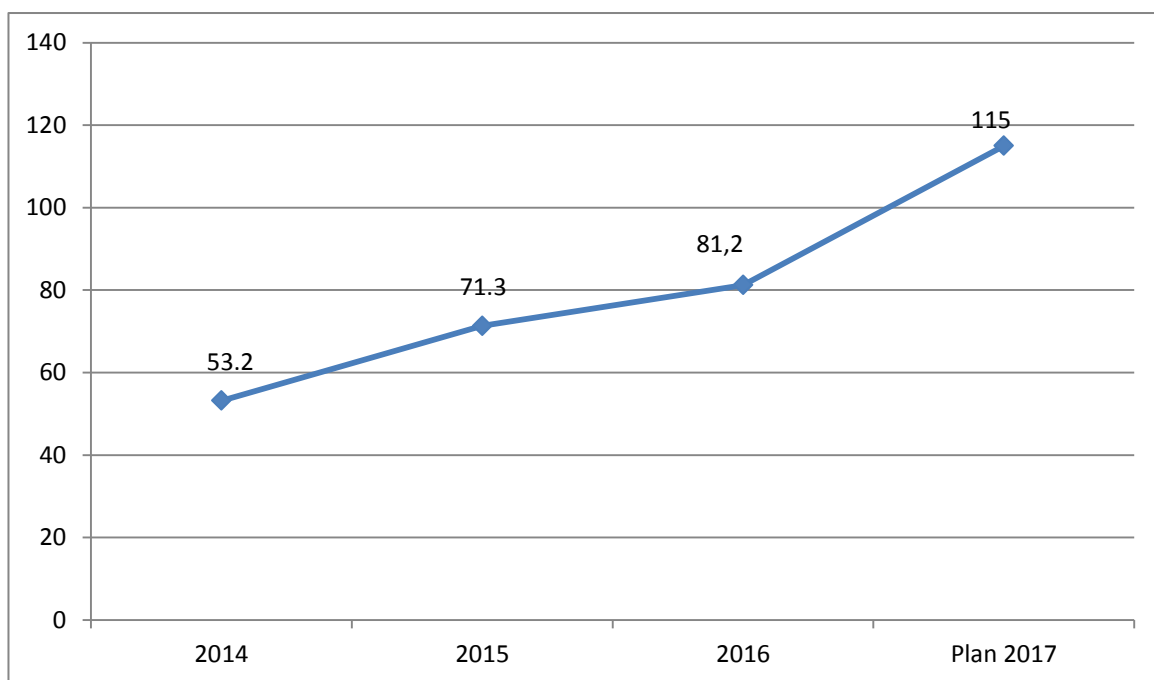


Revenue over 3 years: 2017, 2018, 2019: An average increase of 127%.

**2. Profit (VND billion)** Profit in 2016 was VND 81.2 billion, an increase compared to 2015 but TNG has not fulfilled the plan. Profit after tax in 2016 was only 75% of the plan.



**Realized profit in 3 years:**



Realized profit in 3 years: 2014, 2015, 2016

So the reasons for not reaching the plan are as follows:

**1. Objective reasons:**

- 1.1. The garment industry is competing directly with rivals such as China, India, Cambodia, Bangladesh, Myanmar and Sri Lanka. India is concentrating its resources and policies from the government to develop the textile and garment industry. Cambodia, Myanmar ... enjoy preferential tariff for exports to the EU.  
Another disadvantage is the tax rate. While the tax rate applied for exports of Vietnamese textiles and garments into the EU market ranges from 9% to 12%, tax rate on garments from countries such as Cambodia and Laos are only 0%
- 1.2. Vietnam's exchange rate policy is stable and anchored in the strong currency which is the US dollar, while other currencies in the major import markets of Vietnam have been greatly reduced: The euro lost 18% of its value; 17% for Yen Japan ; 8% for yuan, etc. At the same time, the currencies of exporters competing directly with Vietnam such as ASEAN, India and Bangladesh also decreased by 10-20%. "Thus, the exchange rate alone makes Vietnamese textile products more expensive than ones of other countries from 10-16%."
- 1.3. Interest on domestic bank loans of 8-10%/year, which is two to three times higher than other competitors or minimum wage increases on average 12-15% make the cost of production increase sharply.
- 1.4. Trade agreements that the textile and garment industry can benefit from, such as the TPP and the FTA, have not yet entered into force. The rapidly rising minimum wage also contributes to increase in the cost of the enterprise. According to statistics, the cost of wages in total products accounted for 60% in Vietnam, while in Myanmar the number is only from 15-20%

**+ Subjective reasons:**

1. The decline in customer output leads to a drop in profitability, efficiency and increased costs.
2. The wage costs is higher than rising labor.
3. Focus of great customers, with many categories around the year has not paid much attention.

**RECOMMENDATIONS: The clients & customers do the following:**

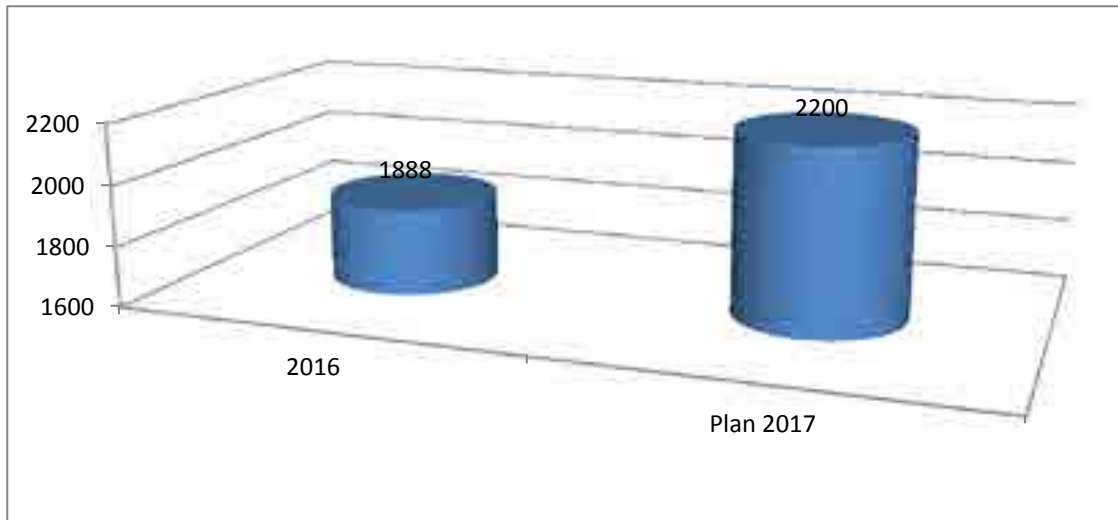
1. Direct, comply with the Decision of the Board of Management No. 1701A on the selection of customers and allocation of customers to each branch.

2. Come directly at the head office/representative office of the customers to better understand the customers.

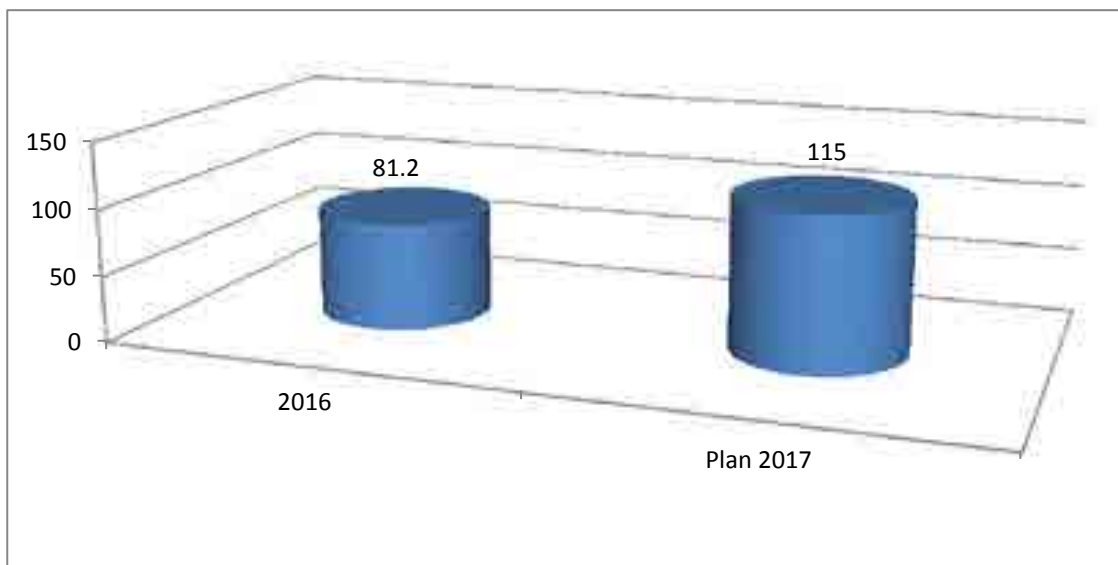
## B. BUSINESS PLAN IN 2017

TNG develops the plan of VND 2,200 billion in revenue and VND 115 billion in profit after tax in 2017.

### 1. Revenue plan in 2017: VND 2,200 billion



### 2. Profit plan in 2017: VND 115 billion



### 3. Basis for implementation

#### ***Recruitment of adequate labor:***

- Strict implementation of commitments to employees: No violations for the regime and rights of employees as prescribed by law
- TNG creates the best motivation for employees to feel assuredly in working

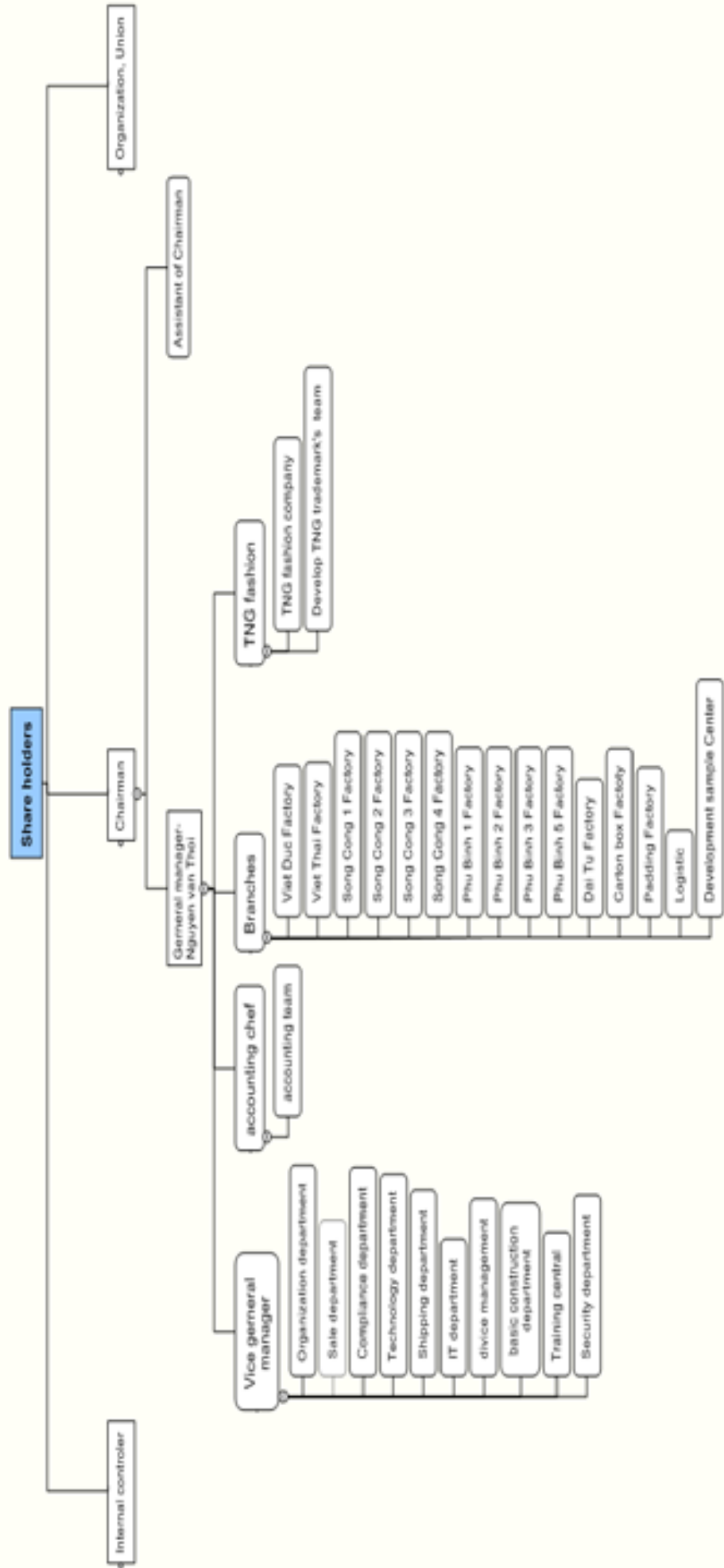
Business plan to 2020

- + Background: Output for overseas markets is very good, with ongoing orders from the major customers.
- + Focus on the skilled technicians, every year recruit skilled staff and organize honors for their performance.
- + Concentrate on training and development of human resource, enhance the training of high quality human resources, and the management team at all levels.
- + Complete the risk management system, the financial management system on the software.
- + Strengthen the assessment of the capacity of customers as well as suppliers, cost savings, procurement of materials through bidding, competitive bidding.

**ORGANIZATION & PERSONNEL**

**ORGANIZATIONAL MODEL**

***TNG structure***





## List of Executive Board

Board of Directors

Term: 2015 -2018

1. Mr. NGUYEN VAN THOI	2. Ms. LY THI LIEN	3. Mr. NGUYEN DUC MANH	4. Ms. LUONG THI THUY HA
<b>Chief Executive Officer</b>	<b>Chief Executive Officer</b>	<b>Independent member of BOM</b>	<b>Chief Accountant</b>
<b>Year of birth: 1971</b>	<b>Year of birth: 1962</b>	<b>Year of birth: 1983</b>	<b>Year of birth: 1969</b>
Time of appointment 2014	Time of appointment 2009	Time of appointment 2007	Time of appointment 2008
Working experience: 1995 – 2013: Official of Thai Nguyen Garment Company 2013 – 8/2014: Vice General Director of TNG Investment and Trading Joint Stock Company	Working experience: 1989 – 1995: Yen Bai Bank of Industry and Trade 1996: Thai Nguyen Garment Company 1998 – 2008: Chief Accountant of Thai Nguyen Garment Company	Working experience: 1995: Thai Nguyen Garment Company 2010 – 2011 : Manager of Sales Department of TNG Investment and Trading Joint Stock Company	Working experience: 1991 – 2008: Accountant - Thai Nguyen Garment Joint Stock Company 2008 – now: Chief Accountant - TNG Investment and Trading Joint Stock Company
9/2014 – now: General Director of TNG Investment and Trading Joint Stock Company	2008 – now: Member of BOM, Vice General Director of TNG Investment and Trading Joint Stock Company	2011 – now: Member of BOM, Vice General Director of TNG Investment and Trading Joint Stock Company	Joint Stock Company <b>Responsibilities</b> Financial control, supervision of imports & exports
<b>Responsibilities</b> Supervision of exports Increase the TNG's revenue and profit	<b>Responsibilities</b> Supervision activities related to human resources, finance, import & export, home and office affairs Offer solutions to control the TNG's capital flow	<b>Responsibilities</b> Supervision of operation for TNG brand goods in the domestic market Find opportunities for TNG to work with the corporations and major brand names of the United States, EU and Japan	<b>Qualifications</b> Bachelor of Accounting <b>Management experience in the Company</b> Over 20 years of experience in the field of accounting and finance <b>Owned shares</b> 215,886 shares
<b>Qualifications</b> Bachelor of Business Administration - National Economics University	<b>Qualifications</b> Offer solutions to control the TNG's capital flow		
<b>Management experience in the Company</b> 18 years of experience in the field of textiles & garments.	<b>Management experience in the Company</b> College of finance - banking		



## CHANGES IN THE EXECUTIVE BOARD

### CURRENT BOARD OF DIRECTORS

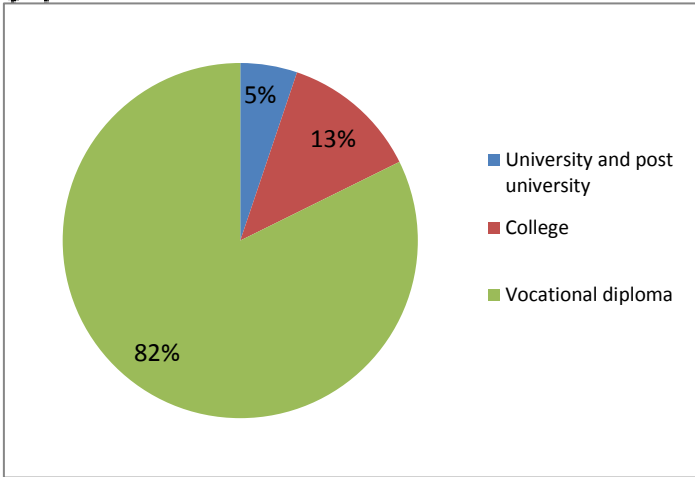
			
<p><b>Mr.: Nguyen Van Thoi</b>  <b>Chief Executive Officer</b>  <b>Nationality:</b> Vietnamese  <b>Year of birth:</b> 1971  <b>Time of appointment</b>                  2014  <b>Working experience:</b>                  1995 – 2013: Official of Thai Nguyen Garment Company                  2013 – 8/2014: Vice General Director of TNG Investment and Trading Joint Stock Company                  9/2014 – now: General Director of TNG Investment and Trading Joint Stock Company</p>	<p><b>Ms.: Ly Thi Lien</b>  <b>Vice Chief Executive Officer</b>  <b>Year of birth:</b> 1962  <b>Nationality:</b> Vietnamese  <b>Time of appointment:</b> In 2009  <b>Working experience:</b>                  1989 – 1995: Yen Bai Bank of Industry and Trade                  1996: Thai Nguyen Garment Company                  1998 – 2008: Chief Accountant of Thai Nguyen Garment Company                  2008 – now: Member of BOM, Vice General Director of TNG Investment and Trading Joint Stock Company  <b>Responsibilities:</b> Supervise activities on human resource, finance, import and export, internal and office affairs; Offer solutions to control capital flow of TNG  <b>Qualifications:</b>                  College of finance - banking</p>	<p><b>Mr.: Nguyen Duc Manh</b>  <b>Vice Chief Executive Officer</b>  <b>Member of Board of Management</b>  <b>Year of birth:</b> 1983  <b>Nationality:</b> Vietnamese  <b>Time of appointment:</b> 2007  <b>Working experience:</b>                  1995: Thai Nguyen Garment Company                  2010 – 2011 :                  Manager of Sales Department of TNG Investment and Trading Joint Stock Company                  2011 – now: Member of BOM, Vice General Director of TNG Investment and Trading Joint Stock Company  <b>Qualifications:</b> IT Bachelor in USA; Bachelor of Foreign Languages; Shanghai, China.  <b>Others:</b> Director of TNG Fashion Branch</p>	<p><b>Ms.: Luong Thi Thuy Ha</b>  <b>Chief Accountant</b>  <b>Member of Board of Management</b>  <b>Nationality:</b> Vietnamese  <b>Year of birth:</b> 1969  <b>Time of appointment:</b> 2016  <b>Working experience:</b>                  1992-2012: Employee working in TNG Investment and Trading Joint Stock Company                  2013 – 4/2016: Chief Accountant - TNG Investment and Trading Joint Stock Company                  04/2016 – now: Member of Board of Management, Chief Accountant - TNG Investment and Trading Joint Stock Company  <b>Qualifications:</b> Bachelor of Accounting</p>

## PERSONNEL STRUCTURE

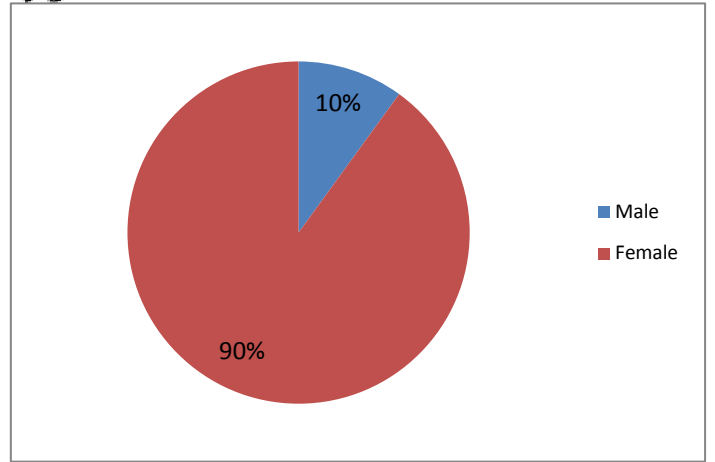
### Total employees of TNG

Item		2015		2016	
		Quantity (People)	Rate (%)	Quantity (People)	Rate (%)
<b>Total employees</b>		9,313	100.00%	9,544	100%
Gender	Male	950	10.20%	974	10,20%
	Female	7610	81.71%	8,570	89,80%
Age	Under 25 years old	1,045	11.22%	1,254	13,13%
	25-40 years old	7,125	76.51%	7,455	78,11%
	40-50 years old	950	10.20%	766	8,02%
	More than 50 years old	380	4.08%	69	0,7%
Branch	Company office	126	1.35%	125	1,31%
	TNG Fashion	-	-	856	8,97%
	Viet Thai	904	9.71%	932	9,77%
	Viet Duc	1,100	11.81%	978	10,25%
	Dai Tu	952	10.22%	666	6,98%
	Song Cong 1	747	8.02%	654	6,85%
	Song Cong 2	1,473	15.82%	1,159	12,14%
	Song Cong 3	854	9.17%	876	9,18%
	Phu Binh 1	680	7.30%	673	7,05%
	Phu Binh 2	807	8.67%	789	8,27%
	Phu Binh 3	763	8.19%	803	8,41%
	Phu Binh 4	566	6.08%	755	7,91%
	Packaging	142	1.52%	152	1,59%
Cotton	112	1.20%	126	1,32%	
Qualification	Vocational diploma	7,600	81.61%	7,855	82,3%
	College	1,140	12.24%	1,394	12,51%
	University and post university	760	8.16%	495	5,18%

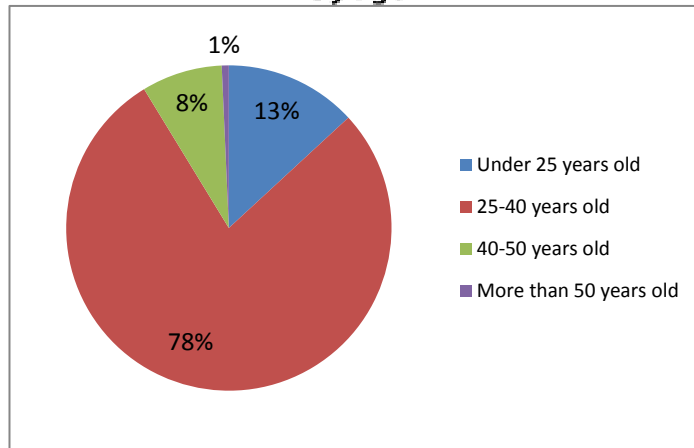
**By qualification**

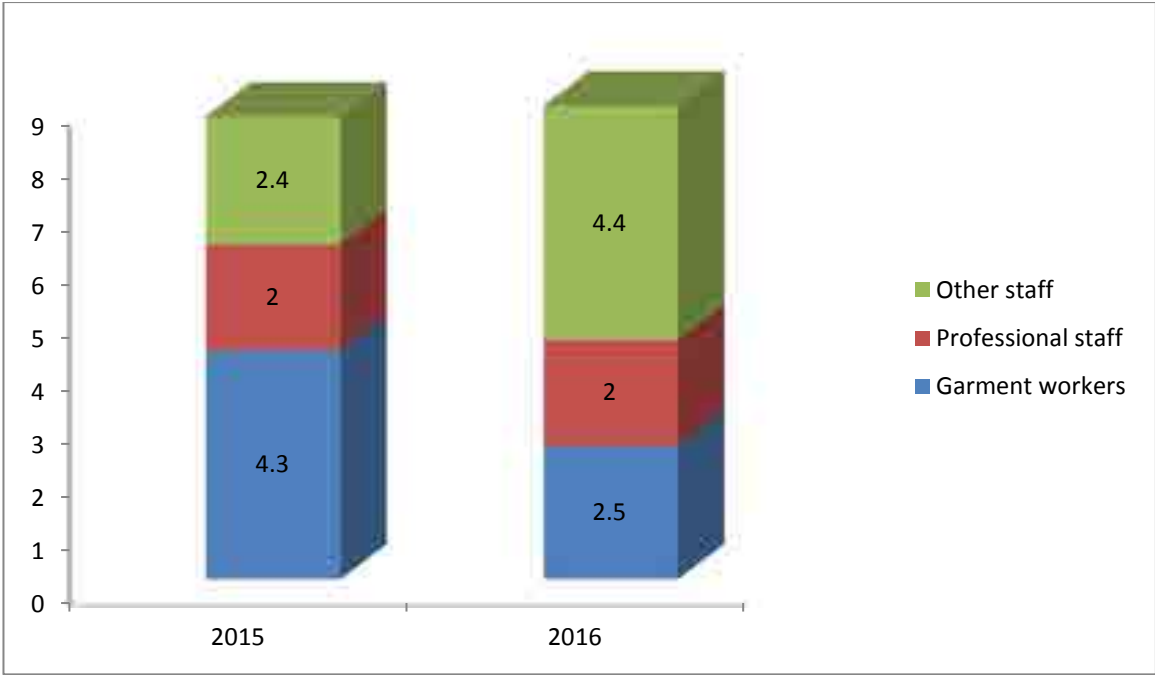


**By gender**



**By age**





Change the personnel structure of TNG in the period of 2015 - 2016

**CHANGES IN THE EXECUTIVE BOARD:**

Appoint Mr. Tran Minh Hieu - Vice Chief Executive Officer

## TRAINING

The training objective of TNG is to improve the quality of internal and external training courses, in order to give employees the opportunity to improve their professional capacity and efficiency in using human resources.

In 2016, TNG organized and registered to participate in many soft skills training courses for managers and training on professional knowledge for the Experts. Training programs were implemented in 2016 as follows:

## COMPENSATION AND BENEFITS

The salary and bonus work at TNG is implemented very strictly, in compliance with the TNG's salary regime as well as legal regulations. All employees working at TNG are paid the right salary according to the job title, assigned tasks and in line with the working capacity.

In order to increase employee engagement, focus on developing professional competence and continually strive to create new values, TNG has developed and strengthened its compensation policy based on factors as follows:

- Build a payroll scales system in accordance with the actual situation at the Company and the law
- Develop detailed job descriptions for each position title
- Implement periodic work assignments so that employees are clear of the objectives, tasks and at the same time developing planning skills to accomplish individual goals that contribute to the overall goal of the Company.
- Build a performance management system, accurately assess the performance of individuals. This evaluation result is an effective tool to help the individuals and the managers to determine the appropriateness of the objectives and the basis for adjusting and planning for the next period.

In addition to the compensation and benefit policy according to capacity and work efficiency, PAN Group also develops the suitable reward policy as rewarding individuals, collectives for fulfilling tasks and rewarding performance in the year based on the KPI and the work performance under the evaluation at the end of the year; the bonus period includes the probation period, irregular bonus for individuals with outstanding performance, the 13 month's salary, year end bonus to encourage employees to devote their efforts and strive hard to build up the PAN Group strongly and sustainably.

### **Average salary:**

The average monthly income of the Company's employees is as follows:

2013: VND 3,938,000/person/month.

2014: VND 4,138,000/person/month.

2015: VND 4,800,000/person/month.

2016: VND 5,200,000/person/month.

Compared with other enterprises in the same industry, this is considered a relatively stable and competitive income.

## **SITUATION OF PROJECT INVESTMENT AND IMPLEMENTATION**

### **LARGE INVESTMENTS IN 2016**

#### **Investment plan**

Apart from exports, TNG does not hide its ambition to 'cover' the domestic market. Mr. Nguyen Van Thoi - BOM Chairman said that in the coming years, TNG will open 10 more stores annually in 10 different provinces and cities (currently, the Company owns 42 stores) TNG's target in the domestic market is to cover retail sales in 50% of provinces and cities nationwide with retail revenue increasing 50% per year on average.

The TNG fashion design center has been completed.

TNG's social housing is under the process of completion and issuing the permit

Business plan to 2020

- + Background: Output for overseas markets is very good, with ongoing orders from the major customers.
- + Focus on the skilled technicians, every year recruit skilled staff and organize honors for their performance.
- + Concentrate on training and development of human resource, enhance the training of high quality human resources, and the management team at all levels.
- + Complete the risk management system, the financial management system on the software.
- + Strengthen the assessment of the capacity of customers as well as suppliers, cost savings, procurement of materials through bidding, competitive bidding



## SUBSIDIARIES AND AFFILIATED COMPANIES

### AFFILIATED COMPANIES

#### Bac Thai Electrical Installation Joint Stock Company

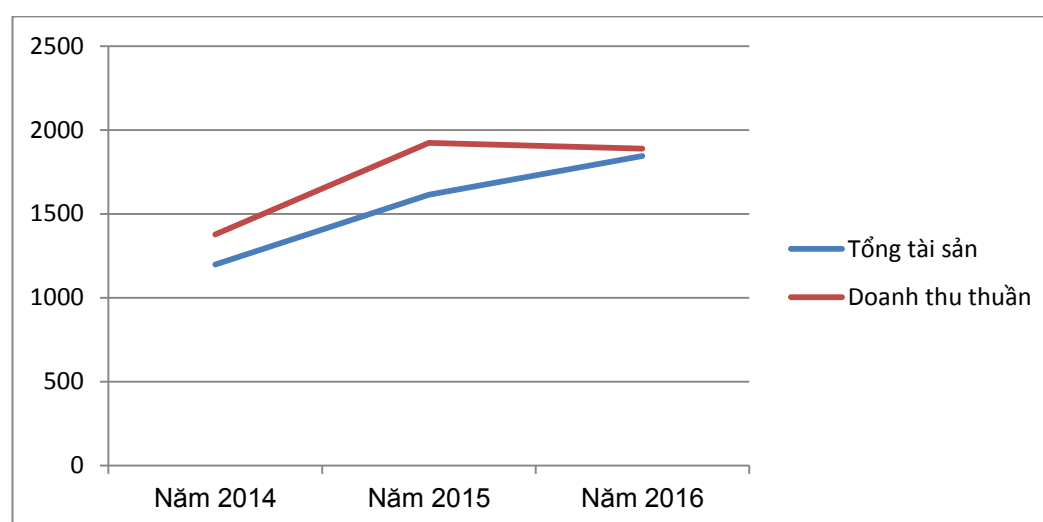
Address: Group 20 Phan Dinh Phung Street, Thai Nguyen City, Thai Nguyen Province

- In 2015, the General Meeting of Shareholders of Bac Thai Electrical Installation Joint Stock Company proposed the plan of restructuring and switched the business direction.
- The head office of the Bac Thai Electrical Installation Joint Stock Company will be handed over to TNG to set up an institute of research and development of TNG products.
- TNG is currently involved in restructuring, refining and business strategies.
- TNG is involved in restructuring and urging debt collection for operation. It is expected that in 2016, the General Meeting of Shareholders will implement new strategies that TNG will benefit.

## THE COMPANY'S FINANCIAL SITUATION IN 2016

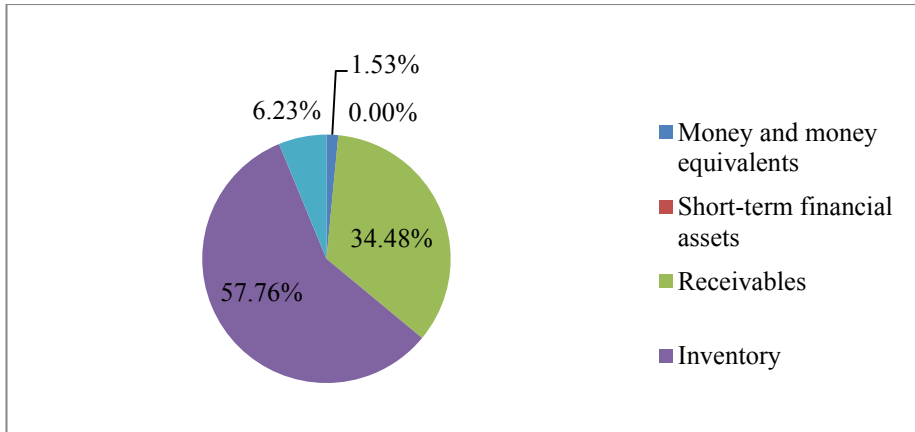
### 1. Financial situation

<i>Financial Figure</i>	<i>Year</i>		<i>% change</i>
	<b>2015</b>	<b>2016</b>	
Total asset	1,613,646,205,042	1.846.222.622.229	14,41%
Net revenue	1,923,940,013,849	1.887.748.876.802	-1,88%
Profit from operating activities	86,247,125,188	91.572.456.546	6,17%
Other profits	1,783,627,626	3.226.816.199	80,91%
Profit before tax	88,030,752,814	94.799.272.745	7,69%
Profit before tax	71,300,379,040	81.179.114.445	13,86%
Dividend payout ratio	2742	2.480	0,32%

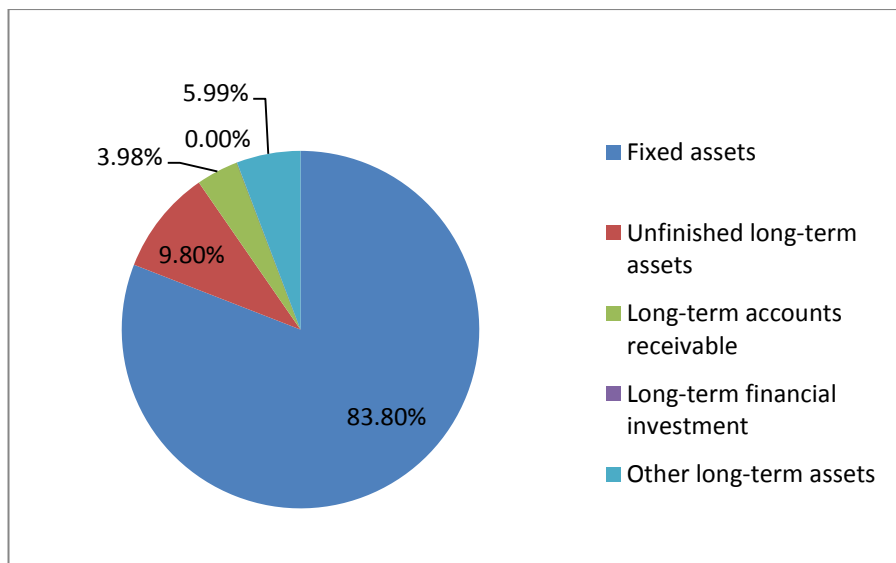


**Table: Total Assets and Net Revenue in the period of 2014 - 2016 (Unit: VND billion)**

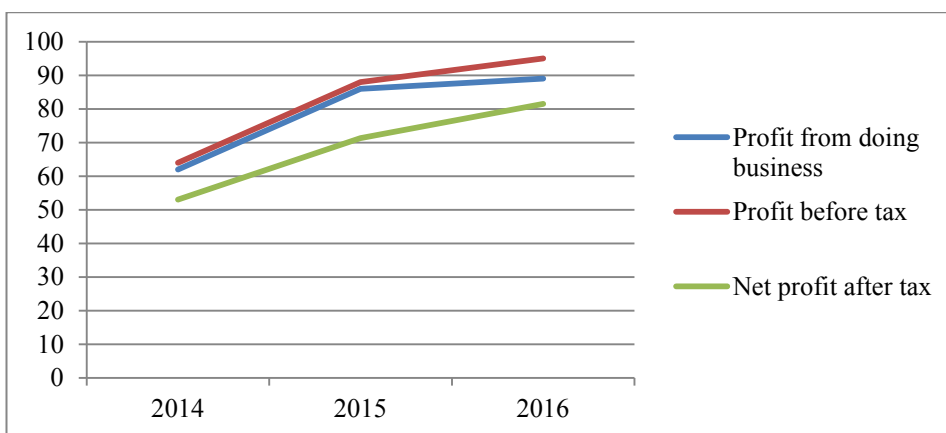
As of 31 December 2016, total assets of the company reached VND 1,846 billion, an increase of 14.41% compared to the beginning of the year. The ratio of short-term assets over total assets has not fluctuated significantly over the years, reaching 41.78% as of 31 December 2016. With 58.22% in the asset structure, TNG has a relatively high proportion of long term assets in the textile and garment industry. This is also the difference of TNG compared to other companies in the same industry when the Company has made a comprehensive investment in fixed assets to serve the closed production cycle.



**Table: Short term asset structure**



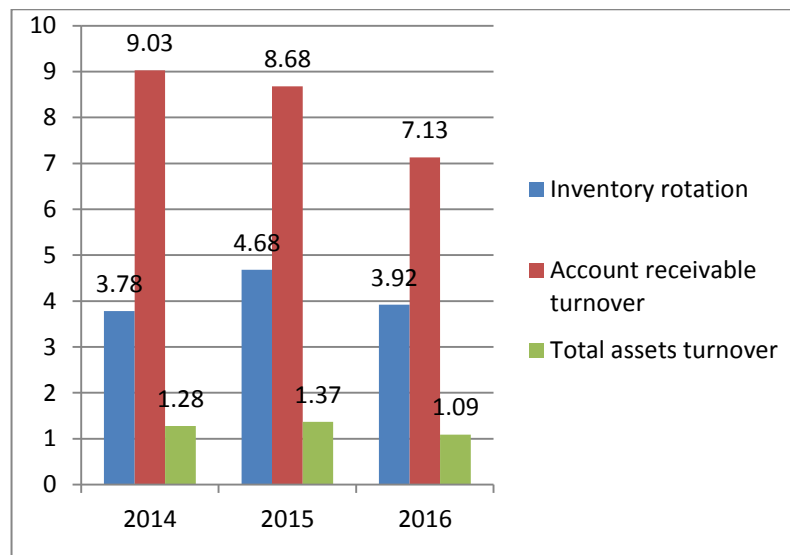
**Table: Long term asset structure in 2016**



**Table: Achievement of profit in 2014 - 2016 (Unit: VND billion)**

Comments: As we see, the scale and profitability of TNG is constantly increasing from 2013 to the end of 2015, which is a good achievement of TNG in the development when the economy in recent years is difficult.

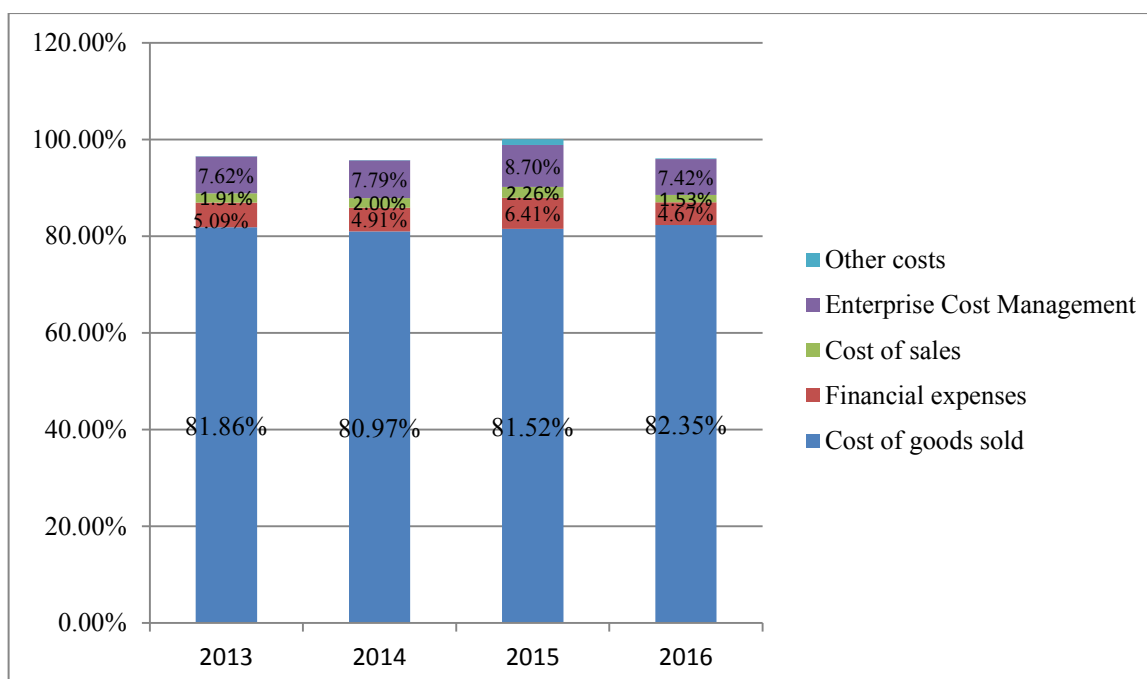
Along with the fluctuations of asset value over the same period, TNG has maintained a stable trend of its operating capacity.



- The total asset turnover of the Company is 1.09, which is in the average level compared to other enterprises in the textile and garment industry.
- The receivable turnover is very stable over the years. In 2016, the receivables turnover was 7.13, equivalent to 51.17 receivables days. This number is high compared to the average receivable days of garment enterprises. This shows that the cash flow has not been managed well in order to avoid being appropriated.
- Inventories accounted for 57.72% of total assets. Inventory turnover has stabilized over the years and reached 3.92 in 2016, equivalent to 93.18 days of inventory.

### Expense/Revenue ratio

According to the chart, in the past three years, the Expense/Revenue ratio has not changed much. TNG has always paid great attention to controlling production costs and promoting cost-saving measures such as: Innovation and improvement of technology, reduction of energy consumption, creation of the best products for customers. In addition, the company also arranges production, exploiting effectively the capacity of machinery and equipment, carrying out the procurement of machinery, and raw materials according to regulations and quality assurance.

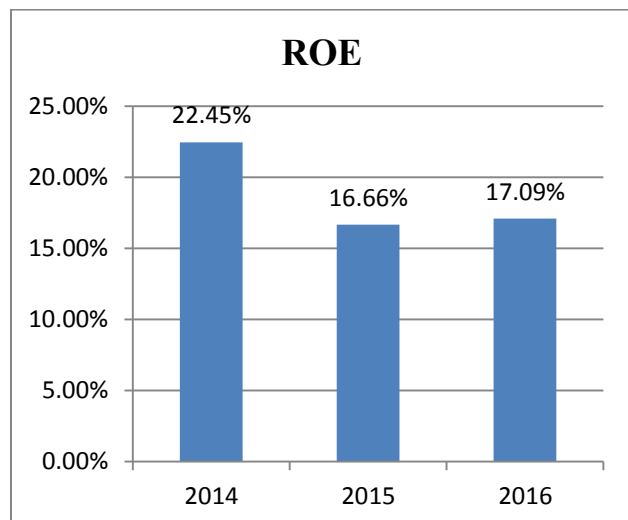
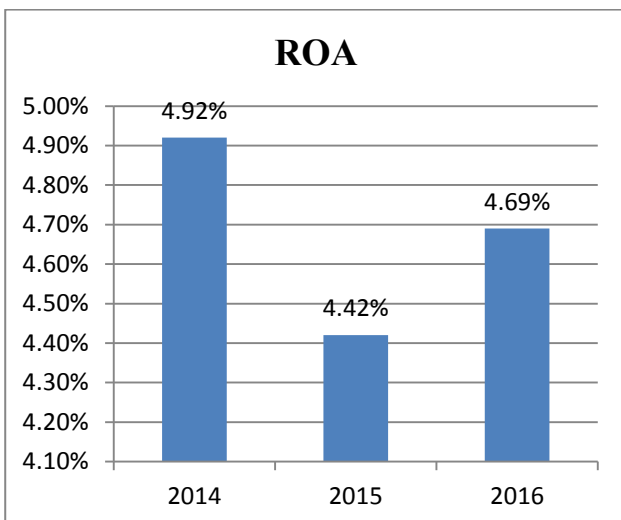
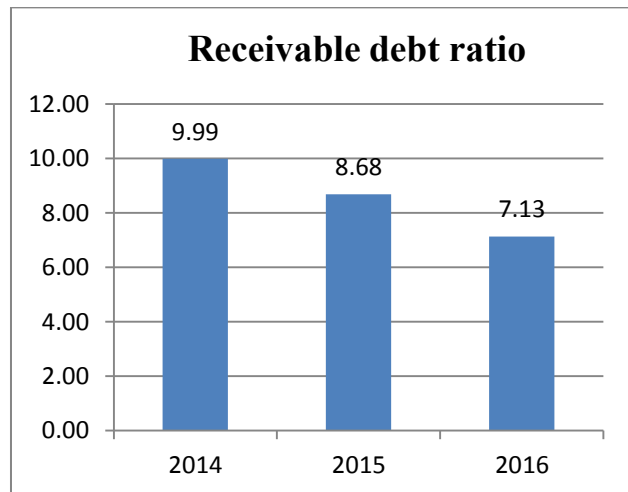
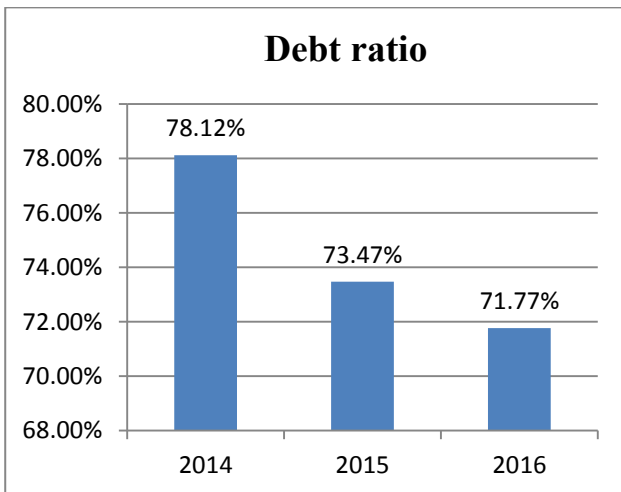
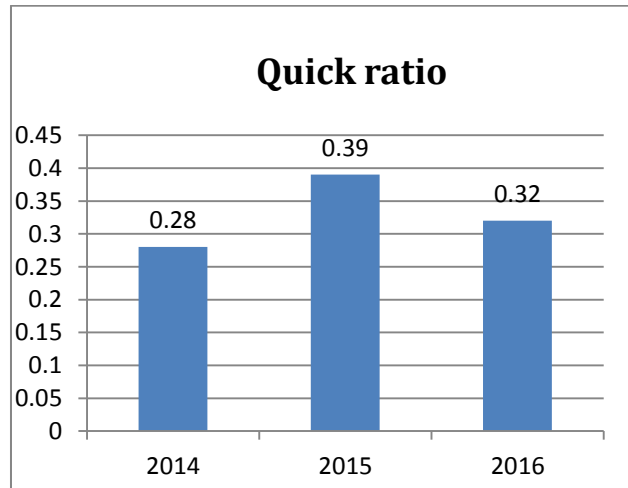
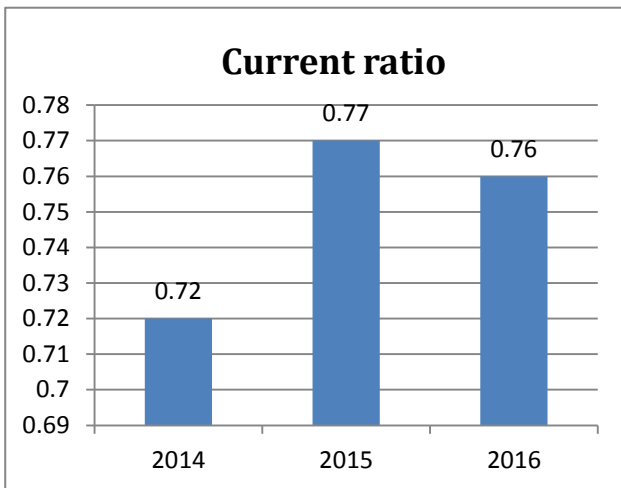


**Chart: Expense/Revenue ratio**

## 2. Major financial benchmarks:

Benchmarks	Year	Year	% change
	2015	2016	
<i>VND 1, + Solvency ratio</i>			
<i>Current ratio</i>	0.77	0,76	-1,30%
<i>+ Quick ratio</i>	0.39	0,32	-17,95%
<i>VND 2, Capital structure Ratio</i>			
<i>+ Debt/Total assets ratio</i>	73.47%	71,77%	-2,31%
<i>+ Debt/Owners' Equity ratio</i>	276.95%	254,29%	-8,18%
<i>VND 3, Operation capability Ratio</i>			
<i>+ Inventory turnover</i>	4.68	3,92	-16,24%
<i>+ Total asset turnover</i>	1.37	1,09	-20,44%
<i>VND 4, Target on Profitability</i>			
<i>+ Profit after tax/ Net revenue Ratio</i>	3.71%	4,69%	26,42%
<i>+ Profit after tax/ total capital Ratio</i>	16.66%	17,09%	2,58%
<i>+ Profit after tax/ Total assets Ratio</i>	4.42%	4,30%	-2,71%
<i>+ Operating profit/ Net revenue Ratio</i>	4.48%	4,85%	8,26%

## Improvement of financial indicators



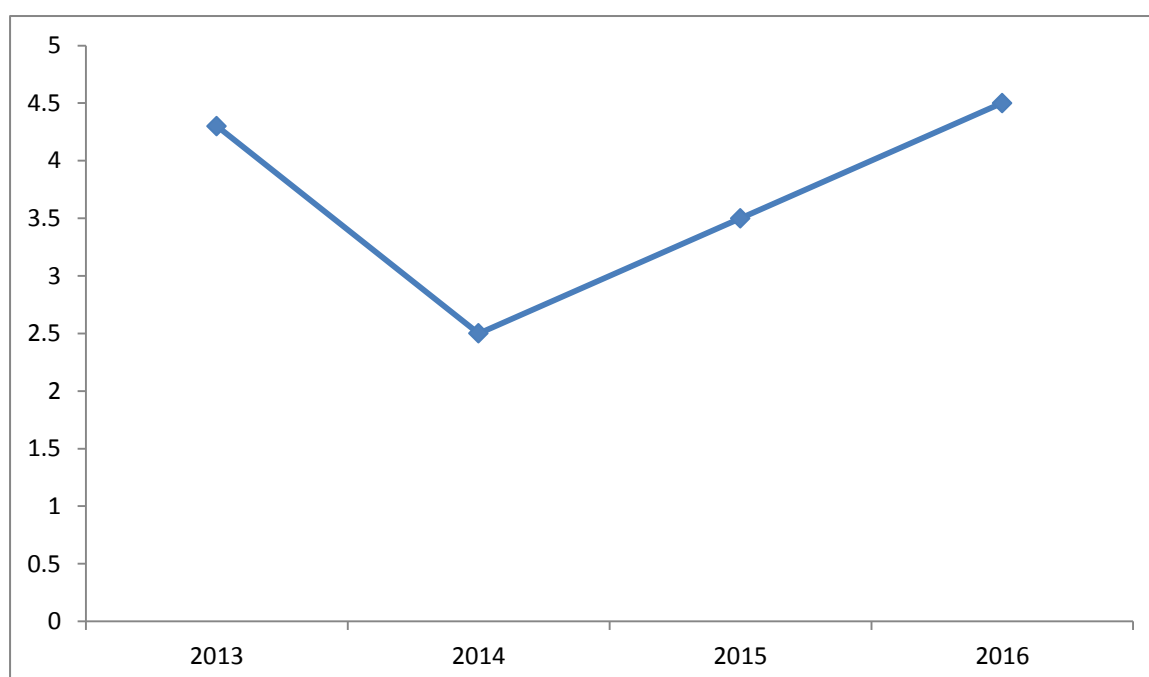
**Comments:** The liquidity ratio is still low but still shows signs of increase each year, the index of operational capability is also the same, a good sign in the business of TNG. Debt ratio in 2016 is on the downward trend.

## STRUCTURE OF SHAREHOLDERS AND CHANGES OF OWNER'S INVESTMENT CAPITAL

### SHARE INFORMATION

- Charter Capital: **VND 342,649,780,000**
- Value per share: **VND 10,000**
- Number of listed shares: **34,264,978 shares**
- Number of outstanding shares: **34,264,978 shares**
- Treasury stock: 0 shares
- Share price in the market: VND 13,600 (as of 01 January 2017)

### THE VALUE OF THE MARKET CAPITALIZATION OVER YEARS (VND billion)



### STRUCTURE OF SHAREHOLDERS

Shares of TNG Investment and Trading Joint Stock Company (Code: TNG) are listed and traded on the Hanoi City Stock Exchange and deposited centrally at the Vietnam Securities Depository - Hanoi Branch

**Shares:** As of 31 December 2016, TNG's charter capital is VND **342,649,780,000** divided into 34,264,978 ordinary shares with a par value of VND10,000. The company does not issue shares other than ordinary shares

- Total sessions:
- Total matched volumes

- Total matched value
- Average trading volume per day

Transactions of treasury stocks in the year: None

## STRUCTURE OF SHAREHOLDERS AND OWNERSHIP RATE

As of 31 December 2016, TNG has 1,658 shareholders

List	Quantity	Rate (%) of charter capital
Number of outstanding shares	34,264,978	100%
Treasury stock	0	0%
<b>In which</b>		
<b>Domestic shareholders</b>	1829	78%
• Organizations	1796	98%
• Individuals	33	2%
Foreign shareholders	48	22%
• Organizations	32	70%
• Individuals	16	30%

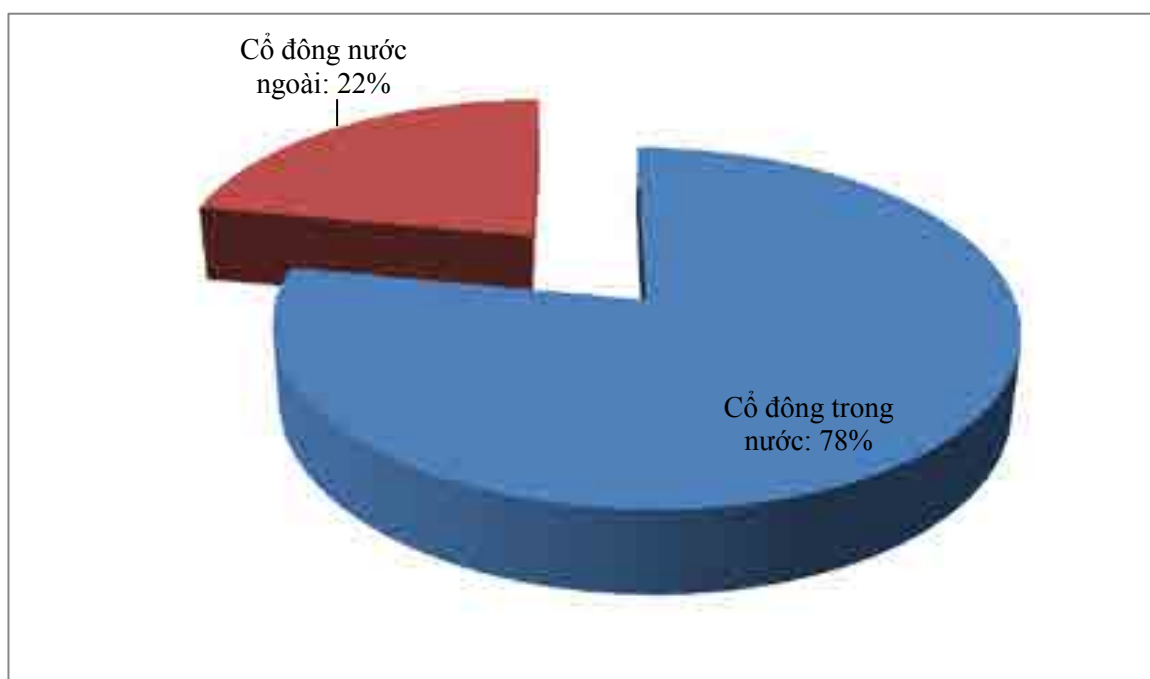


## SHAREHOLDERS WHO ARE MEMBERS OF THE BOARD OF MANAGEMENT

No.	SHAREHOLDER NAME	POSITION	NUMBER OF SHARES	OWNERSHIP RATE
1	Nguyen Van Thoi	Chairman of BOM	6,624,491	19.33%
2	Nguyen Duc Manh	Member of the Board of Management, Vice Chief Executive Officer	2,082,018	6.08%
3	Rusdy Pranata	Independent member of BOM		
4	Nguyen Van Thoi	Member of BOM, Chief Executive Officer	375,954	1.1%
5	Luong Thi Thuy Ha	Member of BOM, Chief Accountant	253,159	0.74%
6	Ly Thi Lien	Vice General Director	415,954	1.21%
7	Nguyen Van Duc	Head of Supervisory Board	66,690	0.19%
8	Tran Minh Hieu	Member of Supervisory Board	19,463	0.06%
9	Ha Thi Tuyet	Member of Supervisory Board	8,637	0.03%

## LIST OF BIG SHAREHOLDERS

No.	SHAREHOLDER NAME	NUMBER OF SHARES	OWNERSHIP RATE
1	Nguyen Van Thoi	6,624,491	19.33%
2	Nguyen Duc Manh	2,082,018	6.08%
3	Asian Small Fund	1,959,579	5.71%



**Diagram: Structure of shareholders**

#### CHANGES OF OWNERS' INVESTMENT CAPITAL

As per the Resolution of the General Meeting of Shareholders in 2016, TNG increased the capital in periods as follows:

- Stock dividend payment in 2015:
- Share issuance for share swap in the merging period of TNG Fashion JSC into TNG Investment and Trading JSC

No.	BIG SHAREHOLDER NAME	OWNED SHARED IN 2015	OWNED SHARED IN 2016
1	Nguyen Van Thoi	4,877,984	6,624,491
2	Nguyen Duc Manh	1,279,706	2,082,018
3	Asian Small Fund	1.47.326	1,959,579

#### TRANSACTIONS OF TREASURY STOCK

TNG does not have treasury stocks

#### OTHER SECURITIES

TNG has made a successful merger of TNGF into TNG

## REPORT AND EVALUATION OF THE BOARD OF DIRECTORS

### 1. Evaluation of business results

#### • About the business environment in 2016

The world textile and garment industry is deeply influenced by macroeconomic fluctuations. After slumping in 2009 due to the global economic crisis, the textile and garment industry is on the road of recovery and is forecast to grow at a rate of 6% in the coming years.

China is the world's largest textile producer with a complete supply chain and the advantages of machinery and cheap labor. Developed countries like the United States, Italy, South Korea and Hong Kong dominate the higher value added stages such as design, marketing and branding, commercialization and export.

Trade agreements such as the TPP or the RCEP will promote the formation of trade areas with the complete textile and garment value chain thanks to strict rules on production as well as codes of conduct.

#### • Situation of capital mobilization in 2016

August:

+ Successfully issue 1,481,106 shares under the option program for employees in the Company according to Resolution No. 603/2016/NQ-DHDCD dated 24 April 2016

+ Issue 2,961,745 shares to pay the dividend in the second period 2015 in accordance with Resolution No. 603/2016/NQ-DHDCD dated 24 April 2016

+ Issue 70,000 additional shares to existing shareholders at the time of share conversion to merge TNG Fashion JSC and TNG Investment and Trade Joint Stock Company.

+ Issue 130,000 individual shares for share conversion of TNG Investment and Trading Joint Stock Company at TNG Fashion JSC.

#### • Business situation

Indicators	Unit	2015	2016	Increase/Decrease
Total revenue	VND billion	1923	1888	-1.88%
Income after tax	VND billion	71.3	81.5	+13,86%
EPS	VND/ CP	2472	2480	+0,32%
Employees	People	9.313	9.544	+2,48%
Average income	VND/person/month	4,800,000	5,200,000	+8,33%

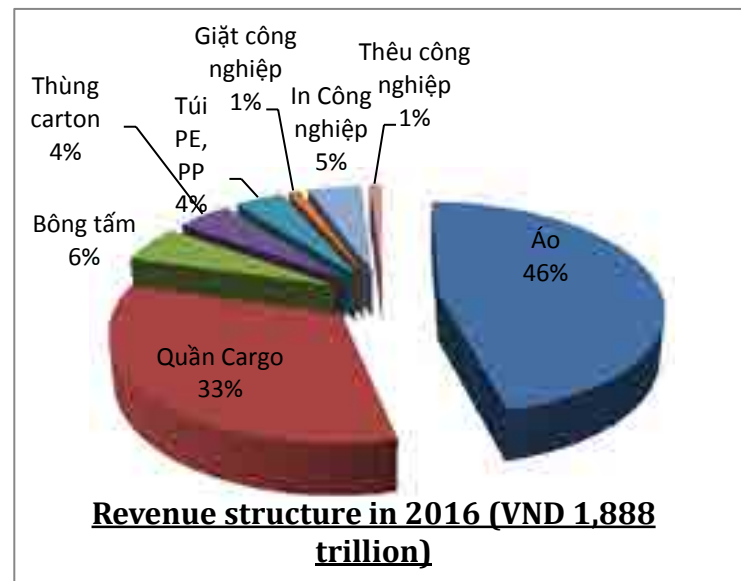
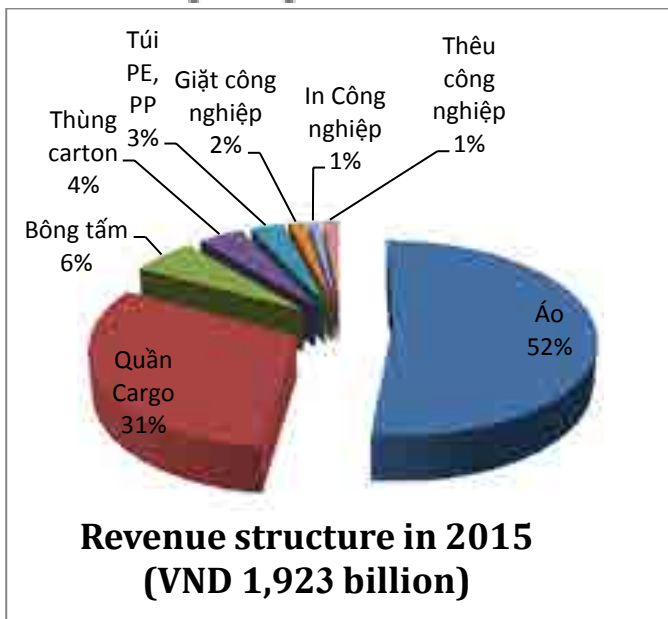
**\*On revenue:**



Financial year 2016.  
Decrease in Net revenue  
**1.88%**

In 2016, TNG's revenue is VND 1,888 billion. In 2017, TNG sets the target on the revenue of VND 2,200 billion.

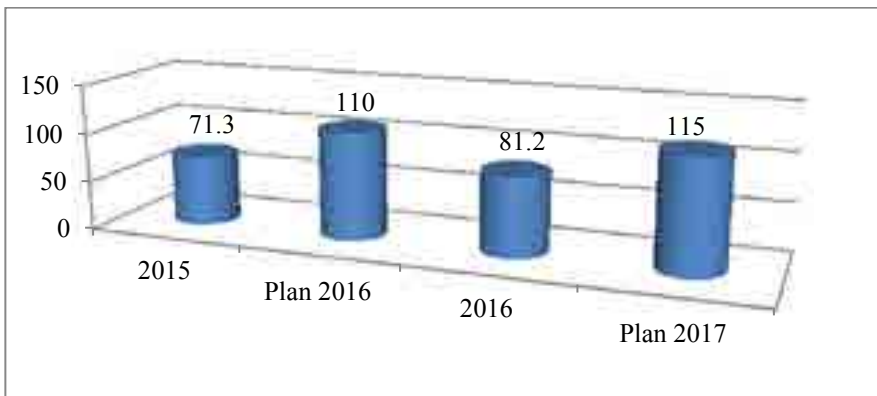
**Regarding the revenue structure in the period of 2015 - 2016 (business fields)**



Revenue structure in 2015 (VND 1,923 trillion)

Revenue structure in 2016 (VND 1,888 trillion)

**\* Profit after tax**

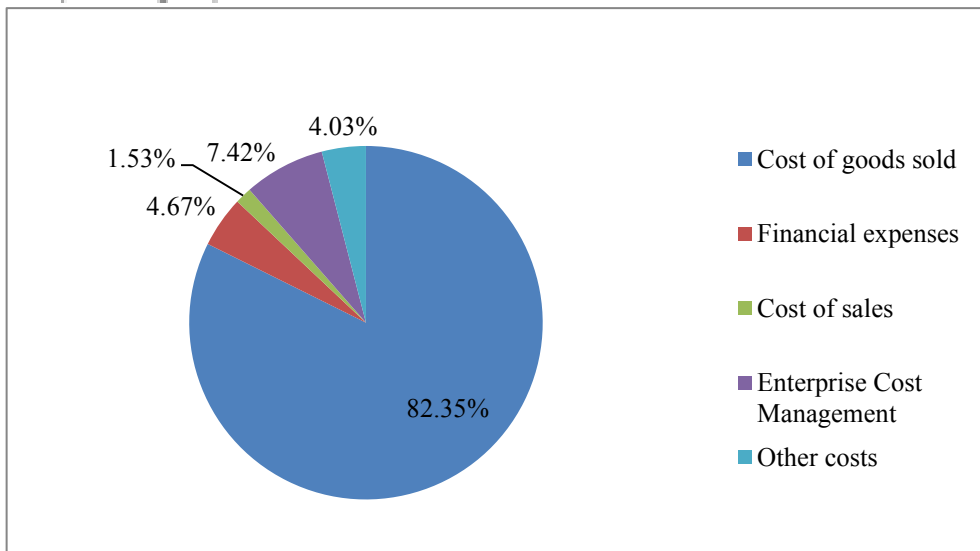


Financial year 2016.  
Profit after tax increased  
**13,86%**

In 2016, TNG's revenue was VND 81.2 billion, fulfilling just 75% of its target due to global economic hardship. In 2017, TNG sets the target of VND 115 billion.

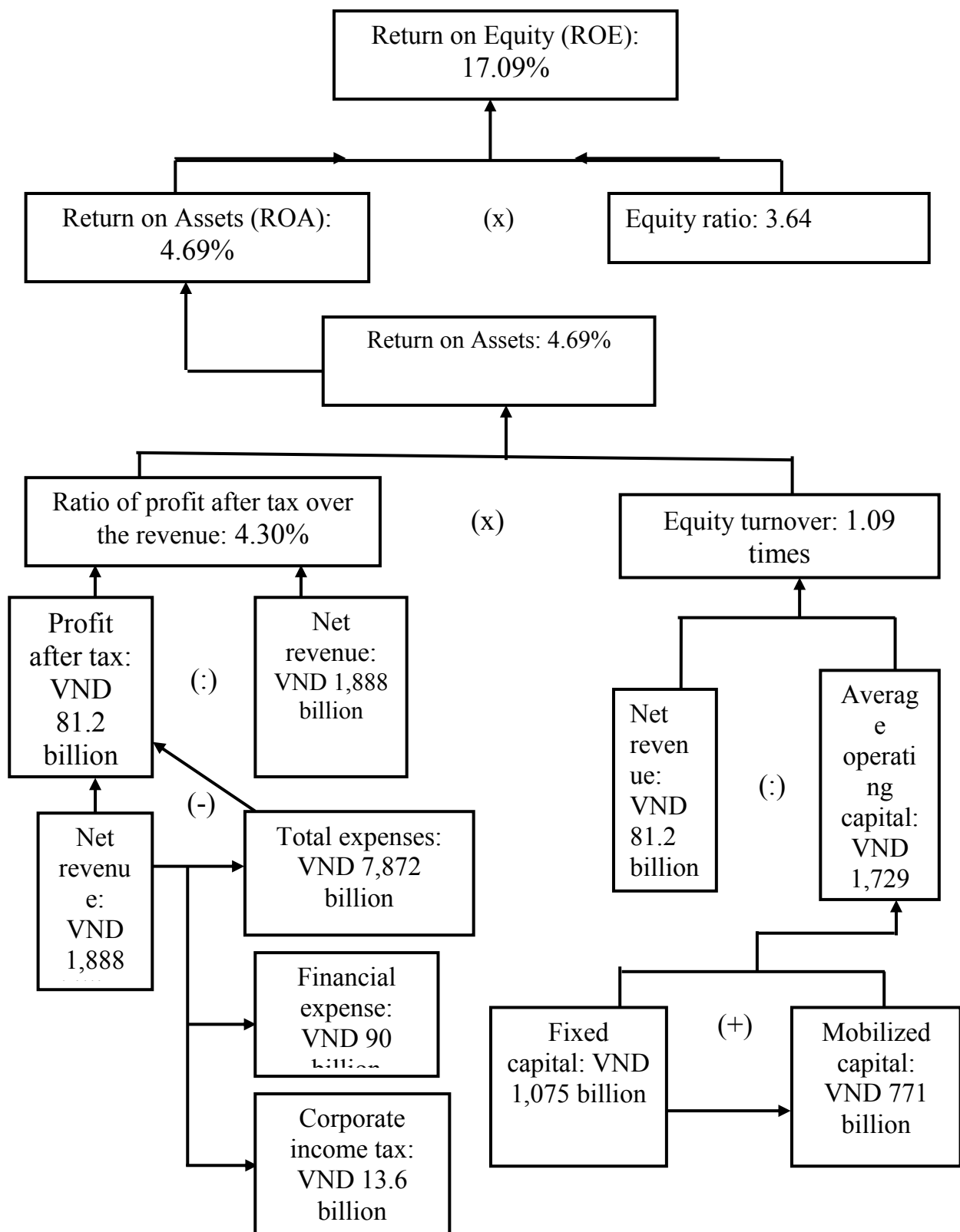
**\* In terms of expenses**

Structure of operating expenses:



Cost of goods sold occupies the large proportion of the expenses, accounting for 82.35% of TNG's total operating expenses. In the cost categories, a 9% drop in financial expenses, mainly interest expenses, has made a significant contribution to increase in the Company's profit after tax. Other cost categories, despite the increase over the same period, with a very small share in the total operating expense structure, they had little impact on total operating profit.

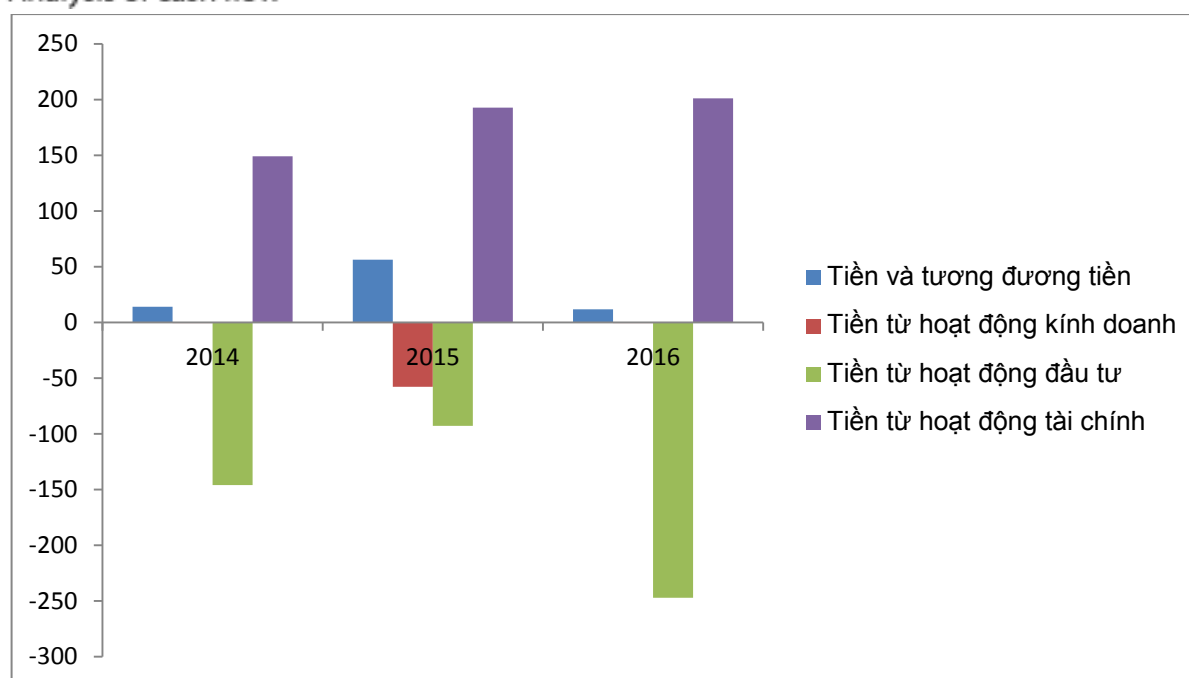
**\* Dupont analysis**



\* Assets Utilization

	2015	2016
Average days of inventories	77.99	93,18
Average receivable days	39.71	71,17
Average payable days	31.69	36.94
Equity turnover	1.37	1.09

\* Analysis of cash flow



So the reasons for not reaching the plan are as follows:

**2. Objective reasons:**

2.1. The garment industry is competing directly with rivals such as China, India, Cambodia, Bangladesh, Myanmar and Sri Lanka. India is concentrating its resources and policies from the government to develop the textile and garment industry. Cambodia, Myanmar ... enjoy preferential tariff for exports to the EU.

Another disadvantage is the tax rate. While the tax rate applied for exports of Vietnamese textiles and garments into the EU market ranges from 9% to 12%, tax rate on garments from countries such as Cambodia and Laos are only 0%

2.2. Vietnam's exchange rate policy is stable and anchored in the strong currency which is the US dollar, while other currencies in the major import markets of Vietnam have been greatly reduced: The euro lost 18% of its value; 17% for Yen Japan ; 8% for yuan, etc. At the same time, the currencies of exporters competing directly with Vietnam such as

ASEAN, India and Bangladesh also decreased by 10-20%. "Thus, the exchange rate alone makes Vietnamese textile products more expensive than ones of other countries from 10-16%."

- 2.3. Interest on domestic bank loans of 8-10%/year, which is two to three times higher than other competitors or minimum wage increases on average 12-15% make the cost of production increase sharply.
- 2.4. Trade agreements that the textile and garment industry can benefit from, such as the TPP and the FTA, have not yet entered into force. The rapidly rising minimum wage also contributes to increase in the cost of the enterprise. According to statistics, the cost of wages in total products accounted for 60% in Vietnam, while in Myanmar the number is only from 15-20%

**+ Subjective reasons:**

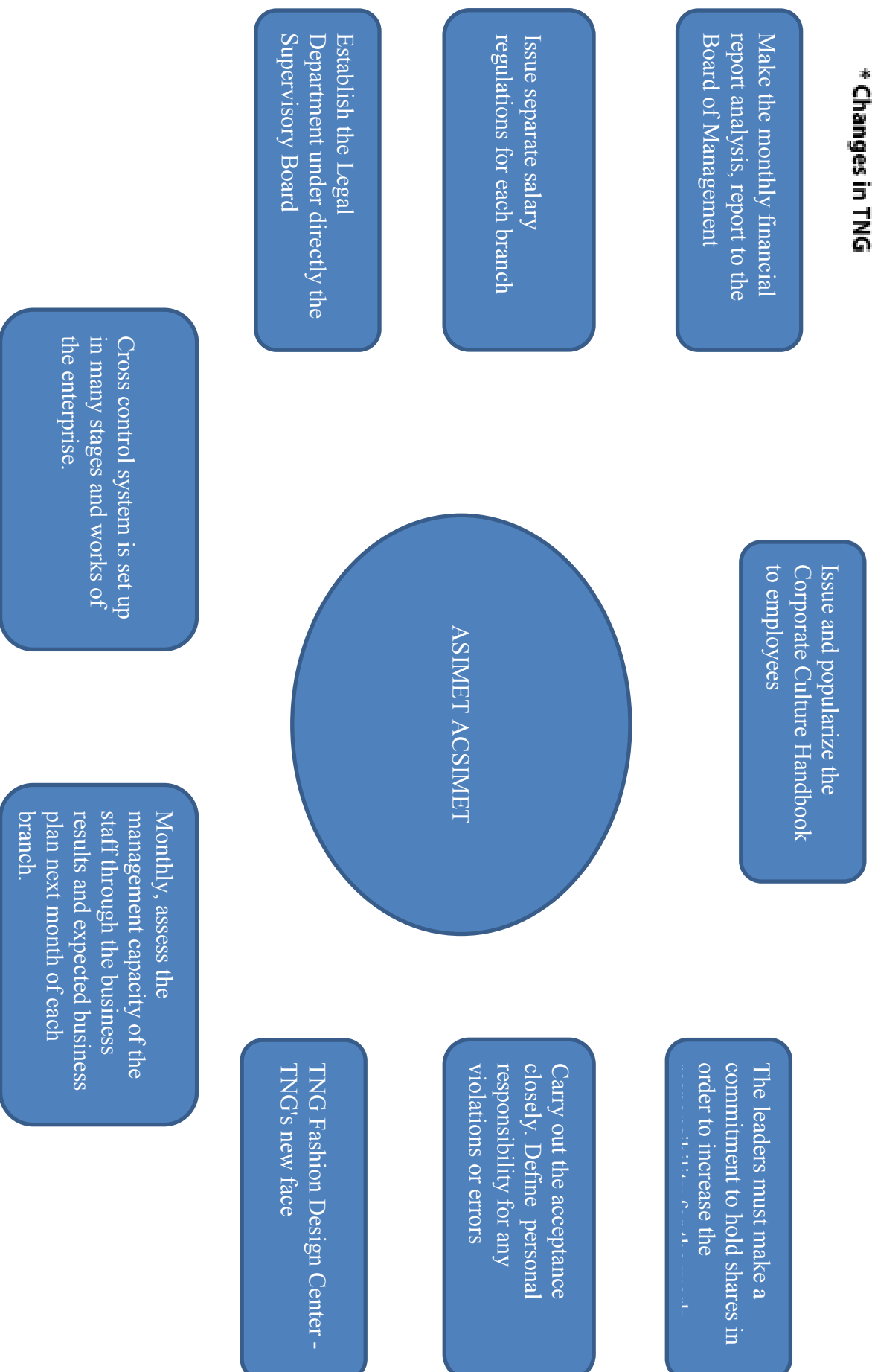
- The decline in customer output leads to a drop in profitability, efficiency and increased costs.
- The wage costs is higher than rising labor.
- Focus of great customers, with many categories around the year has not paid much attention.

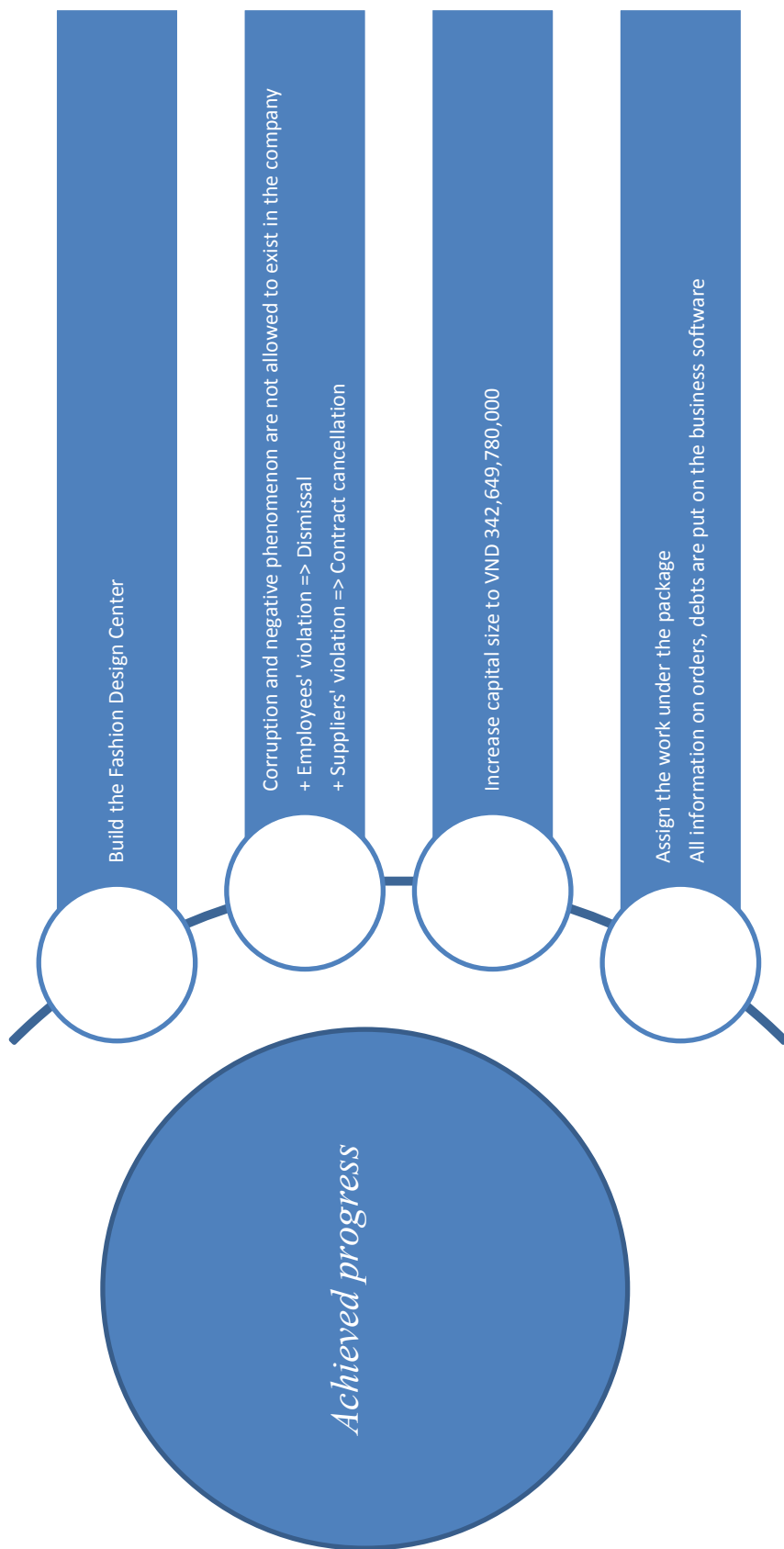
**RECOMMENDATIONS: The clients & customers do the following:**

- Direct, comply with the Decision of the Board of Management No. 1701A on the selection of customers and allocation of customers to each branch.
- Come directly at the head office/representative office of the customers to better understand the customers.



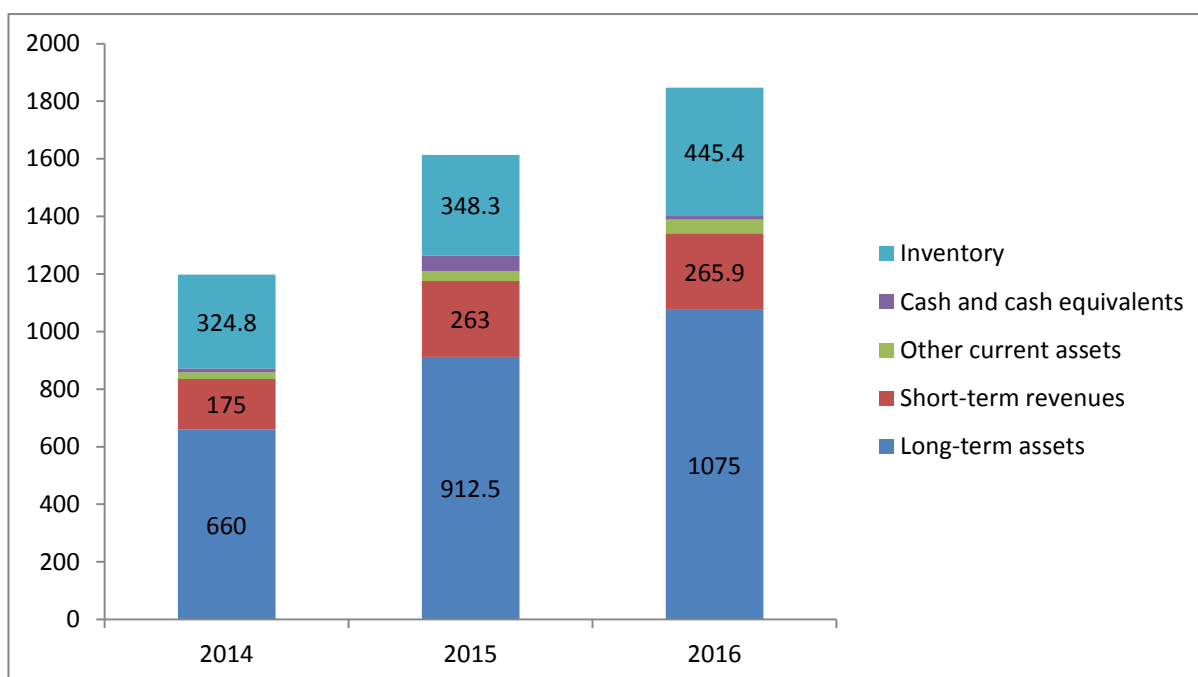
**\* Changes in TNG**



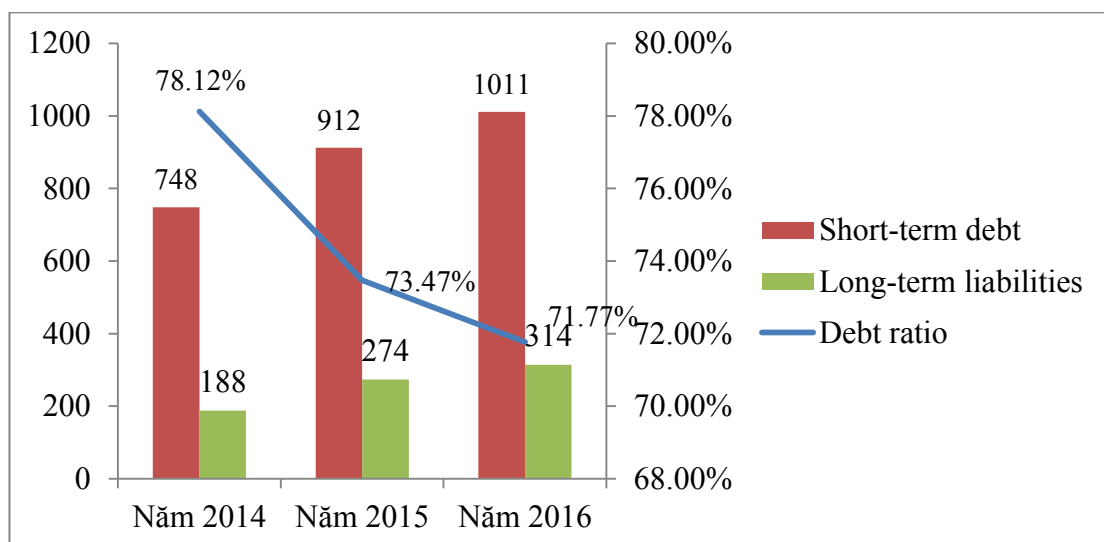


### 3. Financial situation

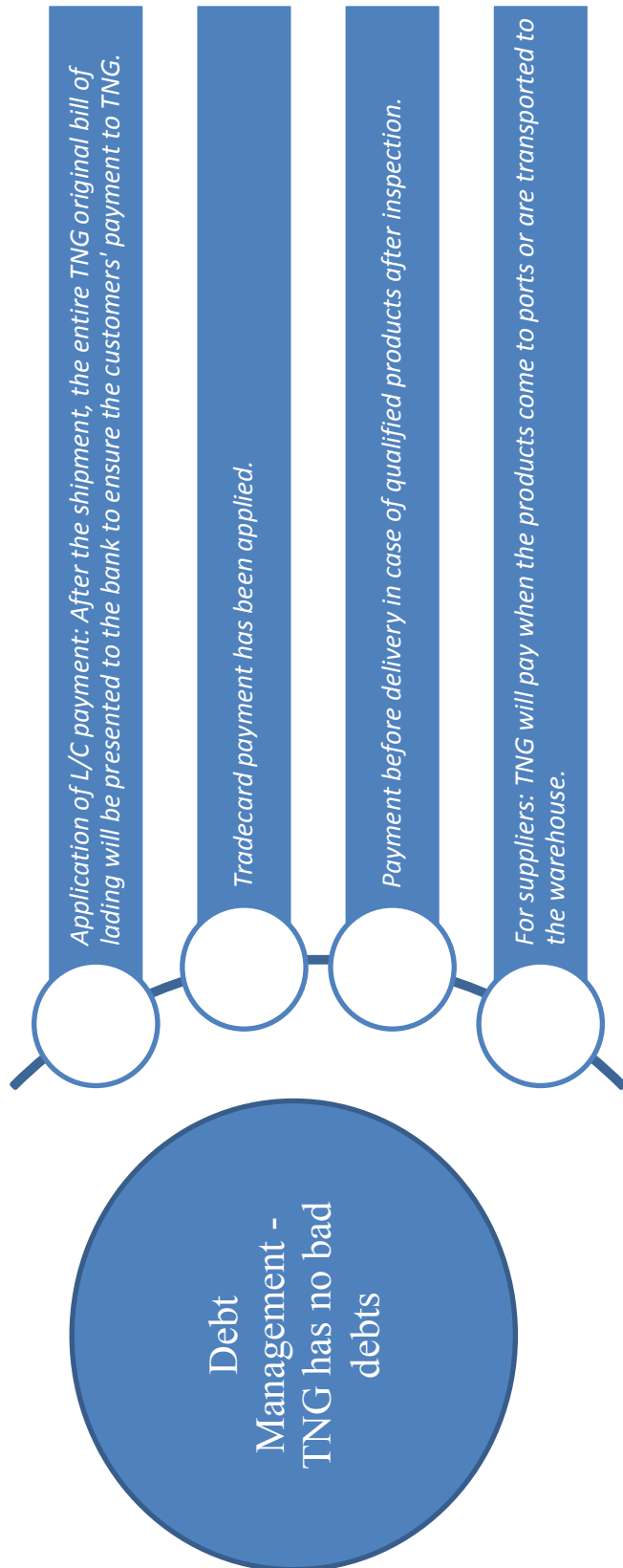
#### \* Asset situation



#### Liabilities



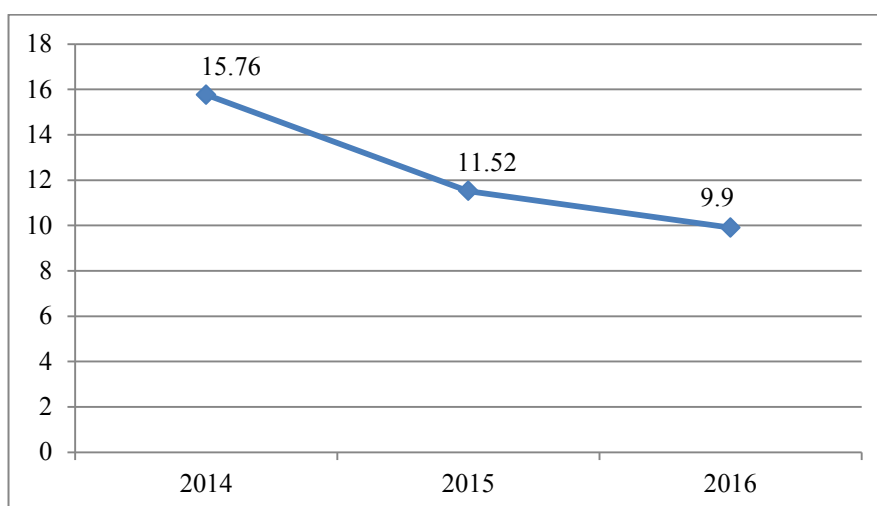
As of 31 December 2016, the total value of debts reached VND 1,325 billion, accounting for 71.77% of total capital. This is relatively high relative to other enterprises in the textile and apparel industry. However, the ratio of total debt to total capital declined steadily over the years, showing positive improvements in the company's capital structure. Short term debts of the company as of 31 December 2016 reached VND 1,011 billion, up VND 100 billion compared to the beginning balance. Long term debt of the company as of 31 December 2016 reached 314 billion, up VND 48 billion compared to the beginning balance.



\* Interest difference: In 2016, the exchange rate is relatively stable, so it is an advantage for exporters. TNG has no problems related to interest difference because TNG has had loans in USD, so the exchange rate is quite low.

Indicators	Unit	2015	2016
Short term loans	VND billion	912	1011
Long term loans	VND billion	273	314
Interest expenses	VND billion	56.8	67
Interest expenses/Net revenue	%	2.95	3.56

In FY2016, the ratio of interest expense to net revenue reached 3.56%. This is the average and indicates the company may be exposed to many risks of interest rate fluctuations. The sensitivity of the loans to interest rate changes may occur at a reasonable level in interest rates.



Operational capability - TNG's payable turnover to suppliers over the years

As of 31 December 2016, the payables amounted to VND 117 billion. The payable turnover in 2016 was 9.9, or 36.94 days. The number of turnovers as well as the number of payable days shows healthy financial capacity as well as decreasing tendency of capital tie-up by the suppliers in 2016.

## IMPROVEMENTS ON ORGANIZATIONAL STRUCTURE, POLICIES AND MANAGEMENT

### \* Supplier selection policy

TNG uses the products and services of hundreds of local and foreign suppliers. Therefore, in order to ensure transparency in the supply of goods, TNG has conducted public tendering for all activities of providing input products and services.

#### The process of supplier selection through bidding

Steps	Department in charge	Remarks
<b>Step 1:</b> Approve the plan/policy of procurement of goods and services	<ul style="list-style-type: none"> <li>- Departments have demands of procurement of goods and services.</li> <li>- Professional Departments</li> <li>- Company Office:                             <ol style="list-style-type: none"> <li>(1) Verification</li> <li>(2) Preparation of the procurement plans by Month, Quarter, Year and submission for approval by the Chairman/CEO</li> </ol> </li> </ul>	<p><b>Chairman of BOM:</b></p> <ul style="list-style-type: none"> <li>- Approval of the Plan/Policy on procurement of fixed assets and machinery (regardless of value), by month/quarter/year</li> <li>- Approval of the Plan/Policy on renovation and repair of construction works valued at VND 30 million or more, construction of new works, by month/quarter/year</li> </ul> <p><b>Chief Executive Officer:</b></p> <ul style="list-style-type: none"> <li>- Approval of the Plan/Policy of procurement of the remaining input goods, services for business activities outside the authority of the Board of Management</li> </ul>
<b>Step 2:</b> Bidding organization	<ul style="list-style-type: none"> <li>- The standing member sends the bidding records to the Legal Department for evaluation before submission to the Chairman of the Bidding Council for approval</li> <li>- After the bidding records are promulgated, the Bidding Council shall perform the following tasks:                             <ol style="list-style-type: none"> <li>1. Invitation of bidding</li> <li>2. Bid closing, Bid opening</li> <li>3. Bidding consideration</li> <li>4. Evaluation, selection of the contractor</li> <li>5. Contract negotiation</li> <li>6. Approval of bidding results</li> <li>7. Other work in accordance with the Law on Bidding</li> </ol> </li> </ul>	<p><b>Provisions on the period from the bid-opening date to the date of approving the bidding results:</b></p> <ul style="list-style-type: none"> <li>- Up to 10 days for simple competitive offers</li> <li>- Up to 30 days for remaining packages</li> </ul> <p><i>The procurement of goods &amp; services valued at less than VND 30 each time, but the payment value of such goods or service of the Branch in the year is expected not to exceed VND 10 million - under the contracting authority of the Branch Director</i></p> <p><i>In this case, the Branch Director shall decide the bidding or not.</i></p>
<b>Step 3:</b> Signing the contract	The standing member sends the contract draft to the Legal Department for evaluation before submission to the Chairman/Chief	<p>The Chairman of BOM signed the contract</p> <ul style="list-style-type: none"> <li>- Procurement of fixed assets and machinery</li> </ul>

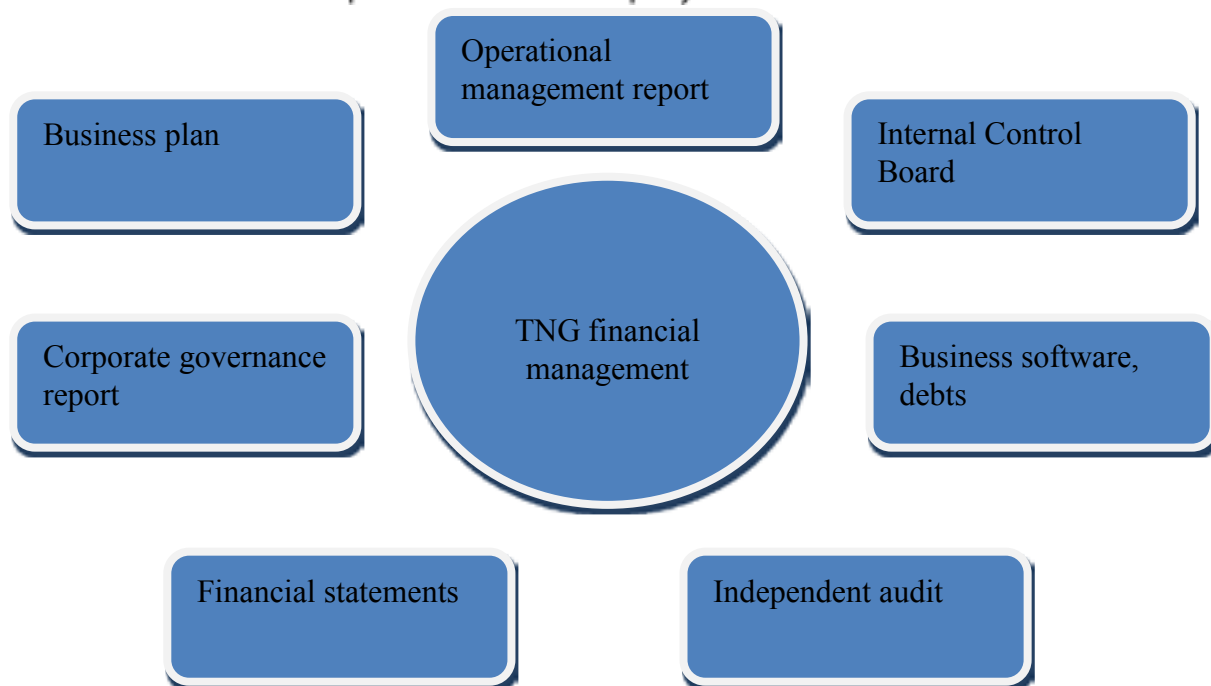
	Executive Officer to sign under their competence	<ul style="list-style-type: none"> <li>- Renovation and repair of construction works with a value of VND 30 million or more</li> <li>- Construction contracts</li> </ul> Chief Executive Officer; The remaining contracts
<b>Step 4: Tracking the implementation of the contract</b>	Standing member	

**TNG's criteria for supplier selection**



**\* Finalizing the financial management system for subsidiaries**

In the year 2016, TNG is finalizing the financial management system. In addition to the centralized management on business software, Bravo accounting software, TNG is gradually building the internal audit system in order to manage effectively and closely the financial situation and business operations of the Company



**\* Policy on corporate culture**

<b>Culture of costume and style</b>	<ul style="list-style-type: none"> <li>- Wear uniform according to the Company's regulations</li> <li>- Polite, neat, clean</li> </ul>
<b>Greetings, behavior</b>	<ul style="list-style-type: none"> <li>- Subordinates greet their superiors before hand</li> <li>- The young greet the old before hand, the person who comes later greets the person who comes previously</li> <li>- When meeting the leaders, employees must greet first, show respect, politeness. Leaders must also respond with friendly gestures, which can nod with a smile.</li> <li>- Colleagues shall be friendly</li> </ul>
<b>Culture of human resources</b>	<p><i>Reception culture</i></p> <ul style="list-style-type: none"> <li>- Be enthusiastic, fun, caring, helping, guiding and help new employees to adapt to the working environment</li> <li>- Create a friendly, harmonious environment.</li> </ul> <p><i>Culture on rewards and disciplines</i></p>



	<p>Timely, fair and transparent</p> <p><i>Culture on transfer, appointment, resignation from office:</i></p> <ul style="list-style-type: none"> <li>- Meet, exchange, share before transfer, appointment, resignation</li> </ul>
<b>Culture of receiving guests, welcoming guests</b>	<ul style="list-style-type: none"> <li>- On time, polite, thoughtful, enthusiastic</li> <li>- Open, actively greet and introduce yourself to guests.</li> <li>- Guide guests to the related department to work</li> <li>- Stay guests until the program ends.</li> </ul>
<b>Culture of using shared space:</b>	<p><i>Working office:</i></p> <ul style="list-style-type: none"> <li>- Keep workplace always green, clean, beautiful</li> <li>- Travel lightly, avoid wearing shoes that create excessive noise that affects the overall working environment.</li> <li>- Do not bring food into the office</li> </ul>
<b>Working culture</b>	<p><i>Culture of assignment:</i></p> <ul style="list-style-type: none"> <li>- Specific, right people, right work</li> <li>- Do not overlap in work assignment</li> <li>- Set clear goals for work results and completion time</li> </ul>
<b>Culture of labor recruitment;</b>	<ul style="list-style-type: none"> <li>- Professional, hospitable, have a deep understanding of the policies of TNG.</li> <li>- Enthusiastically guide candidates on the recruitment profiles, recruitment process.</li> <li>- Counsel and explain clearly the policies, regimes and interests for laborers.</li> <li>- The recruitment process is open and transparent.</li> </ul>
<b>The culture of income distribution</b>	<ul style="list-style-type: none"> <li>- Comply with the law</li> <li>- Be stable, transparent and democratic</li> <li>- Notify employees at least 1 month before implementation</li> <li>- Pay the salary on time</li> <li>- Do not disclose salary information</li> </ul>
<b>Culture of the implementation of labor regulations:</b>	<ul style="list-style-type: none"> <li>- Labor regulations of the Company are disseminated to all employees</li> <li>- The issuance of internal rules coupled with the inspection and supervision of implementation.</li> </ul>

- Seriously, actively implement.
- Strictly deal with violations of labor regulations of the company.

**Business culture**

*For the company:*

- Comply with law
- Be transparent

*For employees:*

- Respect the partners
- It is prohibited to disclose any confidential information related to the Company's production, business, finance, personnel, know-how or information related to the Company's business and other internal information.

**Phone culture**

- Prepare the content to be exchanged in advance when calling.
- Greet, and introduce name, title and the workplace.
- Exchange contents must be concise, clear, specific.
- Moderate manner and volume.
- In case of meeting, set the phone in silent or vibration mode; for necessary work, get permission to go outside for calling.
- End of exchange, send the thanks, greetings.
- For phones provided by the Company: Proper and economical use for the right purpose of the work assigned

**Culture of using the common property of the Company.**

- Have the responsibility to preserve, save and use the right purposes
- Do not use for personal purposes.
- It is forbidden to bring property and means out of the workplace without permission of the competent level.
- End of working hours, employees have to turn off all electrical equipment, lock the door before leaving.

**Culture of the implementation of safety protection in labor**

- Propagandize and disseminate to the employees for their understanding and voluntary implementation.
- Employees voluntarily perform:
  1. Check and use personal protective equipment that is issued at work.
  2. Check the condition of the machinery before use.

3. Properly follow the process and work safely.
4. Disconnect the device from the power source before leaving.

**IT IS PROHIBITED TO**

- Lose the effect of the shelters, protection, warning parts.
- Move or use without permission of on-site fire-fighting equipment.
- Block the goods, invade fire fighting equipment, medicine cabinets and emergency exit, exit doors.
- Carry the banned substances, fire danger into the Company.

**Anti-corruption culture**

- Ensure publicity and transparency of bidding information at meetings through documents, websites, newspapers, etc.
- Prevent before processing: Identify the behavior of objects at risk of corruption to educate thought and prevention.

**\* Build the internal control system**

**OVERVIEW OF SUSTAINABLE DEVELOPMENT REPORT**

The Sustainable Development Report 2016 was developed by TNG to summarize the company's important activities related to sustainable development in 2016. Starting from the long term growth target and assessing the satisfaction of clients, consumers and assurance of health of more than 10,000 employees, TNG determined that the Company could only succeed in business upon good implementation of the responsibilities to the environment, community and society.

The contents of the report will share the company's activities on sustainable development and activities related to stakeholders' benefits to identify issues of interest. At the same time, it also outlines the Company's sustainable picture through long term goals on environment, community and society in the coming years.

**SCOPE OF REPORTING**

Include information on the performance index of TNG Investment and Trading Joint Stock Company having registered address at: [No. 434/1, Bac Kan Street, Hoang Van Thu Ward, Thai Nguyen City](#) and 13 garment factories and 2 auxiliary production units in Thai Nguyen Province in the field of garment export.

REPORTING PERIOD: 01/01/2016 – 31/12/2016.

**Reporting cycle:** The Sustainable Development Report is prepared annually.

**APPLICABLE STANDARDS**

The report is based on the G4 Global Reporting Initiative – Principles for reporting and information disclosure.

A Guide to Making Sustainable Development Reports – by the State Securities Commission and the IFC.

Corporate Sustainability Index (CSI) – Vietnam Business Council for Sustainable Development (VBCSD)

#### \* ENVIRONMENT

### **GENERAL POLICY**

#### **Plan preparation**

In 2016 and the coming time, TNG also has had and implemented specific plans, including:

- + Have the plan to build a wastewater treatment system in Phu Binh

- + Make the plan of hazardous waste collection according to notice No. 1684/TB-CT dated 10 December 2015 and implementation on 15 December 2015 at Song Cong Branches 1,2,3,4, Packaging Branch, Phu Binh Branches 1,2,3,4, Viet Duc, Viet Thai, Dai Tu Garment Branches

- + Issue the plan No.: 958/KH-CT on the environmental monitoring plan for the quarters 2,3,4 in 2016

- + In 2016, TNG organized bidding for the package: Construction of the waste water treatment system at Dai Tu Garment Branch

#### **Policy development**

TNG has issued environmental targets every year and in 2016, TNG is committed to the following environmental goals:

- + Training for 100% of employees in the Company to identify the 77 and their impacts on the environment

- + Save 5% of water in the Company as compared to 2015

- + Save 5% of electricity consumption compared to 2015

- + Periodically sanitize workplace at the end of every Saturday in the company

Seriously implement 5S at the factories and the Company

## TNG complies with the laws and regulations on the environment

TNG has environmental-related licenses such as: Permits for discharge of wastewater into water sources, permits for exploitation of underground water, etc., together with valid submits and decisions approved by the competent agencies in Vietnam.

Prevent, respond to and overcome environmental incidents, to ensure the environmental technical standards and standards in production, business and services.

ENVIRONMENT -  
ENERGY

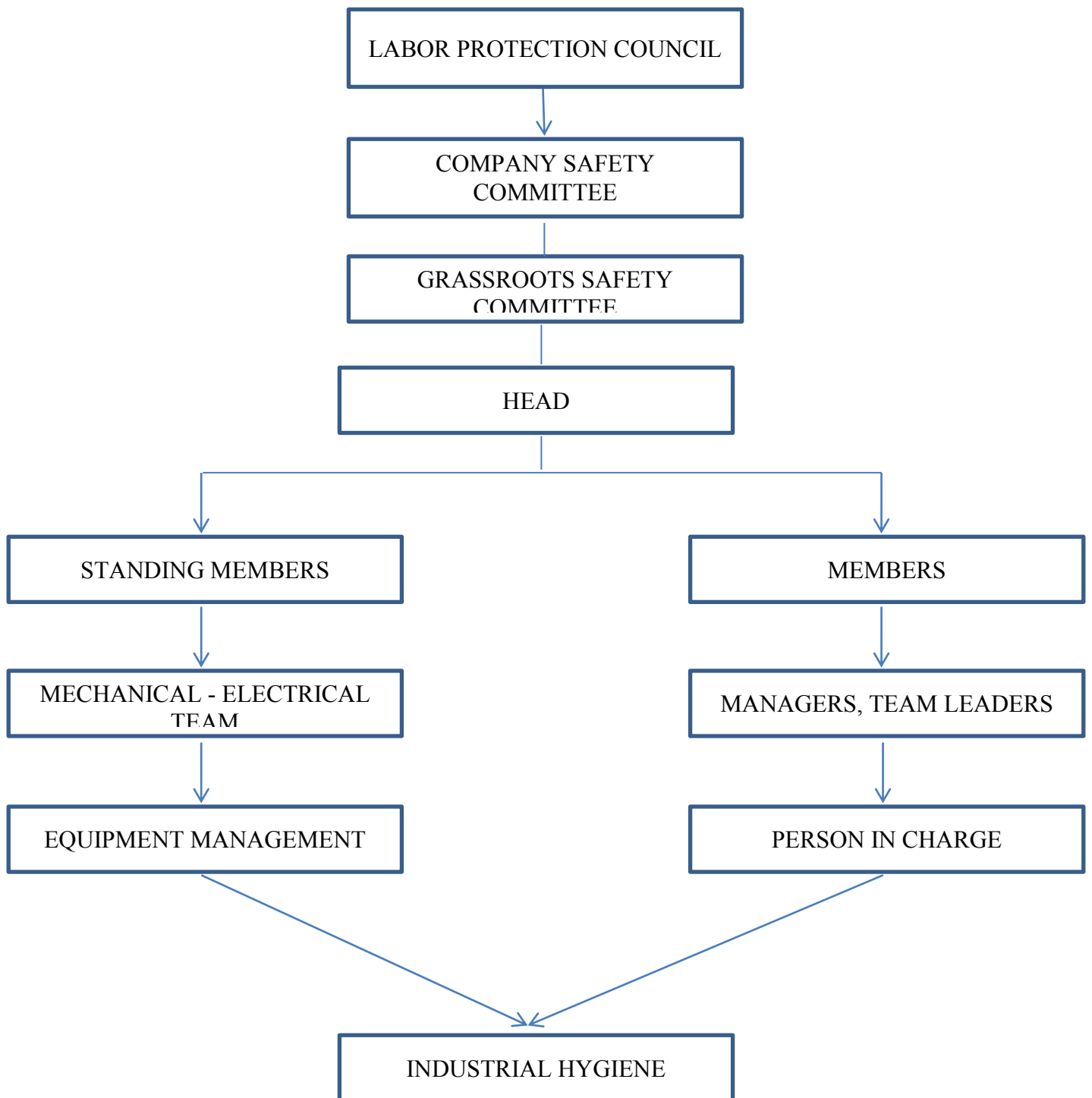
Declare and pay fully, timely the environmental and natural resource tax and environmental protection fees

In fact, TNG has not yet levied the environmental and natural resource tax but only the waste charge. The Company has also hired the unit in charge of treatment and discharge in

Carry out measures to save the power energy, coal boiler energy and water consumption

Strict control of energy use both helps protect the environment and avoids waste for the company

## ENVIRONMENTAL MANAGEMENT SYSTEM



## \* EMPLOYEES

For TNG, employees are the most valuable asset, the responsibility to the employees is also the driving force for the company to develop and improve the efficiency of production and business. TNG is very focused on personnel work. TNG always commits all employees of the Company to be treated fairly, to work in a healthy working environment to strengthen to promote their ability to contribute to the results of business activities.



"TNG is committed not to violate the legal rights and regimes for the employees. In the capacity, TNG shall provide employees with better benefits."

In order to serve the work of searching, inspecting, monitoring the implementation of policies for employees, the Board of Management has directed the compilation of the Social Security Handbook.

This is a collection of legal provisions, which are transformed into company regulations on the benefits that employees enjoy, starting with the apprenticeship/probation at the Company, until their retirement or termination of the labor contract

### Labor policy in TNG

Unit: VND million

Indicator	2015	2016	2017
Average salary (VND million)	4.8	5.2	5,6
Rewards fund	416	558	612

The Chief Executive Officer of TNG Investment and Trading Joint Stock Company commits that: Employees working in TNG shall be entitled to full regimes and rights as prescribed by law: Labor Law, Health Insurance Law, Unemployment Insurance Law and

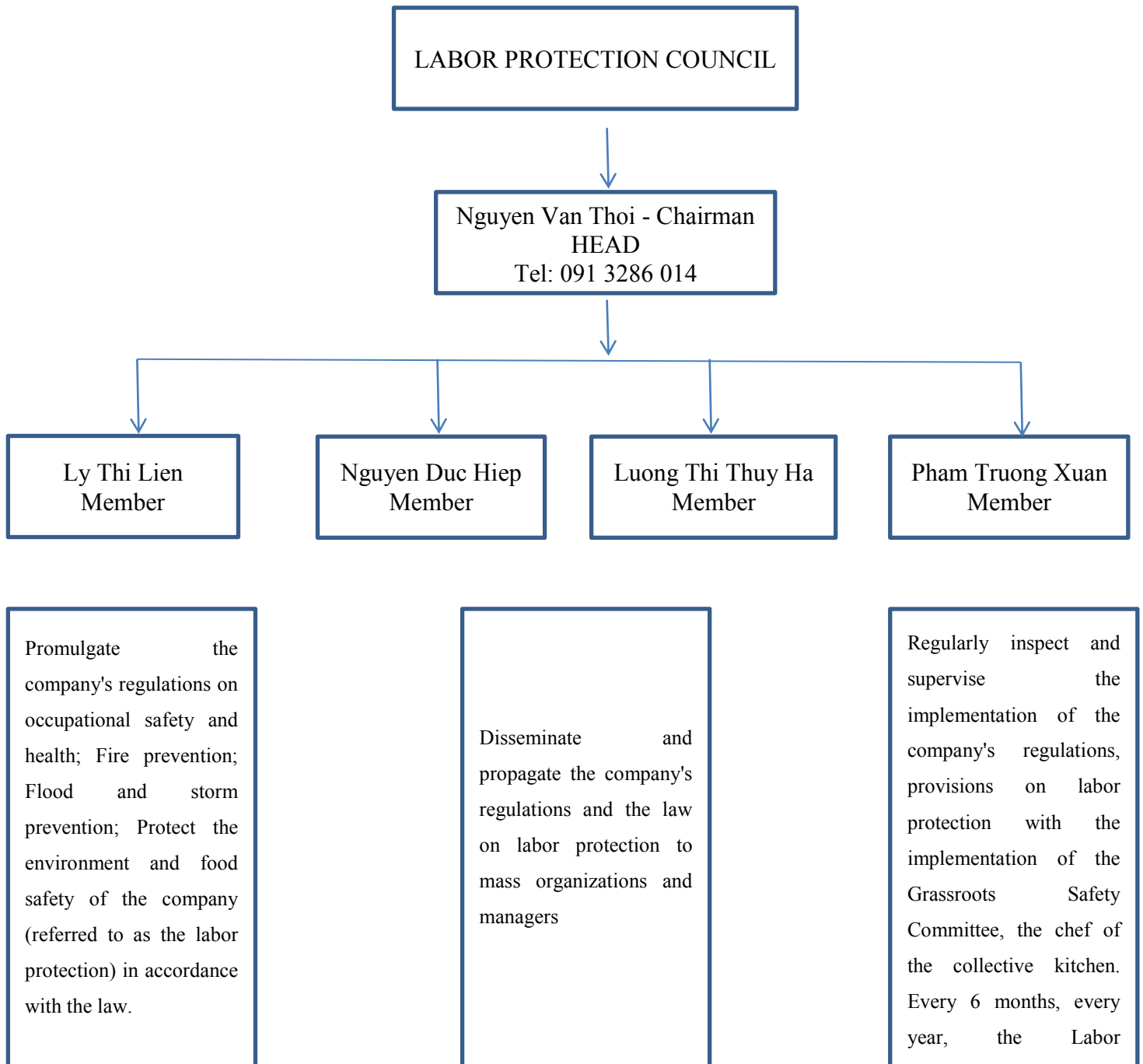
related regulations to regime and benefits of the employees". Specially, it is prohibited to employ the children under 16 years old to work in the Company.



## OCCUPATIONAL SAFETY AND HEALTH

### Occupational accidents and diseases

Indicators	2015	2016
Cases of occupational accidents	0	0
Numbers of claims	0	0



In 2016, the Company signed a contract of periodical health check with a specialized company: Ha Noi Thai Nguyen General Clinic Joint Stock Company This unit has a full license of medical examination and treatment as specified by the Ministry of Health.

The subjects of health examination are company's employees including: Office workers, labor garment workers. Particularly, female workers are provided with obstetric and gynecological examinations and general abdominal ultrasound.

Periodic health examination	Subjects	Contents of health examination
First times	<ul style="list-style-type: none"> <li>- All employees of the company</li> </ul>	<ul style="list-style-type: none"> <li>+ Clinical visit: Internal Medicine, Surgery, Obstetrics and Gynecology, Ear -Nose -Throat, Orthodontic, etc.</li> <li>+ Cardiopulmonary X-ray</li> </ul>
Second times:	<ul style="list-style-type: none"> <li>- Employees working in hazardous environments</li> </ul>	<ul style="list-style-type: none"> <li>+ Electrocardiogram</li> <li>+ General abdominal ultrasound</li> <li>+ Urine test of 11 parameters</li> <li>+ Liver, kidney function tests</li> </ul>

**\* Local community**

For nearly 40 years of development, TNG has always maintained the status of a big business in both the economy and the community. TNG's community-oriented work has always been paid attention to and supported by the management to develop a more prosperous society in all aspects.

This work is implemented in parallel with the goal of economic development. TNG also defines the responsibility of a large enterprise for the community. In over 40 years of community social work, TNG has also contributed significantly to the social development.

## **SPECIFIC ACTIVITIES FOR THE LOCAL COMMUNITY**

### **1. TNG trade union - Tet for the poor**

The cold temperature of 10 degrees Celsius does not stop the footsteps of the members of the leadership of TNG Investment and Trading Joint Stock Company to the workers in difficult circumstances before the 2016 Lunar New Year is coming. This is a deeply humanistic activity, showing the care and concern of the company's leaders with staff, employees and associates who have been attached to TNG during the past time.



**Nguyen Thi Huong's family, Phu Binh District, working in TNG Phu Binh**



In the warm spring of love, on the occasion of Lunar New Year in 2016, the TNG's trade union donated 460 gifts with a total value of more than VND 5 billion to disadvantaged workers, workers who are children of war invalids, martyrs, people with revolutionary merit.



**2. Party Committee of TNG Investment and Trading Joint Stock Company "Every trip, a heart"**



**TNG Thai**

***Nguyen Investment and Trading Joint Stock Company visited and presented gifts at the San Sa Ho inter-school in Ha Giang Province***

In the coming time, the Party Committee will continue to preserve the good traditions, and go to distant lands, more difficult with the hope to bring emotional and physical support to local people here.

**3. TNG trade union - handed over 2 houses of gratitude in Phu Binh District and Dai Tu District**

Recently, TNG Investment and Trading Joint Stock Company cooperated with People's Committee of Tan Duc Commune - Phu Binh District to hand over the house of gratitude to Nguyen Thi Huong's family in Dien hamlet.

Attending the ceremony of handover, there was participation of Mr. Duong Ngoc Long - Former Chairman of Thai Nguyen People's Committee, leaders of Phu Binh District People's Committee, leaders of Tan Duc Commune People's Committee, village heads and the family of Mrs. Huong.





***Representatives took pictures at Ms. Huong's new home***



***Mr. Nguyen Duc Hiep - President of TNG Union awarded VND 50 million to Ms. Huong***



### **Mr. Tuan and his new home**

After more than 4 months of construction, the house was completed with a total area of nearly 50m<sup>2</sup> worth nearly VND 90 million. Of which, TNG Investment and Trading Joint Stock Company supports VND 50 million, the family owns more than VND 30 million, the remaining money is donated by the Vietnamese Fatherland Front of Tien Hoi Commune and Mr. Tuan's relatives.

### **STRICT INSPECTION OF PRODUCT QUALITY**

"In order to bring the best satisfaction to the customers, TNG carries out strict control of the product quality in order to bring the most qualified products to customers."

### **PRODUCT INFORMATION**

TNG always commits to provide customers with standard products and good quality products.

TNG always commits to protect the customers' rights on product and trademark. Each item has its own bar code and serial number, TNG label printed behind the collar



+ User manual: Printed along with the company's label to provide customers with the best product use. In addition, clients and consumers can also contact the Hotline: 0964 920 222 for direct consultation on company products





## **THE EXAMINATION OF THE BOARD OF DIRECTORS ON AUDIT'S COMMENTS**

This explanatory statement was prepared for the purpose of auditing the balance sheet as at 31 December 2016, the statement of income, the statement of cash flows and the notes on the financial statements for the year ended 31 December 2016. The financial year ending on the same day is for the purpose of giving an opinion on the fairness and appropriateness of these financial statements, in all material respects, on the financial position, results of operations and cash flows. TNG Investment and Trade Joint Stock Company ("the Company") transfers money in accordance with the Vietnamese accounting standards and accounting system and other legal regulations relating to Prepare and present financial statements.

We affirm our responsibility for the following issues:

A. The fairness and reasonableness of the financial statements about the financial position, results of operations and cash flows are in accordance with generally accepted accounting principles.

B. To formulate and implement programs and measures to prevent and detect frauds.

C. Build and maintain efficient operation of the internal control system.

The contents presented in this letter are limited to critical issues. Matters are considered material, irrespective of the level (in value), if related to errors or inaccuracies in accounting information that, in each particular case, deficiencies or errors This may affect or alter the decisions of users of financial information.

Within the scope of our responsibility and understanding, we endorse the following statement:

1. The financial statements referred to above are true and fair in all respects, in accordance with generally accepted accounting principles in Vietnam.

2. We gave the whole auditor:

A. Financial reports and related information;

B. Minutes of the General Meeting of Shareholders, meetings of the Board of Directors and the Board of Directors or summary of the contents of the meetings have not been prepared in the minutes.

3. There is no reflection from state management agencies on non-compliance or inadequate accounting regulations.

4. We have not detected any fraud that has occurred or may have occurred affecting the Company in connection with (a) the Ban Giám đốc, (b) the staff playing an important role in the internal control Sets, or (c) other objects of fraudulent conduct that may materially affect the financial statements.

5. We have not received any allegations of frauds that have occurred or may have occurred that affect our Company's performance from incumbents, former employees, analysts, State management or other entities.

6. We do not have any litigation, grievances or indemnities going on, or likely to occur, or unconfirmed claims or claims, needing to be aggregated and presented in newspapers. The financial statements are in accordance with generally accepted accounting principles, and we do not consult legal professionals regarding potential litigation or unconfirmed claims or claims.

7. The following matters, to the extent applicable, have been appropriately determined, properly recorded and properly presented in the financial statements:

A. Related party transactions, receivables and payables, including purchases, sales, borrowings, transfers, leases and guarantees (verbal or written).

B. Verbal or written guarantees that the company is obliged to repay.

C. Agreements with financial institutions related to the clearing of balances or other agreements relating to certain restrictions on cash balances, credit limits, or similar agreements have been properly presented in the financial statements.

D. Agreements for the acquisition of previously sold assets

8. In preparing the financial statements in accordance with Vietnamese accounting principles, management has made accounting estimates. All accounting estimates are disclosed in the financial statements if the information available prior to the date of this report indicates that: Asian. There is a reasonable basis for estimating the extent to which the financial statements of a condition, circumstance or situation at the date of the report will be affected in the near future by the effect of one or more of the Event in the future.

B. The impact of change is critical to financial reporting.

9. Company does not:

Asian. Violation or possible breach of laws and regulations that affect disclosures in the financial statements or the basis for recording potential contingencies.

B. Debts or income, other contingent consideration that need to be accounted for or presented in accordance with generally accepted accounting principles.

10. The Company is the legal owner of the assets owned and does not have any of these assets pledged, mortgaged or held, except for the assets presented. On the notes to the financial statements.

11. In addition to the contents set out in this Letter, the Company shall not

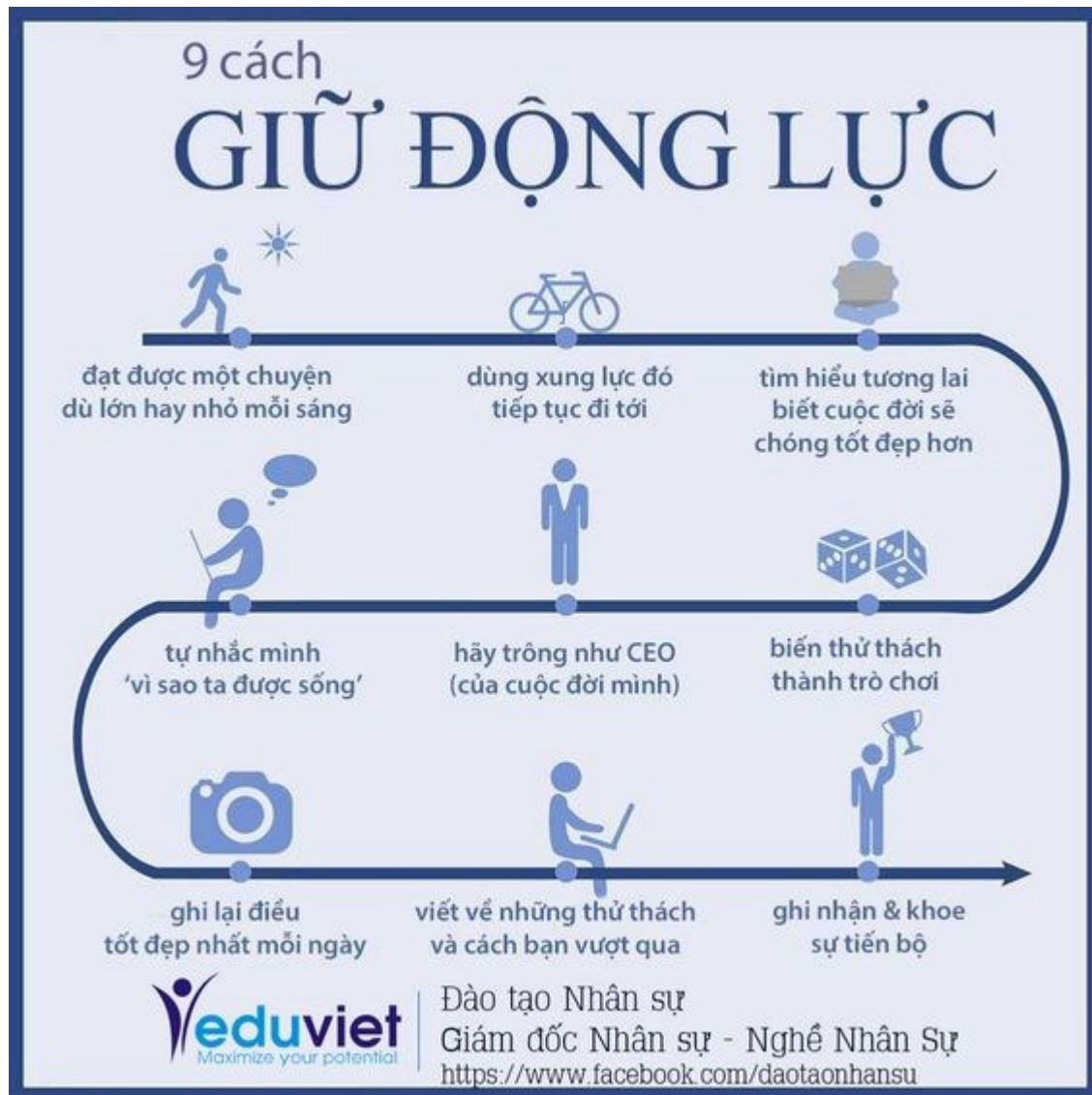
## **REVIEW BY THE BOARD OF DIRECTORS ON OPERATIONS 2016**

### *1. Review by the Board of Directors on the activities of the company*

#### **1.1 Customer management**

Maintain the good relationships with customers who have been cooperating with TNG for the past few years, and assigning tasks to branch directors:

1. Branch Directors must concentrate all resources to maximize the source of goods from the customers assigned, the goal of cooperation: The customers assigned to the Branch shall ensure full orders covering the capacity of the factory both the main and the off-season.
2. Branch Directors can only accept orders with assigned customers.
  - When a Branch Director negotiates a price offer with a client, a Negotiating Council shall be required to participate in the negotiation. In the case of negotiation via Email, it is required to sent the email of negotiation to the mailbox of the above recipients.
  - In order to ensure the principle of publicity, transparency, prevention of corruption and frauds, the Board of Management strictly forbids the Branch Directors, the sales managers of branches or any member of the Negotiating Council to work with customers & clients separately.
3. Assign to the CEO Assistant, Supervisory Board, Chief Accountant to monitor the performance of orders and customer capacity of the factory.
4. Assign the Supervisory Board to check and verify the capacity, financial ratios, revenue and solvency under the lists.
5. For customers outside the list, it is permitted to sign the contracts/confirm the orders upon reports of customer assessment by the Supervisory Board.



1. Expense management:

Analyze each subsection, control the expenses against the monthly plans.

TNG is always upholding corporate responsibility to the environment

2. Review by Board of Management on the activities of the company's Board of Directors

## 2. Review by Board of Management on the activities of the company's Board of Directors

Item	Unit	2015	2016	Increase/Decrease
Total revenue	VND billion	1923	1888	-1.88%
Income after tax	VND billion	71.3	81.2	+ 13,86%
EPS	VND/ CP	2,472	2,480	+ 0,32%
Employees	People	9.313	9.455	+2,48%
Average income	VND/person/month	4,800,000	5,200,000	+8,33%

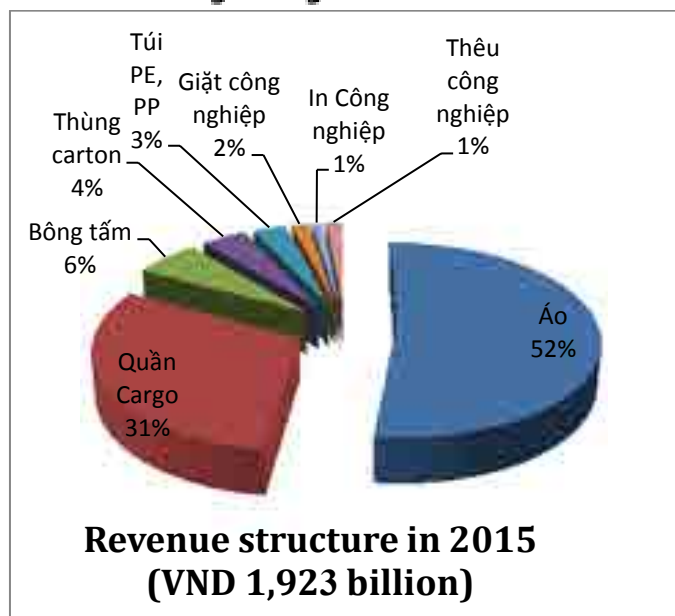
### \*On revenue:



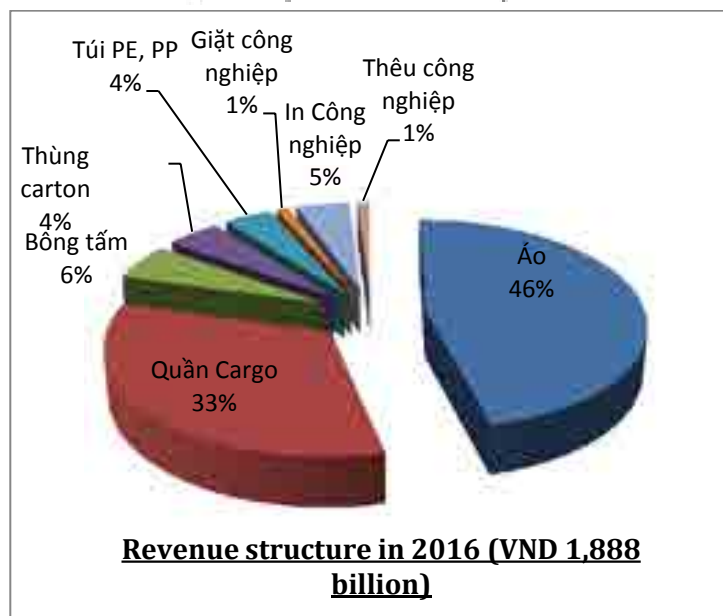
Financial year 2016.  
Decrease in Net revenue  
**1.88%**

In 2016, TNG's revenue is VND 1,888 billion. In 2017, TNG sets the target on the revenue of VND 2,200 billion.

### Regarding the revenue structure in the period of 2015 - 2016 (business fields)

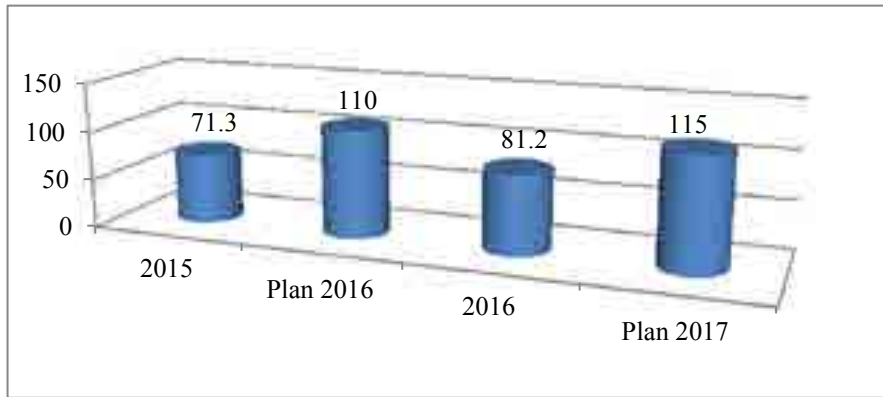


Revenue structure in 2015 (VND 1,923 billion)



Revenue structure in 2016 (VND 1,888 billion)

**Profit after tax**

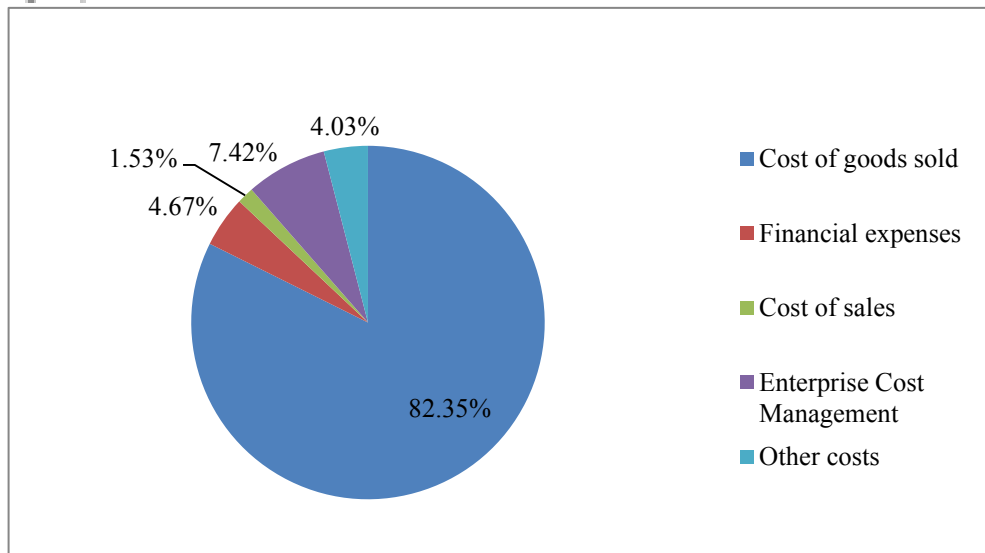


Financial year 2016  
Profit after tax increased  
**13,86%**

In 2016, TNG's revenue was VND 81.2 billion, fulfilling just 75% of its target due to global economic hardship. In 2017, TNG sets the target on the revenue of VND 115 billion.

**\* In terms of expenses**

Structure of operating expenses:



Cost of goods sold occupies the large proportion of the expenses, accounting for 82.53% of TNG's total operating expenses. In the cost categories, a 9% drop in financial expenses, mainly interest expenses, has made a significant contribution to increase in the Company's profit after tax. Other cost categories, despite the increase over the same period, with a very small share in the total operating expense structure, they had little impact on total operating profit.

The Board of Directors has completed the task on the plan of revenue and profit after tax:

**+ About revenue:** TNG's 2016 revenue was VND 1.888 billion, by 75% compared with the plan and decrease of 1.88% compared to 2015.

**Reasons**

The garment industry is competing directly with rivals such as China, India, Cambodia, Bangladesh, Myanmar and Sri Lanka. India is concentrating its resources and policies from the government to develop the textile and garment industry. Cambodia, Myanmar ... enjoy preferential tariff for exports to the EU.

Another disadvantage is the tax rate. While the tax rate applied for exports of Vietnamese textiles and garments into the EU market ranges from 9% to 12%, tax rate on garments from countries such as Cambodia and Laos are only 0%

Vietnam's exchange rate policy is stable and anchored in the strong currency which is the US dollar, while other currencies in the major import markets of Vietnam have been greatly reduced: The euro lost 18% of its value; 17% for Yen Japan ; 8% for yuan, etc. At the same time, the currencies of exporters competing directly with Vietnam such as ASEAN, India and Bangladesh also decreased by 10-20%. "Thus, the exchange rate alone makes Vietnamese textile products more expensive than ones of other countries from 10-16%."

Interest on domestic bank loans of 8-10%/year, which is two to three times higher than other competitors or minimum wage increases on average 12-15% make the cost of production increase sharply.

Trade agreements that the textile and garment industry can benefit from, such as the TPP and the FTA, have not yet entered into force. The rapidly rising minimum wage also contributes to increase in the cost of the enterprise. According to statistics, the cost of wages in total products accounted for 60% in Vietnam, while in Myanmar the number is only from 15-20%

#### **+ About profit:**

In 2016, TNG's profit was VND 81.2 billion, an increase of 13,86% compared to 2015. In spite of the difficult economic situation, TNG is on track of development to show good working capacity of the Board of Directors and all employees of the TNG

#### **Reasons**

Profit after tax reached VND 81.2 billion, up 13,86% thanks to reduction of selling and management expenses.

**Tighten the input costs: Negotiate price, remove intermediate subcontractors, competitive bidding.**

**Reduce the cost: All departments.**

1. Promote anti-corruption campaigns:

2. Increase labor productivity:

Provide incentive policies for employees

3. *Monitoring activities of the Board of Management to the Board of Directors*

Board of Management and Board of Directors conducted 04 jointly meeting to review, comment the production and business activities of the Company during the first quarter of 2016. At the same time, the BOM made the guidance directly to the Board of Directors and continued monitoring, supervision, orientation and direction for the management and administration of the Board of Directors in the near future.

- Perform all control works on the software.

Control customer codes, date of production, date of completion, production team of product codes, time of



completion, etc.

- Evaluate and analyze the plan by month.
- Reduce costs through bidding and competitive offer.
- BOM shall direct the General Director to make some major contents are as follows:
- Evaluate, analyze and anticipate the business situation by month.
- Evaluation, self-evaluation mechanism for works of each department has been fully implemented to improve work efficiency.

## **\* Plans and orientations of the Board of Management**

### *MEDIUM AND LONG-TERM OBJECTIVES*

#### **STRATEGIES FOR MIDDLE AND LONG TERM DEVELOPMENT**

Based on the general direction of the industry, TNG shall develop its development orientation in the coming years as follows:

1. Garment plays the leading role, step by step investing in new business lines, first of all, to directly serve the garments including laundry, packaging, printing, embroidery, etc.
2. The export market remains the main pillar, increasing the percentage of domestic sales to 10-15% by the end of 2016, balancing markets, avoid
3. excessive dependence on the US market, accessing and exploiting the Japanese market. Continuously develop production intensively and extensively, maximize the design capacity to
4. increase labor productivity. Regularly add and renew new machinery and technology. Concentrate on the production capacity of textiles and garments; best grasp the opportunities from the TPP Agreement and the VN-EU FTA.



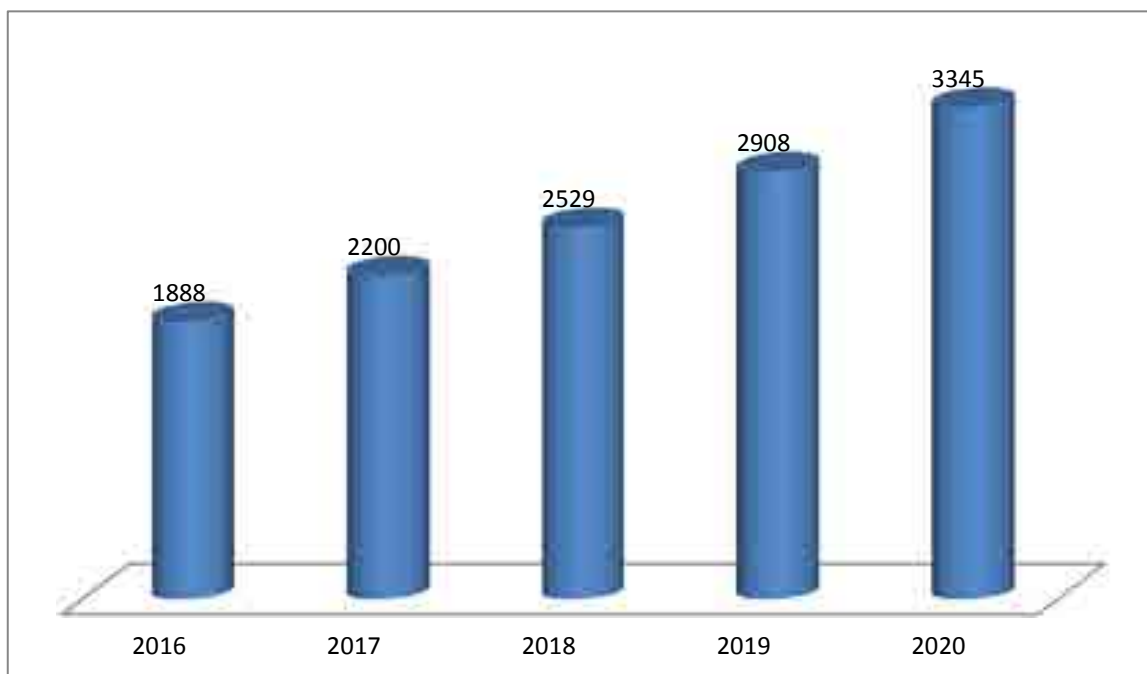
5. Expand production and business by investing in garment factories in Thai Nguyen Province: The system of TNG Dai Tu factory has come into operation. In the development strategy in the period of 2015 - 2020: TNG will invest in building: TNG Phu Luong, TNG Vo Nhai with a total capital of up to VND 1,460 billion, creating jobs for workers in the province.

The orientation for the development of the garment industry is the key, expanding into the areas in line with the comprehensive development strategy of the Vietnam Textile and Garment Industry in the coming time. The increase in investment is determined on the basis of the identification of potential and advantages of Vietnam in the world textile & garment market and the strategic objectives of Vietnam Textiles & Garments in the coming period. In addition, as well as units in the industry, the Company is aware of the domestic market importance with more than 92 million people, the young population, the demand for consumption is growing.

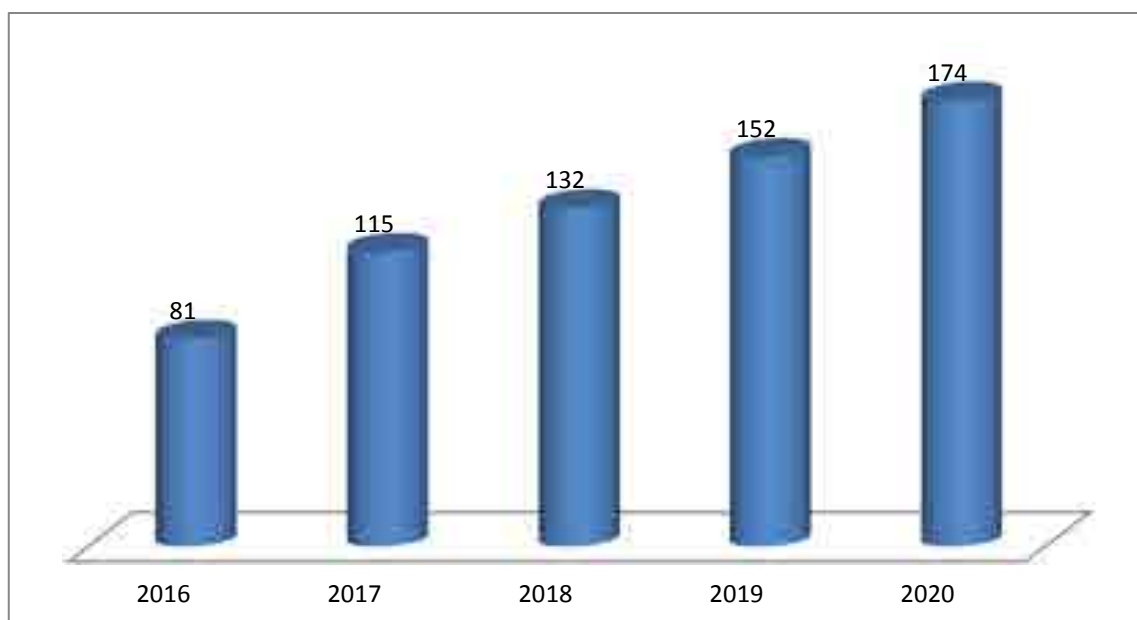
REVENUE PLAN

BUSINESS TARGETS FOR THE PERIOD OF 2016-2020

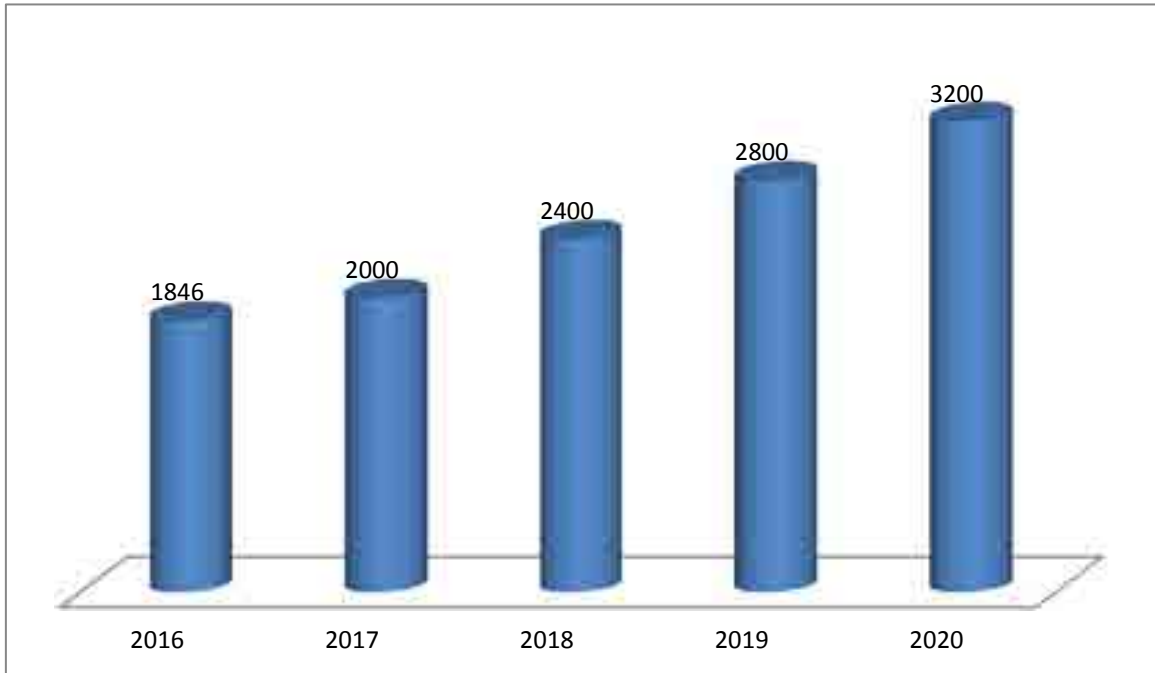
Revenue in 2020  
(VND 3,345 billion)



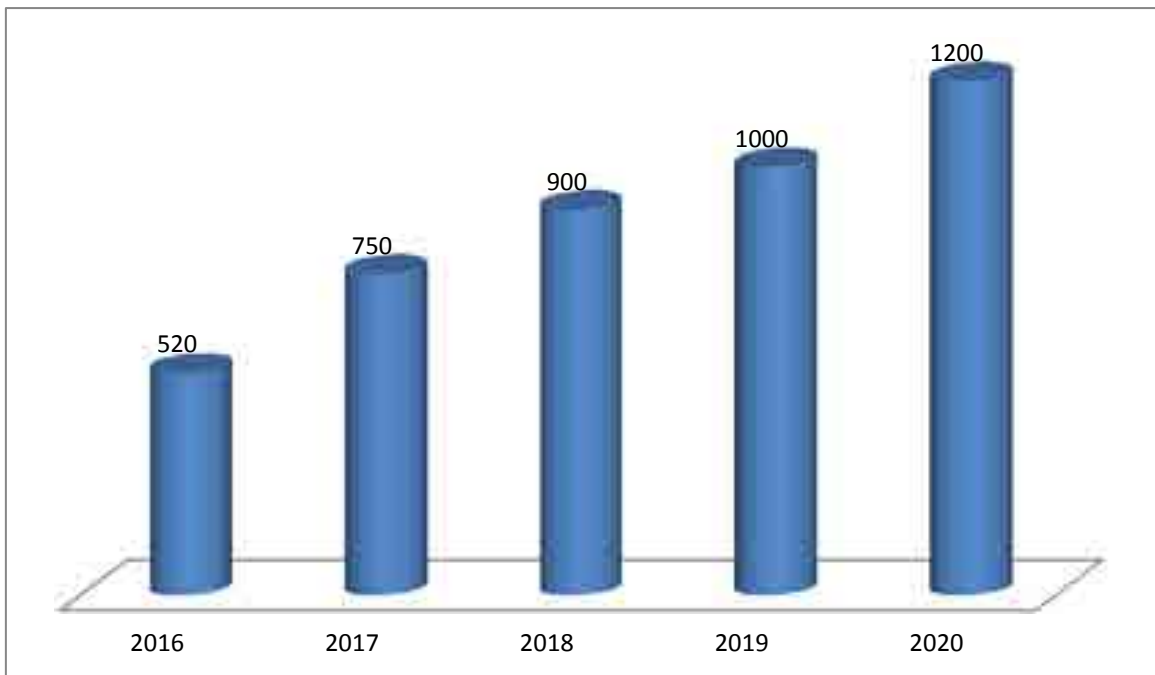
Profit after income tax in 2020  
VND 174 billion



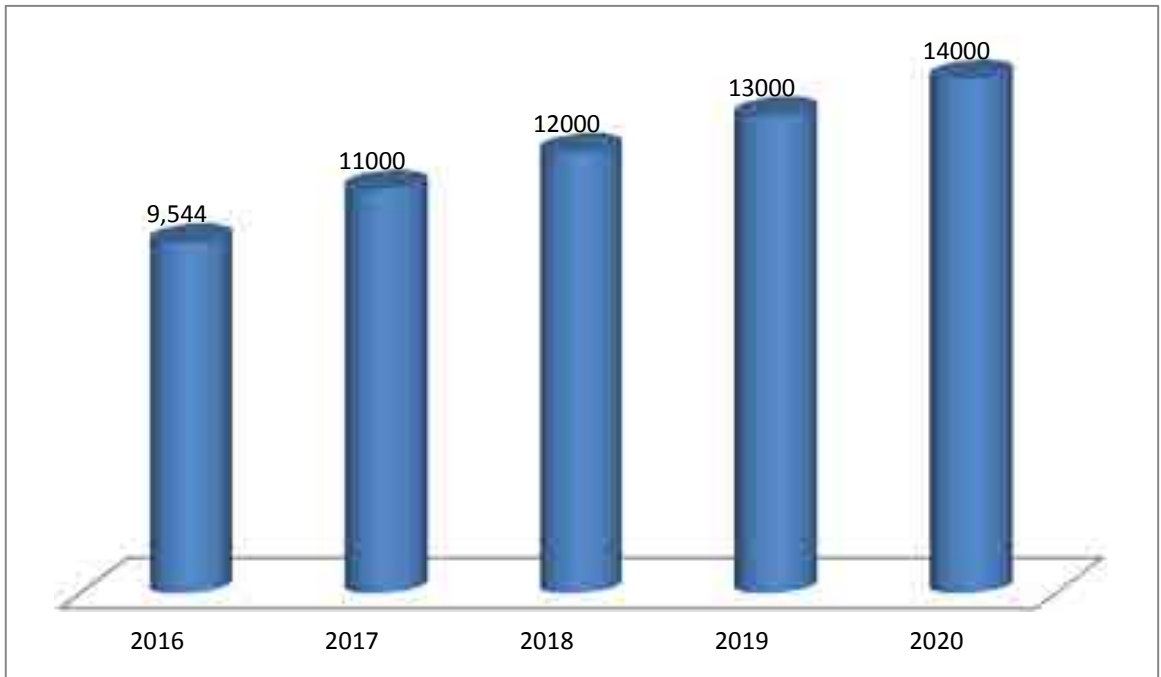
**Total assets in 2020**  
**VND 3,200 billion**



**Equity in 2020**  
**VND 1200 billion**



**Total employees in 2020**  
20,000 people



**TNG: Sustainable growth**

## **LONG-TERM GOALS**

**TNG** is now striving to become Vietnam's leading enterprise in retail of TNG branded products in the field of garment and textile instead of producing the world's major brands.

**TNG** desires to create a Vietnamese brand, expressing intellectual stature and Vietnam pride in the international arena.

### **Financial control work:**

- + The branches implement the flow distribution of data and update daily vouchers by day, not to accumulate works at the end of the month, end of quarter.
- + Update online on the software system.
- + Account receivables/payables have no overdue debts through early warning systems ERP.
- + Monthly analyze data to the BOM/ Board of Directors to understand the master plan/financial performance.
- + Analyzes each excessive expense item by month/factory and organize meeting in each factory to propose the recovery plan for the following months.

### **Order control work:**

- + Control orders to ensure production.
- + Make plans to outsource the goods in case factories are of beyond capacity.
- + Apply business administration software system to control orders from input to costing, production organization, export, quick and accurate collection debts.

### **Quality control work:**

- + Decentralize the management of quality: Company - Quality Management Division of the company: Supervision and guidance.
  - + Factory - Quality Management Division of the factory: Enforcement.
- Ensure goods subject to two-level quality management process before to the hands of consumers so that consumers can feel assured on quality from the conscious garment workers, until the finishing department.

### **Organization, personnel work:**

- + Consult automatically evaluation of work performance on the software of the unit/department and individual.
- Work performance will automatically reward or deduct salary through software systems.
- + Provide self-control mechanisms for the work on the software and serve company's goals on the system.
  - + Ensure stable personnel, have backup plan for the key positions.
  - + Maintain good discipline and order of the company.
  - + Service department offers good policies for personnel.
  - + Encourage and motivate employees through policies and guidelines.

 **Application of new technologies, export of goods, IT:**


- + Application of new technology is effective initially, which increases product yield.
- + Strictly control shipping documents, fast and accurate process.
- + Upgrade website, ensure friendly, convenient to users.
- + Provide good solutions to share information with customers, shareholders and investors via the website, video conference.
- + Ensure internet security, no breakdown on the internet.

 **Control work:**

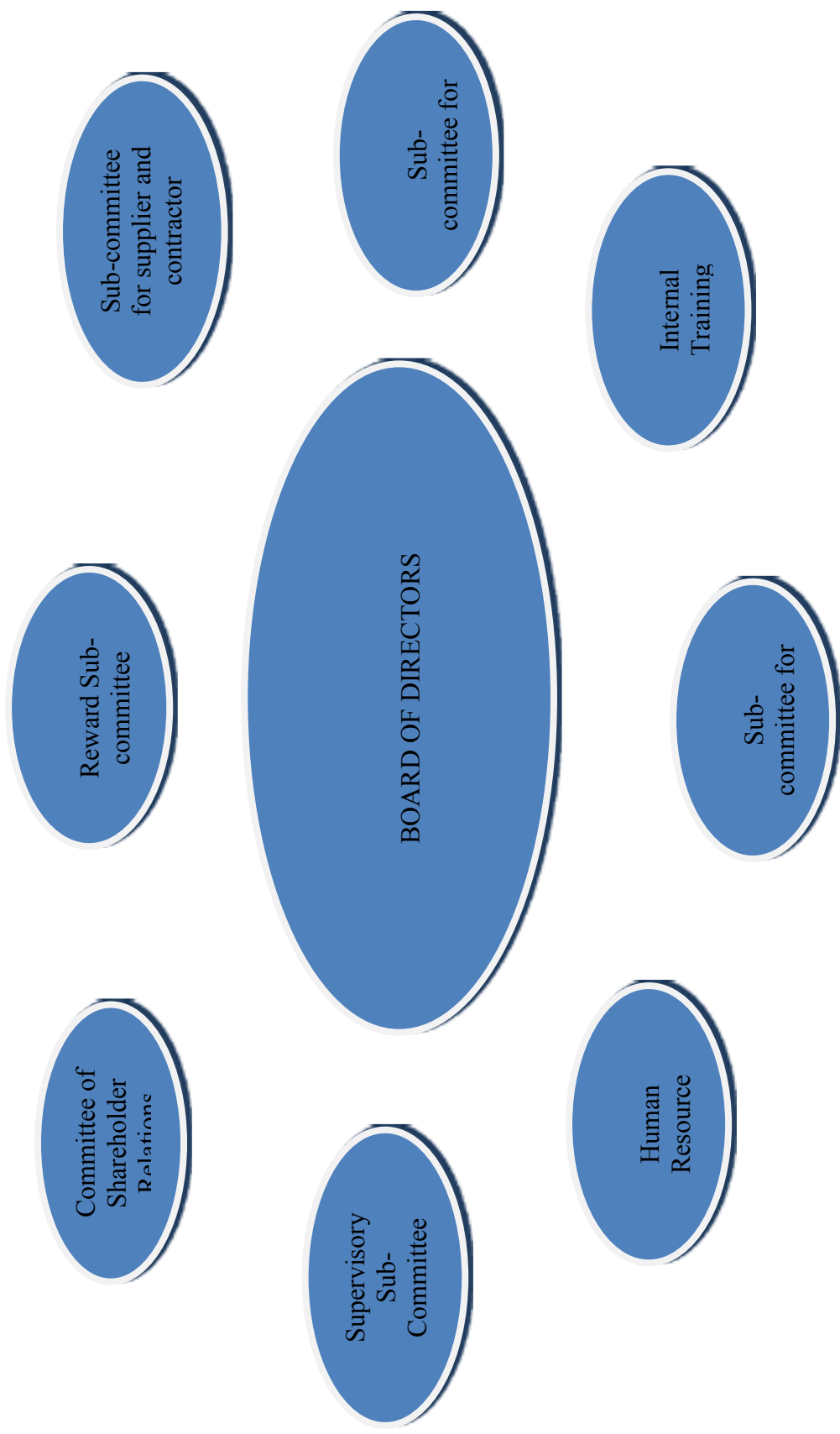
- + Internal Control Department, in conjunction with the Supervisory Board on:
  - Evaluation on suppliers.
  - Control of the contract.
  - Control of debts.
  - Plans of capital increase
  - Control of the resolutions and decision of BOM for good implementation of directions

## Board of Management - 2015 - 2020 term

### ABOUT THE BOARD OF MANAGEMENT

				
<p><b>Mr.: Nguyen Van Thoi</b>  <b>Chairman of Board of Management</b>  <b>Year of birth: 1958</b>  <b>Nationality: Vietnamese</b>  <b>Time of appointment: 2003:</b>  <b>Working experience:</b>          1982 – 1992: Team leader of Material of Bac Thai Electrical installation Company          1993: Deputy Director of Bac Thai Garment Enterprise          1993 – 2002: Director of Thai Nguyen Garment Company          2003 – now: Chairman of BOM of TNG Investment and Trading Joint Stock Company  <b>Qualifications:</b> Engineer of Mine MSE, Bachelor of Economics, Bachelor of Politics  <b>Others:</b> President of Thai Nguyen Enterprises Association; Vice President of Thai Nguyen Enterprises Association  <b>Outstanding achievements:</b> Award of typical businessman; the third labor medal in 2007</p>	<p><b>Mr.: Rusdy Pranata</b>  <b>Member of Board of Management</b>  <b>Year of birth: 1975</b>  <b>Nationality: Indonesia</b>  <b>Time of appointment: 2014</b>  <b>Working experience:</b>          11/2001-2/2005: Financial controller at Toys'R'Us Company - Indonesia          2/2005-12/2014: Chief Financial Officer, Deputy Chief Executive Officer of PT Great River International Tbk Garment Manufacturing and Retailers/ PT Samudra Biru/ Garment Manufacturing for Export and Local Market          12/2014 – now: Director of PT Surya Berkah Indonesia Klanten, Central Java/PT Aseli Garmen Indonesia. Member of Board of Management - TNG Investment and Trading Joint Stock Company</p>	<p><b>Mr.: Nguyen Duc Manh</b>  <b>Member of Board of Management</b>  <b>Year of birth: 1983</b>  <b>Nationality: Vietnamese</b>  <b>Time of appointment: 2007</b>  <b>Working experience:</b>          1995: Thai Nguyen Garment Company          2010 – 2011          Manager of Sales Department of TNG Investment and Trading Joint Stock Company          2011 – now: Member of BOM, Vice General Director of TNG Investment and Trading Joint Stock Company  <b>Qualifications:</b> IT Bachelor in USA, Bachelor of Foreign Languages: Shanghai, China.  <b>Others:</b> Director of TNG Fashion Branch</p>	<p><b>Mr.: Nguyen Van Thoi</b>  <b>Member of Board of Management</b>  <b>Year of birth: 1971</b>  <b>Nationality: Vietnamese</b>  <b>Time of appointment: 2013:</b>  <b>Working experience:</b>          1995 – 2013: Official of Thai Nguyen Garment Company          2013 – 8/2014: Vice General Director of TNG Investment and Trading Joint Stock Company          9/2014 – now: General Director of TNG Investment and Trading Joint Stock Company</p>	<p><b>Ms.: Luong Thi Thuy Ha</b>  <b>Member of Board of Management</b>  <b>Nationality: Vietnamese</b>  <b>Year of birth: 1989</b>  <b>Time of appointment: 2016:</b>  <b>Working experience:</b>          1992-2012: Employee working in TNG Investment and Trading Joint Stock Company          2013 – 4/2016: Chief Accountant - TNG Investment and Trading Joint Stock Company          04/2016 – now: Member of Board of Management, Chief Accountant - TNG Investment and Trading Joint Stock Company</p>

Sub-committee under directly BOM





## Evaluation of Sub-committees in the year

No.	Sub-committee	Number of meetings	Times of meeting	Operation results
1	Committee of Shareholder Relations	<p>1, Mr.: Nguyen Van Duc – Head of Supervisory Board – Head</p> <ul style="list-style-type: none"> <li>Tel: 091 446 2992</li> <li>Email: <a href="mailto:ducnguyen@tng.vn">ducnguyen@tng.vn</a></li> </ul> <p>2, Ms.: Le Quynh Anh – Legal Affair Department – Member</p> <ul style="list-style-type: none"> <li>Tel: 098 892 0136</li> <li>Email: <a href="mailto:quynhanh@tng.vn">quynhanh@tng.vn</a></li> </ul> <p>3, Mr.: Le Xuan Vi – Vice Head of IT Department – Member</p> <ul style="list-style-type: none"> <li>Tel: 091 696 2112</li> <li>Email: <a href="mailto:levi@tng.vn">levi@tng.vn</a></li> </ul>	04 times/year	<p>Shareholder Relations Subcommittee:</p> <ul style="list-style-type: none"> <li>Shareholder Relations Subcommittee shall solve any questions or complaints about the policy related to the activities of TNG or related rights of the shareholders arising from the charter or any rights and obligations as prescribed by law; in two directions: initiatively provide information and provide information on request.</li> <li>TNG actively provides information on the situation of the Company's operation on the Website <a href="http://tng.vn">http://tng.vn</a>. This is the online portal to provide quick and complete information on the operations of TNG.</li> </ul>
2	Supervisory Sub-Committee	<p>1. Mr. Nguyen Van Duc – Head of Supervisory Board</p> <p>Tel: 02803 856425 ext: 106.</p> <p>Email: <a href="mailto:ducnguyen@tng.vn">ducnguyen@tng.vn</a></p>	02 times/year	<p>+ Supervisory Sub-Committee:</p> <ul style="list-style-type: none"> <li>Analysis and review of the operation of each branch to ensure a healthy financial.</li> <li>Submit the monthly reports on production and business activities by plants.</li> <li>Analyze the reports production and business activities of each branch, point out the arising problems in finance and solve problems together.</li> <li>Organize regular meetings of the Chief Accountants, analyze the difficulties and the potential risks for proactive prevention.</li> <li>Be positive with other departments to offer self-control regulations of each department.</li> </ul>
3	Human Resource Sub-Committee	<p>1, Ms. Ly Thi Lien – Vice General Director</p> <p>2, Mr. Nguyen Van Son – Head of Organization and</p>	12 times/year	<p>+ Human Resource Sub-Committee:</p> <ul style="list-style-type: none"> <li>Advise the BOM in launching the strategy to attract employees to work very hard by the regulation of income distribution.</li> </ul>

		<p>Administrative Affairs</p> <p>3, Ms. Nguyen Phuong Thuy - Vice Head of Organization and Administrative Affairs</p> <p>Tel: 02803 856425 ext: 113.</p> <p>Email: <a href="mailto:sonnv@tng.vn">sonnv@tng.vn</a></p>		<ul style="list-style-type: none"> <li>- Introduce a mechanism to help the BOM to attract employees by encouraging labor</li> <li>- Consult the BOM to develop the high-skilled employees through workmanship competitions.</li> <li>- Give ways to evaluate capacity of each employee and put in automatic evaluation system on PMS software (Performance Management System) of each individual.</li> <li>- Advise the BOM in launching the mechanisms and policies to motivate employees through reward mechanisms, rewards for initiative, etc.</li> </ul>
4	Sub-committee for emulation and reward	<p>1, Ms. Ly Thi Lien - Vice General Director</p> <p>2, Mr. Nguyen Van Son - Head of Organization and Administrative Affairs</p> <p>3, Ms. Nguyen Phuong Thuy - Vice Head of Organization and Administrative Affairs</p> <p>4, Nguyen Duc Hiep - Chairman</p> <p>5, Nguyen Thi Thanh Yen - Secretary of Youth Union</p> <p>Tel: 02803 856425 ext: 113.</p> <p>Email: <a href="mailto:sonnv@tng.vn">sonnv@tng.vn</a></p>	02 times/year	<p>Sub-committee for emulation and reward:</p> <ul style="list-style-type: none"> <li>- With Human resource Sub-committee to advise the BOM in launching the mechanisms and policies to motivate employees through reward mechanisms, rewards for initiative.</li> <li>- Cooperate with the Trade Union and Youth Union to launch the emulation and dedicated working movement.</li> <li>- Handle the violation fairly and strictly: with suitable reason and feeling.</li> </ul>
5	Sub-committee for supplier and contractor evaluation	<p>1. Mr. Nguyen Van Thoi - General Director</p> <p>2. Ms. Luong Thi Thuy Ha. Chief Accountant</p> <p>3. Ha Thi Tuyet - Head of Legal Affairs Department</p> <p>Mr. Nguyen Van Duc - Head of Supervisory Board</p> <p>Tel: 02803 856425 ext: 106.</p> <p>Email: <a href="mailto:ducnguyen@tng.vn">ducnguyen@tng.vn</a></p>	02 times/year	<p>TNG has had opportunity to meet directly the production units, not through intermediaries to control the quality, input cost.</p> <p>Communicate the notice on ethical rules "STRICT PROHIBITION OF BRIBE" No. 613 TB-TNG on 19 November 2013 to customers, subcontractors, suppliers of TNG.</p> <p>Commit long-term cooperation, resolve inquiries immediately with suppliers so that subcontractors feel assured in supplying products to TNG.</p>

				<ul style="list-style-type: none"> <li>+ Supplier evaluation subcommittee:</li> <li>- To evaluate the input suppliers of TNG.</li> <li>- Implement procurement in each sector group to control costs.</li> </ul>
6	Sub-committee for contract negotiation	<ul style="list-style-type: none"> <li>1. Mr. Nguyen Van Thoi - Chief Executive Officer</li> <li>2. Ms. Luong Thi Thuy Ha - Chief Accountant</li> <li>3. Ha Thi Tuyet - Head of Legal Department</li> <li>4. Mr. Nguyen Van Duc - Head of Supervisory Board</li> <li>5. Mr. Tran Minh Hieu - Head of Sales Department</li> </ul> <p>Tel: 02803 856425 ext: 106. Email: <a href="mailto:ducnguyen@tng.vn">ducnguyen@tng.vn</a></p>		<ul style="list-style-type: none"> <li>+ Sub-committee for contract negotiation:</li> <li>- Build criteria to evaluate customers and suppliers in order to have negotiation information for decision in favor of TNG.</li> </ul>
7	Internal Training Board	<ul style="list-style-type: none"> <li>1. Ms. Ly Thi Lien - Vice General Director</li> <li>2. Mr. Nguyen Van Son - Head of Organization and Administrative Affair Department</li> <li>3. Ms. Nguyen Phuong Thuy - Vice Head of Organization and Administrative Affairs</li> </ul> <p>Tel: 02803 856425 ext: 113. Email: <a href="mailto:sonnv@tng.vn">sonnv@tng.vn</a></p>		<ul style="list-style-type: none"> <li>+ Internal Training Board:</li> <li>- Organize training and professional meetings of departments to settle problems</li> </ul>
8	Sub-committee for sustainable development	<ul style="list-style-type: none"> <li>1. Ms. Ly Thi Lien - Vice General Director</li> <li>2. Mr. Nguyen Van Son - Head of Organization and Administrative Affairs</li> <li>3. Nguyen Duc Hiep -</li> </ul>	01 times	<ul style="list-style-type: none"> <li>Sub-committee for sustainable development:</li> <li>- Consult, advise the BOM of the Company in the development of strategic planning for sustainable development program of the Company under the provisions.</li> <li>- Implement seriously policies for employees,</li> </ul>

		<p>Chairman</p> <p>4. Nguyen Thi Thanh Yen - Secretary of Youth Union</p> <p>Tel: 02803 856425 ext: 113.</p> <p>Email: <a href="mailto:sonnv@tng.vn">sonnv@tng.vn</a></p>		<p>reduce waste on energy, actively participated in environmental protection,</p>
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## OPERATIONS OF BOM

No.	Members of BOM	Position:	Date of appointment/dismissal	Number of BOM meetings	Rate of attendance	Reason for absence in meeting
1	Nguyen Van Thoi	Nguyen Van Thoi	Chairman of BOM		8	100%
2	Nguyen Duc Manh	Nguyen Duc Manh	Member		8	100%
3	Nguyen Viet Thanh	Nguyen Viet Thanh	Member	Dismissal from 11 March 2016	3	0%
4	Rusdy Pranata	Rusdy Pranata	Member		8	100%
5	Nguyen Van Thoi	Nguyen Van Thoi	Member		8	100%
6	Luong Thi Thuy Ha	Luong Thi Thuy Ha	Member	Date of appointment: 24 April 2016	5	100%

## Resolution No.:

No.	Resolution/ Decision No.	Date	Content	Results																				
1	01/NQ-HDQT	05 January 2016	<p>1. Approve the result of stock option in shares' issue of TNG Investment and Trading JSC under the certificate of offer No.86/GCN - UBCKNN issued on 23 October 2015 of the State Securities Commission based on the results No. R36/2015-TNG/VSD-DK sent by the Vietnam Securities Depository on 25 December 2015 as follows:</p> <table border="1" data-bbox="598 568 986 1344"> <thead> <tr> <th>Subjects</th> <th>Number of issued shares</th> <th>Number of shares registered and paid for purchase</th> <th>Number of odd shares and shares to be refused to purchase</th> </tr> </thead> <tbody> <tr> <td>Existing shareholders</td> <td>5,485,642</td> <td>5,345,363</td> <td>140,279</td> </tr> <tr> <td><b>Total</b></td> <td><b>5,485,642</b></td> <td><b>5,345,363</b></td> <td><b>140,279</b></td> </tr> </tbody> </table> <p>2. Approve the continuous distribution of odd shares and shares refused to purchase as follows:</p> <ul style="list-style-type: none"> <li>✓ Issue the numbers of odd shares and shares refused to purchase as mentioned above (<b>140,279 shares</b>) to the following individuals:</li> </ul> <table border="1" data-bbox="1257 537 1369 1375"> <thead> <tr> <th>FULL NAME</th> <th>Position</th> <th>Number of purchased shares</th> <th>Unit price/share</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Subjects	Number of issued shares	Number of shares registered and paid for purchase	Number of odd shares and shares to be refused to purchase	Existing shareholders	5,485,642	5,345,363	140,279	<b>Total</b>	<b>5,485,642</b>	<b>5,345,363</b>	<b>140,279</b>	FULL NAME	Position	Number of purchased shares	Unit price/share					Completed
Subjects	Number of issued shares	Number of shares registered and paid for purchase	Number of odd shares and shares to be refused to purchase																					
Existing shareholders	5,485,642	5,345,363	140,279																					
<b>Total</b>	<b>5,485,642</b>	<b>5,345,363</b>	<b>140,279</b>																					
FULL NAME	Position	Number of purchased shares	Unit price/share																					

			<table border="1" data-bbox="159 537 430 1377"> <tr> <td data-bbox="167 1131 215 1366">Nguyen Van Quan</td> <td data-bbox="167 1008 215 1097">PB3 Branch</td> <td data-bbox="167 806 215 907">121,979</td> <td data-bbox="167 571 215 728">VND 12,000</td> </tr> <tr> <td data-bbox="247 1164 295 1321">Do Van Hoan</td> <td data-bbox="247 1008 295 1097">PB4 Branch</td> <td data-bbox="247 828 295 907">12,200</td> <td data-bbox="247 571 295 728">VND 12,000</td> </tr> <tr> <td data-bbox="327 1131 375 1366">Hoang Minh Thanh</td> <td data-bbox="327 1008 375 1097">SC1 Branch</td> <td data-bbox="327 828 375 907">6,100</td> <td data-bbox="327 571 375 728">VND 12,000</td> </tr> <tr> <td data-bbox="391 1209 422 1288"><b>Total</b></td> <td data-bbox="391 1008 422 1097"></td> <td data-bbox="391 806 422 907"><b>140,279</b></td> <td data-bbox="391 571 422 728"></td> </tr> </table> <p data-bbox="486 481 630 1422">The above redistributed shares are ordinary shares which are subject to transfer restrictions within one year in accordance with Resolution No 20/NQ-HDQT dated 19 October 2015 on the restriction of share transfer.</p> <p data-bbox="646 481 742 1422"><b>3. Period and method of payment for redistributing shares mentioned above</b></p> <p data-bbox="758 481 853 1422">Individuals in Article 2 shall be responsible for payment of purchasing the redistributed shares <b>prior to 15:00 on 05 January 2016</b>.</p> <p data-bbox="869 952 901 1422">Payment account for share purchase:</p> <p data-bbox="917 716 949 1377">Account No.: <b>3901 0000 698958</b> at BIDV Thai Nguyen</p> <p data-bbox="965 560 997 1377">Account holder: TNG Investment and Trading Joint Stock Company</p> <p data-bbox="1021 481 1109 1422">If individuals fail to pay on time as specified, the remaining shares shall be redistributed to other investors by the Board of Management.</p>	Nguyen Van Quan	PB3 Branch	121,979	VND 12,000	Do Van Hoan	PB4 Branch	12,200	VND 12,000	Hoang Minh Thanh	SC1 Branch	6,100	VND 12,000	<b>Total</b>		<b>140,279</b>		
Nguyen Van Quan	PB3 Branch	121,979	VND 12,000																	
Do Van Hoan	PB4 Branch	12,200	VND 12,000																	
Hoang Minh Thanh	SC1 Branch	6,100	VND 12,000																	
<b>Total</b>		<b>140,279</b>																		
2.	No. 02/NQ/TNG-HDQT	06 January 2016	<p data-bbox="1189 481 1268 1422">Convene the annual General Meeting of Shareholders in 2016 with the following specific contents:</p> <ol data-bbox="1284 739 1364 1422" style="list-style-type: none"> <li>1. Time of meeting: At 09:00 am on 10 April 2016.</li> <li>2. Location of meeting: The company will inform later.</li> </ol>	Completed																

			<p><b>3. Agenda:</b> The General Meeting of Shareholders approved the report on production and business results in 2015 and 2016 business plan; approved the payment of dividends in 2016 and the dividend payment ratio in 2016, approved the plan to issue bonds, to issue shares to increase charter capital, elect additional members of the Supervisory Board; amended and supplemented the Charter of the Company and other matters within the competence of the General Meeting of Shareholders.</p>		
3	03/NQ-HDQT	11 March 2016	<p>1. Approve the policy of open room, increasing the rate of shares ownership by foreign investors up to 100% of charter capital. Assign the BOM Chairman to make the plan of business adjustment, amendments to the Company Charter, and submit to the BOM and General Meeting of Shareholders 2016 for approval.</p> <p>2. Approve the policy of merging the TNG Fashion Joint Stock Company into the TNG Investment and Trading Joint Stock Company</p> <p>Road map of merger: From the effective date of this Resolution until approval by the General Assembly of Shareholders of TNG Fashion JSC, TNG Investment and Trading Joint Stock Company in accordance with the order and procedures as stipulated</p>	Completed	
4	04/NQ-HDQT	16 March 2016	<p>Ref: Change of office address, increase in charter capital of the company</p> <p>I. Amend Clause 3, Article 2 on the registered office of the Company as follows: Article 2: Name, form, head office, branch, representative office and operational period of the Company</p> <p>3. Registered office of the Company: - Address: No. 434/1, Bac Kan Street, Hoang Van Thu Ward, Thai Nguyen City</p> <p>II. Amend the Clause 1, Article 5 of Charter of TNG Investment and Trading</p>	Completed	



			<p>Joint Stock Company on charter capital and shares as stipulated in the Charter as follows:</p> <p>"Article 5: Charter capital, shares, founding shareholders</p> <p>1. The charter capital of the Company is VND 296,221,270,000 (Two hundred ninety six billion two hundred twenty one million two hundred and seventy thousand Vietnam dong only).</p> <p>The total charter capital of the Company was paid into 29,622,127 shares with par value of VND10,000</p> <p>2. Decide on the amendment of the certificate of business registration, the Company Charter and other legal papers in accordance with the contents of the relocation of the head office and increase of the charter capital as mentioned above.</p> <p>Assign the Legal Department to carry out the procedures for changing the contents of enterprise registration with the business registration body in accordance with current provisions of law.</p>	
5	06A/TNG	07 June 2016	<p>I. Approve the period of share issuance to swap for the purpose of merging TNG Fashion JSC into TNG Investment and Trading Joint Stock Company under the plan approved by TNG's General Meeting of Shareholders 2016: The II-III quarters 2016</p> <p>II. Approve the principle of rounding, dealing with odd stock arising (if any) due to rounding in the process of distributing additional shares to swap shares to shareholders of TNGF and shareholders of TNG to carry out merging TNGF into TNG:</p> <ul style="list-style-type: none"> <li>▪ The number of shares allocated to the shareholders of TNGF and TNG will be rounded down to the unit.</li> <li>▪ The decimal part (if any) arising from the rounding in the distribution of additionally issued shares to swap shares for TNGF's shareholders and TNGF's shareholders to carry out the merger of TNGF into TNG will be offered for sales to other objects for VND 10,000/share. The proceeds from the sale of odd shares will be paid to shareholders owning shares</li> </ul>	<b>Completed</b>

6	05A/TNG-HDQT	07 June 2016	with decimal part.	
<p>Approve the issuance of shares to pay the second stock dividend in 2015 and issue shares to employees (ESOP) to increase charter capital of the company in accordance with the Resolution of the Annual General Meeting of Shareholders in 2016 No. 603/2016/NQ-DHDCD on 24 April 2016 as authorized by the General Meeting of Shareholders, as follows:</p> <ul style="list-style-type: none"> <li>▪ Name of issued shares: TNG Investment and Trading Joint Stock Company</li> <li>▪ Securities code: TNG</li> <li>▪ Charter capital before share issuance: VND 296,221,270,000</li> <li>▪ Number of shares before issuance: 29,622,127 shares</li> <li>▪ Number of shares expected to be issued: 4,443,318 shares</li> <li>▪ Type of issued shares: Ordinary shares</li> <li>▪ Par value of issue: VND 10,000/share</li> <li>▪ Implementation period: The II - III quarters 2016 (upon approval of State Security Commission)</li> <li>▪ Objects of issue: Existing shareholders (named in the list of shareholders closed by the Vietnam Securities Depository (VSD) on the last day of registration to receive the dividend in shares ("Last date of Registration to Receive Dividend") and employees</li> </ul> <p>❖ <b>Dividend payment by shares in the 2nd period 2015</b></p> <ul style="list-style-type: none"> <li>- Number of shares issued: <b>2,962,212 shares</b></li> <li>- Rate of implementation: 10: 1 (shareholders holding 10 shares will receive 1 new share)</li> <li>- The plan of rounding, handling the odd shares: The number of shares each shareholder will receive will be rounded down to</li> </ul> <p style="text-align: right;">Completed</p>				

			<p>the unit position, and the number of shares in decimal position (if any) will be canceled.</p> <p><i>For example: On the last date of registration for stock dividend in the 2nd period 2015, shareholder A owns 123 shares. The number of stock dividends for the second period in 2015 for which shareholder A is entitled to receive under the rate of issued shares for dividend payment is <math>(123 \times 1) / 10 = 12.3</math> shares. After rounding up, the number of shares received is 12 shares, and the remaining 0.3 shares will be canceled.</i></p> <ul style="list-style-type: none"> <li>- Implementor: Undistributed profit after tax in 2015</li> </ul> <p>❖ <b>Issuance under the Employee Stock Ownership Plan (ESOP)</b></p> <ul style="list-style-type: none"> <li>- Number of shares issued: <b>1,481,106 shares</b></li> <li>- The number of shares issued to employees is limited to transfer within <b>01 month</b> from the date of completion of the issuance.</li> <li>- Amount of issue: VND 10,000/share</li> <li>- Criteria for employees to participate in the ESOP program and the principle of determining the number of shares distributed to each subject: <ul style="list-style-type: none"> <li>✓ BQM members;</li> <li>✓ Members of Supervisory Board;</li> <li>✓ Members of the Board of Directors;</li> <li>✓ Heads and Vice Heads;</li> <li>✓ Individuals are directors of units under the Company to the end of 31 May 2016. Criteria for distribution of shares are based on the existing staff structure of the Company. The list of specific distribution of shares will close the on 31 May 2016.</li> </ul> </li> <li>- The detailed list and the number of shares purchased by</li> </ul>	
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			<p>employees participating in the ESOP program are attached to this resolution.</p> <ul style="list-style-type: none"> <li>- The number of shares which the employees are allowed to purchase but refused to buy all or part of the shares will be redistributed by the Board of Management to other subjects according to criteria proposed by the BOM along to employee's authorization, with the selling price is not lower than the price offered to employees.</li> <li>- Use of proceeds from the issuance of the ESOP:             <ul style="list-style-type: none"> <li>✓ Total expected earnings: <b>VND 14,811,060,000</b></li> <li>✓ The total proceeds from the issue will be used to supplement working capital for the company's production and business activities, namely the purchase of raw materials and direct expenses. in the process of production and business. Details are as follows:</li> </ul> </li> </ul>														
<table border="1"> <thead> <tr> <th data-bbox="778 1243 922 1321">No.</th> <th data-bbox="778 1142 922 1243">Purp ose</th> <th data-bbox="778 952 922 1142">Expected amount (VND)</th> <th data-bbox="778 772 922 952">Expected supplier</th> <th data-bbox="778 582 922 772">Expected time</th> </tr> </thead> <tbody> <tr> <td data-bbox="922 1243 1236 1321">1</td> <td data-bbox="922 1142 1236 1243">Purch ase of goods and mater ials</td> <td data-bbox="922 952 1236 1142">10,811,606,0 00</td> <td data-bbox="922 772 1236 952">KAI CHERING ENTERPRISE CO.,LTD., CHANGHO CHINA, OTHER SUPPLIERS</td> <td data-bbox="922 582 1236 772">The 2nd, 3rd and 4th quarters in 2016</td> </tr> <tr> <td data-bbox="1236 1243 1364 1321">2</td> <td data-bbox="1236 1142 1364 1243">Purch ase of good</td> <td data-bbox="1236 952 1364 1142">4,000,000,00</td> <td data-bbox="1236 772 1364 952">CHINA DAWN GARMENT,</td> <td data-bbox="1236 582 1364 772">The 2nd, 3rd and 4th quarters in</td> </tr> </tbody> </table>	No.	Purp ose	Expected amount (VND)	Expected supplier	Expected time	1	Purch ase of goods and mater ials	10,811,606,0 00	KAI CHERING ENTERPRISE CO.,LTD., CHANGHO CHINA, OTHER SUPPLIERS	The 2nd, 3rd and 4th quarters in 2016	2	Purch ase of good	4,000,000,00	CHINA DAWN GARMENT,	The 2nd, 3rd and 4th quarters in		
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	2016	GREAT SOURCING INC	2016
Materials			
<b>Total</b>	<b>14,811,060,000</b>		

– Dealing in the case of not offering all shares registered for issuance: In case of end of the offer period as specified, the Company does not offer all the shares as registered, the proceeds from the issue does not meet the expected amount to implement the projects approved by the General Meeting of Shareholders, depending on the situation, the BOM will adopt the following solutions:

- ✓ Apply for extension of the offering to continue offering the remaining shares;
- ✓ Add the missing funds through bank loans under credit contracts, etc.

- Make amendment of the Company Charter; Change of business registration; Additional deposit and listing
- Amend and supplement the Company Charter and change the business registration related to the change of the charter capital after the completion of the issuance and report to the General Meeting of Shareholders at the latest meeting, change the business registration with new charter capital after issuance.
- After completion of all issuance, the company will carry out the procedures to register the deposit of all newly issued shares on the Vietnam Securities Depository and list the newly issued shares on Hanoi Stock Exchange.
- Other contents
- Adjust the allocation of the proceeds of the issue for the approved

			<p>purpose of using the capital and/or changing the use purpose of the proceeds from the issuance to suit the actual situation and report the latest General Meeting of Shareholders on the adjustment related to this plan of using capital.</p> <ul style="list-style-type: none"> <li>- Supplement, amend, finalize or change the issuance plan at the request of the State management agencies so that the capital mobilization of the Company is lawfully implemented.</li> </ul>	
7	07A-TNG	07 June 2016	<p>Approve the record of share issuance to swap shares under the merger contract between TNG Investment and Trading Joint Stock Company and TNG Fashion Joint Stock Company (TNGF), including:</p> <ul style="list-style-type: none"> <li>- Registration of share offering for share swap;</li> <li>- Minutes and Resolutions of the General Meeting of Shareholders of TNG and TNGF on approval of the merger plan, the plan of share swap and the business plan after the merger;</li> <li>- Merger contract between TNGF and TNGF;</li> <li>- Draft charter after the merger;</li> <li>- TNGF and TNGF audited financial statements for 2015;</li> <li>- Written approval from the competition authority of the merger or a commitment to comply with the competition law of the TNGF's and TNGF's BOM;</li> <li>- Prospectus;</li> <li>- Resolutions of the Board of Management approving the stock issuance records for share swap;</li> <li>- Consultancy contract for offer documents and share swap agent;</li> <li>- Other documents related to share issuance to swap shares.</li> </ul>	

8	08A-TNG	21 June 2016	<p>1. Adopt the principle of determining the number of shares to be distributed to each eligible person to participate in the ESOP program to increase the charter capital of the Company in accordance with the Resolution of the Annual General Meeting of Shareholders in 2016 No. 603/2016/NQ-DHDCD dated 24 April 2016 as authorized by the General Meeting of Shareholders:</p> <ul style="list-style-type: none"> <li>▪ Mr. Nguyen Duc Manh during his working time has had a remarkably excellent performance with the company and the percentage of shares purchased was 47.553%</li> <li>▪ The percentage of shares purchased for the BOM Chairman: 1.647%</li> <li>▪ The percentage of shares purchased for the excellent Chief Executive Officer: 2.863%</li> <li>▪ The percentage of shares purchased for the excellent Branch Managers of Group 1: 1.554%</li> <li>▪ The percentage of shares purchased for the excellent Branch Managers of Group 2: 1.284%</li> <li>▪ The percentage of shares purchased for the excellent Branch Managers of Group 3: 1.014%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 1: 3.376%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 2: 2.701%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 3: 1.723%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 4: 1.309%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 5:</li> </ul>
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				<p>1.123%</p> <ul style="list-style-type: none"> <li>▪ The percentage of shares purchased for the excellent staff of Group 6: 1.039% (5 odd shares are added to the number of shares purchased of Mr. Nguyen Van Duc)</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 7: 0.939%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 8: 0.878%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 9: 0.853%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 10: 0.769%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 11: 0.743%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 12: 0.669%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 13: 0.583%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 14: 0.574%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 15: 0.540%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 16: 0.419%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 17: 0.391%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 18:</li> </ul>
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			<p>0.384%</p> <ul style="list-style-type: none"> <li>▪ The percentage of shares purchased for the excellent staff of Group 19: 0.347%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 20: 0.329%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 21: 0.311%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 22: 0.270%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 23: 0.203%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 24: 0.135%</li> <li>▪ The percentage of shares purchased for the excellent staff of Group 25: 0.108%</li> </ul> <p>2. Correct contents of Board of Management's Resolution No. 05A-TNG-HDQT dated 07 June 2016 as follows:</p> <p>*Article 1:...</p> <ul style="list-style-type: none"> <li>❖ <b>Issuance under the Employee Stock Ownership Plan (ESOP)</b> <ul style="list-style-type: none"> <li>– Number of shares issued: <b>1,481,106 shares</b></li> <li>– The number of shares issued to employees is limited to transfer within <b>01 month</b> from the date of completion of the issue ..."</li> </ul> </li> </ul> <p>Correction contents:</p> <p>*Article 1:...</p> <ul style="list-style-type: none"> <li>❖ <b>Issuance under the Employee Stock Ownership Plan (ESOP)</b> <ul style="list-style-type: none"> <li>– Number of shares issued: <b>1,481,106 shares</b></li> </ul> </li> </ul>
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			<ul style="list-style-type: none"> <li>- The number of shares issued to employees is limited to transfer within <b>01 year</b> from the date of completion of the issuance ..."</li> </ul> <p>Reason for correction: Typing mistake from "01 year" to "01 month" The remaining information in the resolution does not change.</p>	
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## OPERATIONS OF INDEPENDENT MEMBER OF BOM

No.	Full name of independent member of BOM	Assigned tasks	Results	Recommendation
1	Rusdy Pranata	<ul style="list-style-type: none"> <li>- Join the process of negotiating the price of shares,</li> <li>- Support the corporate governance in accordance with international practice.</li> <li>- Analyze the textile &amp; garment industry in the world as well as in Vietnam to have appropriate policies</li> </ul>	<ul style="list-style-type: none"> <li>- Join the negotiations of a number of shareholders, investors with the Chairman.</li> <li>- Meet Japanese customers</li> </ul>	<ul style="list-style-type: none"> <li>- Offer steady advice on issuance of bonds for the Chairman.</li> <li>- Expand the Japan market in the coming time.</li> </ul>

## REVIEW OF THE CHAIRMAN'S OPERATIONS

### Tools of review Random questions to managers in the year-end ceremony

No.	Full name of Chairman of BOM	Work	Results
	Nguyen Van Thoi	- Create an effective Board of Management: Clear assignment of tasks to each member.	- The members have done a very good job.
	Nguyen Van Thoi	- Operate the Board of Management effectively.	- The members know their jobs and work in a very active manner.
	Nguyen Van Thoi	- Make strategic planning	- Specific, clear and transparent strategic tasks.
	Nguyen Van Thoi	- Leadership role in risk control.	- The Supervisory Board, Legal Department, Accounting Department combined to do pre-check before implementation.
	Nguyen Van Thoi	- Executive management.	- Comply with the Enterprise law, Circular 121 - corporate governance and company charter. - applied corporate governance practices: Like encouraging shareholders to give feedback, building a dynamic Board of Management.
	Nguyen Van Thoi	- Corporate culture.	- Perform very well according to the corporate culture manual.

## Proposals of the BOM Chairman

- In order to strengthen the efficiency of supervision, pre-check for the company. The BOM Chairman proposes to convert the model of Supervisory Board elected by the General Meeting of Shareholders to the Internal Audit Committee under the BOM. Submission to the Annual General Meeting of Shareholders in 2017
- The Internal Audit Committee operates REGULARLY in accordance with the plan, procedures, scientific methods, having comprehensive and complete control over all activities of the Company.
- The Internal Audit Committee reports directly to the independent members of BOM

## GOVERNANCE TRAINING

- **BOM Chairman, BOM members participate in the corporate governance conference.**
    1. Mr. Nguyen Van Thoi
    2. Mr. Nguyen Van Duc
  - Attend the corporate governance conference organized by the Hanoi Stock Exchange in March 2016.
- *Participate in the training course on "Professional HR Director" organized by PTI Business Manager on 05 January 2016*
- *Attend the Workshop of Business Law 2014: New regulations on corporate governance and applicability to Vietnamese enterprises dated 02 June 2016*
- *Attend the training course on "updated regulations on derivatives market" organized by HNX on 18 November 2016*
- *Attend the training course on "Risk management on Vietnam derivatives market" organized by HNX on 10 November 2016*
- *Participate in the corporate governance conference "Tasks and performance evaluation of BOM members" organized by HNX on 11 November 2016*
- *Corporate Governance Forum for improving activities of the BOM.*
- *Join the guiding and implementing the new circulars, official documents:*
- + *Implement the official document No. 2463 of the SSC*
- + *Enterprise law 2014*

## SUPERVISORY BOARD

*Term: 2016 - 2020*

<b>ABOUT THE SUPERVISORY BOARD</b>		
		
<p><b>Mr.: Nguyen Van Duc</b>  <b>Head of the Supervisory Board</b>  <b>Year of birth: 1977</b>  <b>Nationality:</b> Vietnamese  <b>Time of appointment:</b> 2011  <b>Working experience:</b>                      1999 – 2007: Official of Thai Nguyen Garment Company                      2008 – now: Head of Supervisory Board – TNG Investment and Trading Joint Stock Company  <b>Qualifications</b>                      Master of Business Administration, Bachelor of Accounting, Bachelor of Foreign Languages</p>	<p><b>Mr.: Tran Minh Hieu</b>  <b>Member of the Supervisory Board</b>  <b>Year of birth: 1979</b>  <b>Nationality:</b> Vietnamese  <b>Time of appointment:</b> 2016  <b>Working experience:</b>                      2004 – 2012: Official of Thai Nguyen Garment Company                      2012 – now: Manager of Sales Department of TNG Investment and Trading Joint Stock Company  <b>Qualifications</b>                      Bachelor of International Business Administration</p>	<p><b>Ms.: Ha Thi Tuyet</b>  <b>Member of the Supervisory Board</b>  <b>Year of birth: 1984</b>  <b>Nationality:</b> Vietnamese  <b>Time of appointment:</b> 2016  <b>Working experience:</b>                      07/2007 – 2015: Employee of Thai Nguyen Garment Company                      2015 – now: Manager of Legal Department of TNG Investment and Trading Joint Stock Company  <b>Qualifications:</b> Lawyer</p>

## OPERATIONS OF SUPERVISORY BOARD

### 1. Information on Members of Supervisory Board

No.	Members of Supervisory Board	Position	Day becoming/no longer member of the Supervisory Board	Number of attendance	Percentage	Reason for absence
1	Mr. Nguyen Van Duc	Head of Supervisory Board		4	100%	
2	Ha Thi Tuyet	Member of Supervisory Board	Date of appointment: 24 April 2016	4	100%	Date of appointment: 24 April 2016
3	Tran Minh Hieu	Member of Supervisory Board	Date of appointment: 24 April 2016	4	100%	Date of appointment: 24 April 2016

### **VND 2, Surveillance activities of the Supervisory Board toward the Board of Management, Board of Directors and shareholders:**

In 2016, the Supervisory Board had a meeting to assign specific tasks for each member on the activities of the Company, agreed on the control plan in 2016. Every month, the Supervisory Board controls the production and business activities of the branches and the company. After control, the Supervisory had minutes of working with directors and Chief accountants of branches and raised shortcomings in the production and business management, financial management of the Company, contributing to ensure the production and business of the company effectively.

The Head of the Supervisory Board is assigned the task of: Report on evaluation of the business plan in 2016

- Build the business plans for units
- Assign the business plan of the Chief Executive Officer to the units

**For the activities of the Board of Management:** In the first 6 months of 2016, the Board of Management has made continuous efforts to make many solutions on production and business to be profitable.

The Board of Management has implemented the bidding policy: Conduct the bidding on all input materials in order to save down product cost and make profits to the Company and shareholders.

Establish the bidding council with the following tasks:

Select the most competitive suppliers of goods and services, meeting the price and quality requirements of goods and services.

Handle acts of violation of the management order of the company and claim material liability (if any) to individuals who fail to abide by the regulations of the company on goods

sale and/or individuals who show signs of fraud, non-transparency, for personal profit in buying and selling with customers, suppliers. The minimum collection/compensation level is equal to 100% of the difference between the market price and the selling price

Organize the supervision of the Board of Directors, pay attention to the organization of management staffs throughout the Company and issue resolutions with the main contents to improve the management aspects for production and business of the whole company.

The Board of Management has maintained regular meetings weekly, monthly, quarterly to grasp the business and production situation of the branches to make timely policy.

In the first 6 months of 2016, the Board of Management also issued 7 resolutions of the Board of Management on the General Meeting of Shareholders, relocation of the head office and approval of share issuance options.

**For the activities of the Board of Directors:** The Board of Directors has organized and directed well the performance of business activities according to their functions, tasks and powers, complying with the State law and the provisions of the Company Charter.

The Board of Directors has directed the good implementation of labor regulations and collective labor agreements. Based on guiding the regulations issued by the Company, daily monitor the employees' behaviors, violations to the Company's rules.

Change the form of import of raw materials and auxiliary materials under CIF conditions into the form of import under FOB conditions

For contracts of raw materials and auxiliary materials from foreign suppliers: All raw materials and auxiliary materials imported from abroad are imported under FOB/EXW/FCA conditions.

In the course of negotiating contracts with foreign suppliers, business staff are required to negotiate FOB/EXW/FCA delivery terms. All materials imported under CIF, CNF, CFR conditions are required to be converted and negotiated into FOB, EXW or FCA conditions.

The Board of Directors directs the implementation of solutions on orders and production organization in accordance with the reasonable exploitation plan; the Board of Directors directs the management of the units to promote the productivity of the whole company

### ***3. The coordination among the Supervisory Board with the Board of Management, Board of Directors and different managers:***

- The coordination between the Board of Management, the Board of Directors and the Supervisory Board is effectively implemented. The departments in the company have actively coordinated, provided full documentation as required to contribute to increasingly perfect the Supervisory Board's operations to achieve good results.

- Consult and advise the BOM on the plan of expansion of room for foreign investors to 100% and options for issuing shares to pay dividends of the 2nd period 2015 and under the option of employees (ESOP).

- Consult the merging documents of TNG Fashion Joint Stock Company into TNG Investment and Trading Joint Stock Company, preparing the merger contract as well as other merger procedures.



- Along with the Negotiating Council in negotiations with customers, suppliers, discussing sales publicly, not inform individually by each branch director.

- Before signing the contracts of sales and other contracts, branches shall notify the professional divisions of the Legal Department under the Supervisory Board for evaluation in term of legality, to avoid the risks of payment and be certified by Supervisory Board. After that, the company leader shall approve to implement such contracts.

- The Company's leaders, based on the supplier evaluation of the Supervisory Board, shall approve the suppliers and sign the contracts.

- After payment, the software system shall control the expected date when the products are transported to Haiphong port, the departments shall rely on the information in order to implement the work and the system will notify deadline for each unit and storekeepers confirm the number of products transported to the warehouses. In the production process, item codes shall be attached to each unit for monitoring.

- The Board of Supervisors analyzes corporate financial reports and compares them with other enterprise in the industry, reports to the Board of Management to see the position of TNG as well as offer the right direction for the Company.

- Control of monthly report on business results of branches under the terms of the director lease contract, in case of losses, the Supervisory Board will examine and analyze the causes of losses and make the plan for the next month and suggest recommendations.

- Upon acceptance of each stage of the bidders for the construction works, the Supervisory Board shall join with the departments such as Basic Construction, PMU for testing at each stage of the work completed.

- The company has reported in compliance on the stock market, monthly business report on its website.

Step by step publish the reports in Vietnamese and English to create the most favorable conditions for both domestic and foreign investors.

- At BOM's meetings, the Supervisory Board members can participate in to exchange, contribute ideas, and participate in periodic inspection plan for units and branches.

- The Supervisory Board participates in periodic briefings between company leaders and managers to talk about business results.

#### **4. Other activities of the Supervisory Board (if any):**

- The Supervisory Board has actively assigned works to members in 2016 in compliance with the charter and according to the 2016 business plan.

- Be responsible for the contents of the information related to shareholder relations.

- Members of the Bidding Council with the task of selecting and evaluating the suppliers with the best price and quality for the company

- The Head of Supervisory Board evaluates the buyers:

Be responsible for incidents related to fraudulent customers that cause financial losses to the company

- Members of the Board of Supervisors carry out the evaluation and advise on selection of suppliers:

Be responsible for cases related to fraudulent suppliers that cause financial losses to the company.

- Members of the inventory committee of capital and assets have the function of directing the inventory team within the scope of guidance

- Consult and participate in the program "Exchange information in advance organization of the General Meeting of Shareholders 2016 to meet with investors as well as receive and solve their questions.

- Supervisory Board members shall inspect the attending status of participants of General Meeting of Shareholders 2016.

- The Supervisory Board is a core part in voting committee for the General Meeting of Shareholders 2016.

- Review, test the process of organizing the General Meeting of Shareholders 2015 in accordance with its charter and Enterprise law in 2005.

- Compare the contents of Circular 121/2012/TT-BTC and Securities Law and Enterprise Law. On the basis of the reference to the company charter, to see what things the Company has achieved and not yet. Then adjust the Company Charter

- Carry out appraisal of the Annual Report 2016 and Sustainable Development Report 2016. These two reports have provided an overview of the Company as well as its orientation for 2016

- Join the Bidding Council: Handle acts of violation of the management order of the company and claim material liability (if any) to individuals who fail to abide by the regulations of the company on goods sale and/or individuals who show signs of fraud, non-transparency, for personal profit in buying and selling with customers, suppliers. The minimum collection/compensation level is equal to 100% of the difference between the market price and the selling price

- BA software system also built items of undue debts, overdue debts by controlling credit limit of each branch, so the units that are going to exceed its credit limit, immediately the payment request will be suspended, without approving it. This software system requires business staff not only to monitor goods but also urge the amount of liabilities so that

branches' fundings are always within the limit allowed to operate.

- Analyze the monthly financial statements, compare the TNG's financial indicators to those of other enterprises in the same industry so that the investors can get the overview of the Company.

Appraisal of the disclosure to the stock market.

## MEETING CONTENTS

No.	Date of meeting	Contents of meeting
1	30/4/2016	<p><b>I, Annual session 2016:</b> The annual General Meeting of Shareholders of TNG Investment and Trading JSC was held on 24 April 2016 with the participation of 97 shareholders representing 20,954,818 shares, representing 70.74% of the Company's charter capital. Based on the resolutions of the company, Enterprise Law, the company conducted meeting according to the processes, provisions of the charter, Enterprise Law.</p> <p><b>II, Analysis of business results of the first quarter 2016, appraisal of the financial statements.</b> A breakdown of the business results.</p> <p>In the first quarter 2015, TNG achieved strong growth in revenues and profits. Sales revenue in Quarter I/2016 was VND 357.9 billion, up 20.5% over the same period in 2015.</p> <p>In this period, the company's gross profit margin narrowed slightly to 17% due to increase of the cost of goods sold by 23.76% over the same period and faster than the net revenue. However, the gross profit was VND 60.7 billion, up 6.92% over the same period last year.</p> <p>Selling expenses decreased by 48% over the same period and reached VND 4.6 billion in the context of increasing net revenue, gross profit, which helps TNG achieve the profit after tax of VND14 billion, up 24% over the Quarter 1 in 2015.</p> <p>Thanks to the Company's good governance, production, sales should reach a higher level of profit than one in last year. ROA in the 1st Quarter 2016 remained at 0.8% compared to the</p>

same period 2015, and ROE slightly decreased to 3.18% over the same period.

In terms of assets, total assets increased 8.65% compared to the beginning of the year and reached VND 1,753 billion. Specifically as follows:

- + Short term assets increased by 12.92% compared to the beginning balance and reached VND 791 billion

- + Long term assets increased by 5.38% compared to the beginning balance and reached VND 961 billion

For capital:

- + Total liabilities increased 10.55% over the beginning of the year, reaching VND 1,310 billion

- + Owner equity increased 3,41% over the beginning of the year, reaching VND 442 billion

On orders, the traditional customers of the company as customers from Colombia and Decathlon increased value of orders, so the Company achieved better business results compared to last year.

**Balance Sheet**

Item	Ending balance	Beginning balance	Increase (+) /Decrease (-) (%)
<b>TOTAL ASSETS</b>	1,753,305,980,909	1,613,646,205,042	8.65%

<b>+ Short term assets</b>	791,734,633,060	701,124,921,431	12.92%
<b>+ Long term assets</b>	961,571,347,849	912,521,283,611	5.38%
<b>TOTAL CAPITAL</b>	1,753,305,980,909	1,613,646,205,042	8.65%
+ Liabilities	1,310,634,246,782	1,185,566,716,281	10.55%
<b>+ Owner equity</b>	442,671,734,127	428,079,488,761	3.41%

### Business Income Statement

Item	1st Quarter 2016	1st Quarter 2015	Increase (+) /Decrease (-) (%)
<b>Net revenue</b>	357,962,738,430	296,965,053,968	+ 20.54
<b>Gross profit</b>	60,772,120,459	56,839,256,702	+ 6.92
<b>Gross profit margin</b>	17%	19.1%	-2.1
<b>Financial Expense</b>	17,659,040,413	12,537,287,073	+40.85
In which: Interest expenses	14,838,894,633	11,722,774,870	+26.58
<b>Selling expenses</b>	4,637,576,967	8,836,453,974	-47.52
<b>Expenses of business management</b>	27,720,046,369	23,112,369,120	+19.94
<b>Profit after corporate income tax</b>	14,058,897,366	11,303,485,252	+24.38

<p><b>III. The financial statements were prepared in accordance with Circular 200 of the Ministry of Finance.</b></p>	<p>- The Company prepared financial statements in accordance with Circular 200 of the Ministry of Finance.</p>
<p><b>IV, Control of information relating to the securities.</b></p>	<p>- The Company has complied with the financial statements, disclosure of extraordinary information, organization of General Meeting of Shareholders in accordance with the Company Charter announced in accordance with Circular No. 52.</p>
<p><b>V, Current situation of accounting records, vouchers:</b></p>	<p>Accounting records, vouchers must ensure provisions.</p>
<p><b>VII, Policy for employees of the company:</b></p>	<p>The company issued policies on salary, bonuses, support for petrol, attendance, policies on housing, shortening working time of 9 hours/day. The company's policies meet the aspirations of employees to reduce volatility and attract more skilled workers to work in the company.</p>
<p><b>VIII, Control of the direction of the BOM, Board of Directors over the charter, the current law.</b></p>	<p>- The company has updated information and prepared financial statements, disclosed irregularities, organized the General Meeting of Shareholders in accordance with its Charter, published in accordance with Circular No. 155.</p>



		<p><b>IX, Other matters:</b></p> <ul style="list-style-type: none"> <li>- Enhance the control for foreign supplier</li> </ul>
2	15 August 2016	<p><b>I, Analysis of business results of the second quarter in 2016.</b></p> <p>In the 2nd Quarter 2016, TNG's business income was only VND 498 billion, corresponding to the decrease in growth rate of 0.45% compared to the 2nd Quarter 2015. In the 2nd Quarter of 2016, the profit after tax was VND 26 billion and growth of 15% over the same period of 2015. This is the result of good expense management in the period, specifically in the 2nd Quarter of 2016</p> <ul style="list-style-type: none"> <li>+ Selling expenses decreased 28.51% compared to same period and reached VND 5.3 billion.</li> <li>+ Business management expenses decreased 0.58% compared to same period and reached VND 42.6 billion.</li> </ul> <p>Regarding TNG's business income of the first 6 months in 2016, TNG achieved very positive results with the net revenue and profit after tax of VND 856 billion and VND40.6 billion, respectively, equivalent to the growth rate of 7.37% and 19.38% over the same period of 2015</p> <p>Thanks to the Company's good governance of production, sales, the profit is higher than one in last year. In the first 6 months of 2016, ROE was 9.37% and ROA was 2.14%.</p> <p>Another strong increase of 322.98% was recorded at VND 5.4 billion and strict cost control helped the company reduce its selling expenses by 38.84%, which leads to increase in the profit after tax.</p> <p>The main export products of TNG are Jackets and Cargo shorts to the US (47%), EU (21%), Canada and Mexico (15%), Korea (7%), Japan (6.5%) and marketing other cases (3.5%).</p>



	<p>According to statistics from Vinatex, alone Jackets, export turnover rose rapidly in the first months with an increase of 18% yoy in the first quarter and is estimated to be up 10% yoy in the second quarter. However, export turnover of shorts are more modest with 1.4% yoy growth in the first 6 months and is forecast to increase 10% increase yoy in the third quarter. With positive business results, we can see TNG has been highly competitive in comparison with other companies in the sector in terms of size and production capacity.</p> <p>In terms of assets, total assets increased 17.90% compared to the beginning of the year and reached VND 1,902 billion. Specifically as follows:</p> <ul style="list-style-type: none"> <li>+ Short term assets increased by 25.20% compared to the beginning balance and reached VND 877 billion</li> <li>+ Long term assets increased by 12.29% compared to the beginning balance and reached VND 1,024 billion</li> </ul> <p>For capital:</p> <ul style="list-style-type: none"> <li>+ Total liabilities increased 23.93% over the beginning of the year, reaching VND 1,469 billion</li> <li>+ Owner equity increased 1,19% over the beginning of the year, reaching VND 433 billion</li> </ul> <p>On orders, the traditional customers of the company as customers from Colombia and Decathlon increased value of orders, so the Company achieved better business results compared to last year.</p> <p><b>Balance Sheet</b></p>

Item	Ending balance	Beginning balance	Increase (+) /Decrease (-) (%)
<b>TOTAL ASSETS</b>	1,902,442,627,477	1,613,646,205,042	17.90%
+ Short term assets	877,795,476,981	701,124,921,431	25.20%
+ Long term assets	1,024,647,150,496	912,521,283,611	12.29%
<b>TOTAL CAPITAL</b>	1,902,442,627,477	1,613,646,205,042	17.90%
+ Liabilities	1,469,261,103,529	1,185,566,716,281	23.93%
+ Owner equity	433,181,523,948	428,079,488,761	1.19%

### Business Income Statement

Item	First 6 months		Increase (+)/Decrease (-) (%)
	2016	2015	
Net revenue	856,246,893,146	797,486,218,732	+7.37
Gross profit	153,268,193,873	160,521,887,147	-4.52
Gross profit margin	17.9	20.1	-2.22
Financial Expense	37,053,530,983	39,600,683,071	-6.43
- In which: Interest expenses	32,171,426,737	27,370,313,856	+17.54
Selling expenses	9,943,466,566	16,258,311,829	-38.84
Expenses of business management	70,379,731,529	68,645,930,086	+2.53

			<table border="1"> <tr> <td data-bbox="151 1099 204 1704"><b>Other profits</b></td> <td data-bbox="204 1099 300 1099">3,893,028,647</td> <td data-bbox="151 551 204 831">687,603,020</td> <td data-bbox="204 551 300 551">+466.17</td> </tr> <tr> <td data-bbox="151 831 204 1704"><b>Income after tax</b></td> <td data-bbox="204 831 300 831">40,613,111,091</td> <td data-bbox="151 551 204 831">34,019,177,255</td> <td data-bbox="204 551 300 551">+19.38</td> </tr> </table>	<b>Other profits</b>	3,893,028,647	687,603,020	+466.17	<b>Income after tax</b>	40,613,111,091	34,019,177,255	+19.38
<b>Other profits</b>	3,893,028,647	687,603,020	+466.17								
<b>Income after tax</b>	40,613,111,091	34,019,177,255	+19.38								
		<p><b>V, Current situation of accounting records, vouchers:</b></p> <ul style="list-style-type: none"> <li>- Vouchers for demanding money from customers are not completed; there are a lot of with overdue debts such as: Capital,...</li> </ul>									
3	30 November 2016	<p><b>I, Analysis of business results of the third quarter in 2016</b>                  A breakdown of the business results.                  In the 3rd of 2016, the net revenue reached more than VND 595 billion, slight decrease of 5.03% over the same period last year. Cost of goods sold has decreased more than net revenue, down 6.43% over the same period, which helped the company's gross profit still reach a growth rate of 2.54%, reaching VND 100 billion.                  Profit after tax in the 3rd Quarter of 2016 reached VND 29 billion, up 18.08% compared with the 3rd Quarter of 2015. With the decline in revenue growth, profit after tax still achieved satisfactory growth due to the Company's efficient cost management. Specifically as follows:</p> <ul style="list-style-type: none"> <li>+ Selling expenses decreased 23.55% to VND 9.7 billion.</li> <li>+ Business management expenses decreased 29.89% to VND 37.4 billion.</li> </ul> <p>Considering the business income in the first nine months of FY2016, the net revenue reached VND 1,451 billion, slight increase of 1.91% over the same period last year.</p> <p>The profit after tax in the first nine months continued to achieve good growth rate of 18.83%, equivalent to VND 70 billion. The growth rate of profit after tax is faster than the growth rate of net</p>									

	<p>revenue due to the following reasons:</p> <ul style="list-style-type: none"> <li>+ Selling expenses decreased 32.81 % compared to same period</li> <li>+ Business management expenses decreased 11.67% compared to same period</li> <li>+ Other gross profit increased 156.86% over the same period, reaching VND 4.4 billion</li> </ul> <p>Besides, the company has applied software of order management, manufacturing, engineering, quality ... thus saving time, reducing costs.</p> <p>At the end of Quarter 3 in 2016, TNG's ROA and ROE were 1.61% and 5.96% respectively.</p> <p>In terms of assets, total assets increased 13.29% compared to the beginning of the year and reached VND 1,828 billion. Specifically as follows:</p> <ul style="list-style-type: none"> <li>+ Short term assets increased by 12.56% compared to the beginning balance and reached VND 789 billion</li> <li>+ Long term assets increased by 13.84% compared to the beginning balance and reached VND 1038 billion</li> </ul> <p>For capital:</p> <ul style="list-style-type: none"> <li>+ Total liabilities increased 12.52% over the beginning of the year, reaching VND 1,333 billion</li> <li>+ Owner equity increased 15,42% over the beginning of the year, reaching VND 494 billion</li> </ul> <p><b>Balance Sheet</b></p>

Item	Ending balance	Beginning balance	Increase (+) /Decrease (-) (%)
+ Short term assets	789,215,675,096	701,124,921,431	12.56%
+ Long term assets	1,038,824,941,347	912,521,283,611	13.84%
<b>TOTAL CAPITAL</b>	1,828,040,616,443	1,613,646,205,042	13.29%
+ Liabilities	1,333,948,575,680	1,185,566,716,281	12.52%
+ Owner equity	494,092,040,763	428,079,488,761	15.42%

Item	First 9 months		Increase (+)/Decrease (-) (%)
	2016	2015	
Net revenue	1,451,442,133,414	1,424,216,544,876	1.91%
Cost of goods sold	1,197,920,457,658	1,165,926,758,907	2.74%
Gross profit	253,521,675,756	258,289,785,969	-1.85%
Financial Expense	57,301,830,537	51,604,104,006	11.04%
<i>In which: Interest expenses</i>	44,949,657,699	42,280,746,905	6.31%
Selling expenses	19,504,197,888	29,026,345,660	-32.81%
Expenses of business management	107,866,487,497	122,111,800,605	-11.67%
Other profits	4,434,164,652	1,726,312,479	156.86%
Income after tax	70,063,685,748	58,960,372,509	18.83%

### Business Income Statement

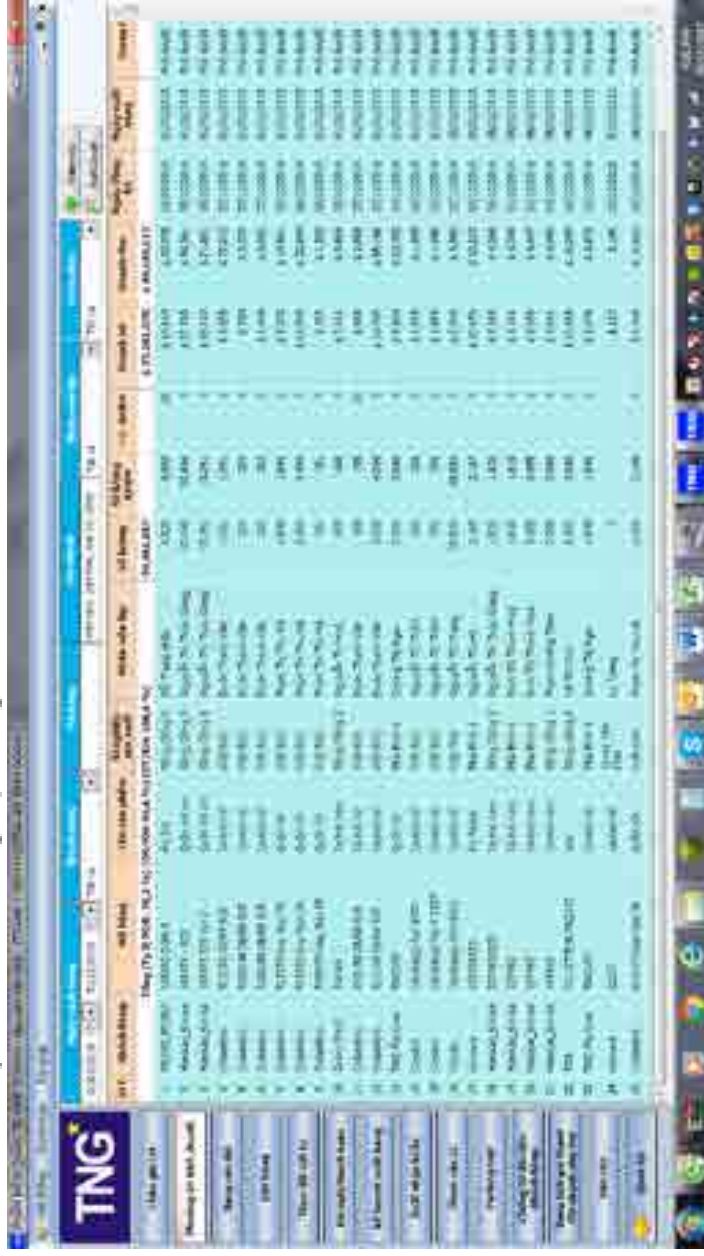
**V, Current situation of accounting records, vouchers:**

= Full and valid records and vouchers as specified by the accounting regime

**A. Order control:**

Currently the company is implementing the process on the software:

1. New SKU: System monitoring, updating on the software



When present on the software, the department controls the orders that have been approved.

2. Make money transfer:

When the order confirmation on the software has deadline date ddeerr the information processing department, update and make recommendations for processing. Troubleshooting is handled, the screen

will show a list of the maximum amount of money transferred confirmed on the software, based on the balance of demand:

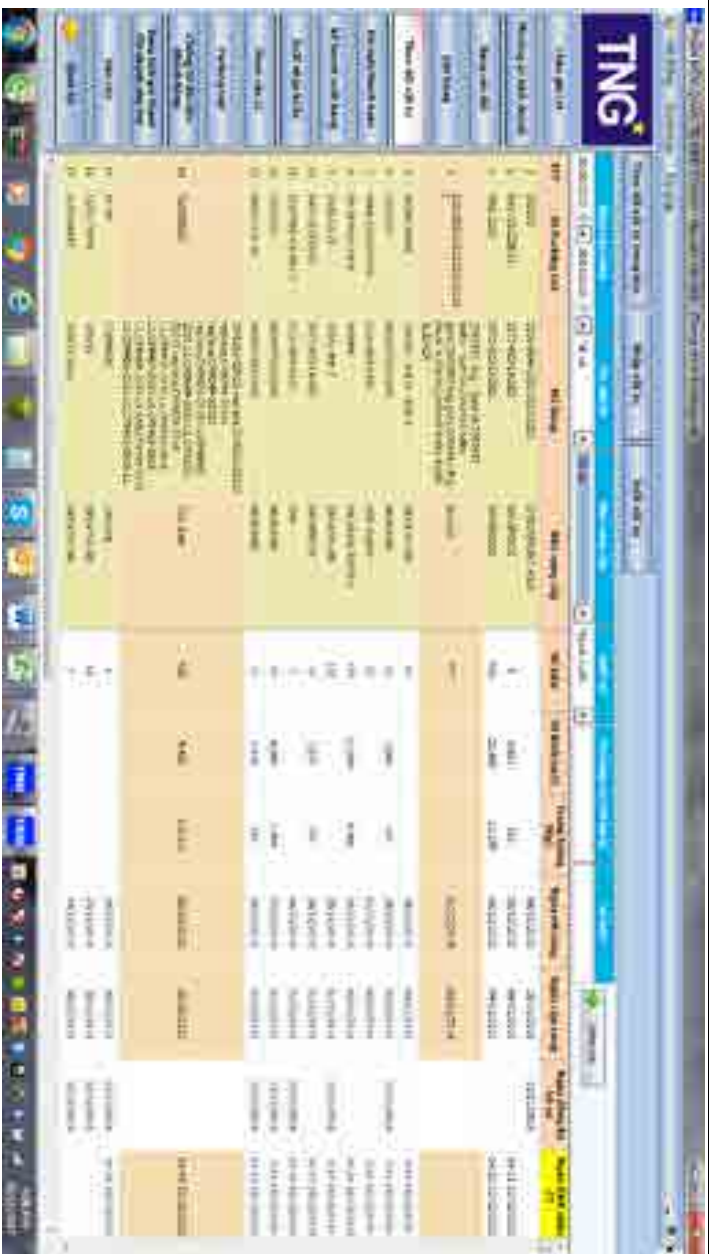
The screenshot displays a software interface with a table of data. The table has several columns, including 'Date', 'Amount', and 'Status'. The data is organized into a grid with alternating light blue and light yellow rows. The interface includes a top navigation bar with various icons and a bottom taskbar with application icons.

Date	Amount	Status	Other Columns
10/10/2010	1000000	Confirmed	...
10/11/2010	1000000	Confirmed	...
10/12/2010	1000000	Confirmed	...
10/13/2010	1000000	Confirmed	...
10/14/2010	1000000	Confirmed	...
10/15/2010	1000000	Confirmed	...
10/16/2010	1000000	Confirmed	...
10/17/2010	1000000	Confirmed	...
10/18/2010	1000000	Confirmed	...
10/19/2010	1000000	Confirmed	...
10/20/2010	1000000	Confirmed	...
10/21/2010	1000000	Confirmed	...
10/22/2010	1000000	Confirmed	...
10/23/2010	1000000	Confirmed	...
10/24/2010	1000000	Confirmed	...
10/25/2010	1000000	Confirmed	...
10/26/2010	1000000	Confirmed	...
10/27/2010	1000000	Confirmed	...
10/28/2010	1000000	Confirmed	...
10/29/2010	1000000	Confirmed	...
10/30/2010	1000000	Confirmed	...
10/31/2010	1000000	Confirmed	...









On the software we know what the shipment money transfer is in the situation like: Date of shipment abroad, the date of arrival in Vietnam, the day TNG received goods, Receive time will show up. The raw materials for sewing products will be made to report many products through synchronous newspaper:

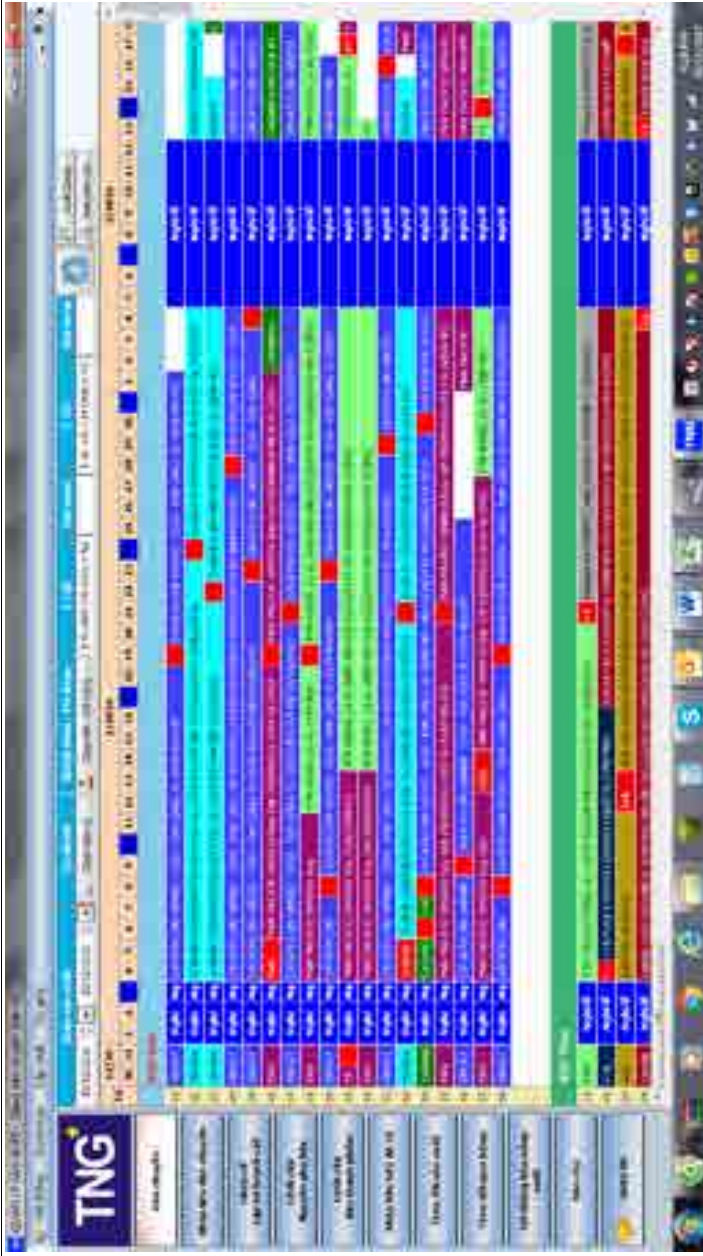


Date	Time	Production	Material	Status	Location
01.01.2011	08:00	1000	Material A	OK	Line 1
01.01.2011	09:00	1200	Material B	OK	Line 2
01.01.2011	10:00	1100	Material C	OK	Line 1
01.01.2011	11:00	1300	Material D	OK	Line 2
01.01.2011	12:00	1400	Material E	OK	Line 1
01.01.2011	13:00	1500	Material F	OK	Line 2
01.01.2011	14:00	1600	Material G	OK	Line 1
01.01.2011	15:00	1700	Material H	OK	Line 2
01.01.2011	16:00	1800	Material I	OK	Line 1
01.01.2011	17:00	1900	Material J	OK	Line 2
01.01.2011	18:00	2000	Material K	OK	Line 1
01.01.2011	19:00	2100	Material L	OK	Line 2
01.01.2011	20:00	2200	Material M	OK	Line 1
01.01.2011	21:00	2300	Material N	OK	Line 2
01.01.2011	22:00	2400	Material O	OK	Line 1
01.01.2011	23:00	2500	Material P	OK	Line 2
01.01.2011	00:00	2600	Material Q	OK	Line 1
01.01.2011	01:00	2700	Material R	OK	Line 2
01.01.2011	02:00	2800	Material S	OK	Line 1
01.01.2011	03:00	2900	Material T	OK	Line 2
01.01.2011	04:00	3000	Material U	OK	Line 1
01.01.2011	05:00	3100	Material V	OK	Line 2
01.01.2011	06:00	3200	Material W	OK	Line 1
01.01.2011	07:00	3300	Material X	OK	Line 2
01.01.2011	08:00	3400	Material Y	OK	Line 1
01.01.2011	09:00	3500	Material Z	OK	Line 2

The order control system runs smoothly on the software, and at the time of system testing, there are no processes to process.

**B. Production control.**

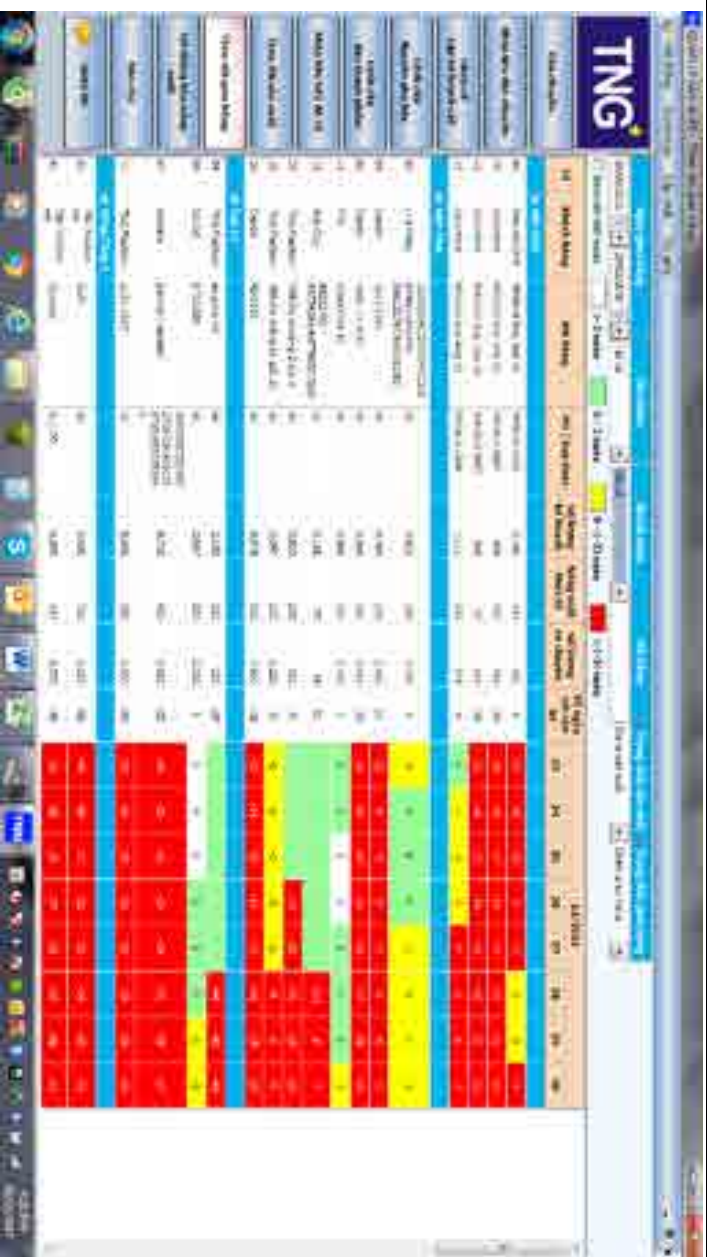
**1. New SKU - build production capacity report:**



On this system, the internal control is controlled:

- + Production capacity.
  - + Track synchronized but not on the production line.
  - + Track the shipment capacity of the goods.
- If there are delivery issues, on the shipping warning software:





Based on the warning to the regulator to regulate the goods do not delay delivery progress.

The production control system runs smoothly on the software, and at the time of system testing, there are no problems to be solved.

**C. Cash flow control**

1. The new code when approved on the software will automatically appear on the software by the account that allows access







On the software we know what the shipment money transfer is in the situation like: Date of shipment abroad, the date of arrival in Vietnam, the day TNG received goods, Receive time will show up

The machine will control the value of money transferred, the value of goods to TNG, the value of money on how, if the planned return has been established for monitoring, a warning message (Rolling Set orders, planner, warehouse manager, sales manager, factory manager) will check the money transfer, goods are enough?

After the goods arrive, production will follow up:

Ship out, when the goods shipped will appear debt owed and the accountant to the base track:





Software system will automatically:

- + Output value,
- + Value of money paid by customers.

+ Automatically calculate the difference on each invoice invoices to claim money by goods codes.  
 In addition, the late warning system requires late payment:

- + Issue warnings, claim late.
- + Issue warnings for exported and delayed codes.
- + Warning the relevant departments are responsible for resolving outstanding debts of the company. If not resolved there will be a warning not to transfer money to purchase materials for the next customer orders.

The production control system runs smoothly on the software, by the time the system checks for compliance with the processes, there are no issues to deal with.

**COST CONTROL BY TOOL SYSTEM:**

The screenshot displays a software interface for TNG. At the top left, there is a navigation menu with options like 'Home', 'Reports', 'Settings', and 'Help'. The main area is a large data table with multiple columns. The columns include various numerical values and percentages, likely representing performance indicators or financial data. The table is organized into several sections, with some rows highlighted in blue. The overall layout is professional and data-oriented.

The quantitative indicator control system links job responsibilities to wages expressed through K indicators (KPIs) that run stably on the software, evaluating accurately up to the point of inspection of compliance systems processes. So there is no arise to handle.

**EVALUATION REPORT OF THE SUPERVISORY BOARD ABOUT DELOITTE AUDITING COMPANY.**

1. Cooperation in implementation:
  - Exchanging work before performing an audit: Schedule appointments, exchange of information with the SB prior to implementation.
  - 2. Seriousness, independence when doing the job.
  - 3. Summary of the work after the audit:
  - 4. Joining the 2016 Annual General Meeting of Shareholders: Attending and answering the problems with TNG shareholders.

## REVIEW OF OPERATIONS OF SUPERVISORY BOARD

Tools of review: Random questions to managers in the year-end ceremony

No.	Full name of Chairman of BOM	Work	Results
	Nguyen Van Duc	<ul style="list-style-type: none"> <li>- Follow the Enterprise Law, Circular No. 121</li> <li>- Corporate governance, the Company Charter</li> </ul>	<ul style="list-style-type: none"> <li>- Complete all the works</li> </ul>
	Nguyen Van Duc	<ul style="list-style-type: none"> <li>- Supervise the organization of annual General Meeting of Shareholders</li> </ul>	<ul style="list-style-type: none"> <li>- Supervise in compliance with law</li> </ul>
	Nguyen Van Duc	<ul style="list-style-type: none"> <li>- Control the documents and resolutions of the General Meeting of Shareholders, the Board of Management</li> </ul>	<ul style="list-style-type: none"> <li>- Implement well.</li> </ul>
	Nguyen Van Duc	<ul style="list-style-type: none"> <li>- Conduct the financial management.</li> </ul>	<ul style="list-style-type: none"> <li>- Make analysis of the business income statement.</li> <li>- Evaluate the suppliers of input materials.</li> <li>- Join the negotiations with the customers and clients.</li> </ul>
	Nguyen Van Duc	<ul style="list-style-type: none"> <li>- Executive management.</li> </ul>	<ul style="list-style-type: none"> <li>- Attend the meetings on making the annual plan of business and production.</li> <li>- Attend the execution of the plan of business and production in each unit.</li> </ul>
	Nguyen Van Duc	<ul style="list-style-type: none"> <li>- Control the business activities</li> </ul>	<ul style="list-style-type: none"> <li>- Implement seriously pre-check, evaluate the suppliers</li> <li>- Send the clear messages of the BOM Chairman on anti-bribery</li> </ul>

**TRANSACTION, REMUNERATION AND INTERESTS FOR BOARD OF MANAGEMENT, BOARD OF DIRECTORS AND SUPERVISORY BOARD**

**VND 1, Salary, bonus, remuneration and interests**

No.	Full name	Position:	Total (VND)
<b>BOM</b>			
1	Nguyen Van Thoi	Chairman of BOM	2,119,206,800
2	Nguyen Duc Manh	Member of BOM	667,513,798
3	Rusdy Pranata	Member of BOM	60,000,000
4	Nguyen Van Thoi	Member of BOM, General Director	1,501,635,942
5	Luong Thi Thuy Ha	Member of BOM	452,381,307
<b>BOARD OF DIRECTORS:</b>			
1	Nguyen Van Thoi	Member of BOM, General Director	1,501,635,942
2	Nguyen Duc Manh	Vice General Director	667,513,798
3	Ly Thi Lien	Vice Chief Executive Officer	537,319,219
4	Luong Thi Thuy Ha	Chief Accountant	452,381,307
<b>SUPERVISORY BOARD</b>			
8	Nguyen Van Duc	Head of Supervisory Board	292,008,453
9	Ha Thi Tuyet	Member of Supervisory Board	283,590,665
10	Tran Minh Hieu	Member of Supervisory Board	313,660,844

**VND 2, Share transactions of internal shareholders**

List of internal shareholders and stakeholders:

*List of internal persons and their affiliated persons*

No.	Full name	Securities trading account (if any)	Position at the company (if any)	ID card/Pass port No., date of issue, place of issue	Address	Number of shares owned at the end of the period	Percentage of share ownership at the end of the period	Note
1	Nguyen Van Thoi	002C141296	Chairman of BOM	090117808 issued on 11 August 2014 in Thai Nguyen Public Security	Phan Dinh Phung Ward, Thai Nguyen City	6,624,491	19.33%	
2	Nguyen Duc Manh	002C163790	Member of BOM, Vice Chief Executive Officer	090882528 issued on 20 May 2013 in Thai Nguyen Public Security	Phan Dinh Phung Ward, Thai Nguyen City	2,082,018	6.08%	
3	Do Thi Ha	002C163791	Related person to Chairman of BOM	090513872	Phan Dinh Phung Ward, Thai Nguyen City	871,082	2.54%	
4	Nguyen Manh Linh	002C163793	Related person to Chairman of BOM	090972003	Phan Dinh Phung Ward, Thai Nguyen City	738,290	2.15%	
5	Ly Thi Lien	002C141232	Vice General Director	090888102 issued on 14 September	Tan Lap Ward, Thai Nguyen	415,954	1.21%	

				2010 in Thai Nguyen Public Security	City			
6	Luong Thi Thuy Ha	002C141323	Member of BOM, Chief Accountant and the Head of Accounting Department	090555417	Phan Dinh Phung Ward, Thai Nguyen City	253,159	0.74%	Date of appointment: 16 November 2016
7	Nguyen Van Thoi	002C141322	Chief Executive Officer	090784558 issued on 20 November 2009 in Thai Nguyen Public Security	Gia Sang Ward, Thai Nguyen City	375,954	1.1%	
8	Tran Thi Thu Ha	002C141227	Head of Accounting Department	090888105 issued on 17 September 2012 in Thai Nguyen Public Security	Hoang Van Thu Ward, Thai Nguyen City	30,288	0.06%	Dismissal from 16 November 2016
9	Nguyen Van Duc	002C141291	Head of Supervisory Board	090709267 issued on 01 November 2009 in Thai Nguyen Public Security	Quyet Thang Commune, Thai Nguyen City	66,690	0.19%	
10	Ha Thi Tuyet		Member of Supervisory Board	090783966 issued on 10 January 2009 in Thai	Group 28 Phan Dinh Phung Street,	8,637	0.03%	

				Nguyen Public Security	Thai Nguyen City, Thai Nguyen Province			
11	Tran Minh Hieu		Member of Supervisory Board	091 704 585 issued on 08 August 2009 in Thai Nguyen Public Security	Group 18 Phan Dinh Phung Street, Thai Nguyen City, Thai Nguyen Province	19,463	0.06%	
12	Nguyen Thi Nhuan	058C024550	Affiliated person	091928825 issued on 20 October 2012 in Thai Nguyen Public Security	Phu Binh District, Thai Nguyen City	200,133	0.58%	
13	Nguyen Thi Mien	002C101506	Affiliated person	150752752 issued by Thai Binh Public Security	Tan Quang Ward, Song Cong City, Thai Nguyen City	204,045	0.595%	

## 2. Transactions of internal persons and affiliated persons on shares of the listed company

No.	Transaction executor	Relationship with internal person	Number of shares owned at the beginning of the period		Number of shares owned at the end of the period		Reasons for increase, decrease (purchase, sale, switch, reward...) Reasons for increase, decrease (purchase, sale, switch, reward...)
			Number of shares	Percentage	Number of shares	Percentage	
1	Nguyen Van Thoi	Chief Executive Officer	375,954	1.1%	415,954	1.21%	Purchase
2	Tran Thi Thu Ha	Head of Accounting Department	19,288	0.06%	30,288	0.088%	Purchase
3	Nguyen Thi Mien	Chairman's sister	48,145	0.14%	204,045	0.595%	Purchase
4	Nguyen Thi Nhuan	Chairman's sister	10,333	0.03%	189,800	0.55%	Purchase



## IMPLEMENTATION OF REGULATIONS ON CORPORATE GOVERNANCE

1. According to the Enterprise Law 2014;
  2. Have reference to the world good practices through documents of IFC, Thailand OI Enterprise Management Institute and the shares of the Vice Chief Executive Officer of the Thailand Stock Exchange at the annual meeting of listed companies in 2016 organized in Nha Trang.
  3. Refer to the OECD's documents.
  4. There are regulations on internal governance of the Company.
  5. A third member of the BOM is independent member of BOM.
  6. Chairman is not simultaneously the General Director.
  7. Attend the forum on corporate governance.
- Participate in the training course on "Professional HR Director" organized by PTI Business Manager on 05 January 2016
  - Attend the Workshop of Business Law 2014: New regulations on corporate governance and applicability to Vietnamese enterprises dated 02 June 2016
  - Attend the training course on "updated regulations on derivatives market" organized by HNX on 18 November 2016
  - Attend the training course on "Risk management on Vietnam derivatives market" organized by HNX on 10 November 2016
  - Participate in the corporate governance conference "Tasks and performance evaluation of BOM members" organized by HNX on 11 November 2016
  - Corporate Governance Forum for improving activities of the BOM.
  - Join the guiding and implementing the new circulars, official documents:
    - + Implement the official document No. 2463 of the SSC
    - + Enterprise law 2014

### LIMITS ON OWNERSHIP RATE FOR FOREIGNERS:

The maximum ownership rate for foreigners in TNG is 49% .

As of 31 December 2016, TNG's ownership rate for foreigners was 21.68%.

Pursuant to paragraph 2 of Decree No. 60/2015/ND-CP on 26 June 2015 of the Government on foreign ownership rate in Vietnam stock market, the foreign ownership rate is not limited, unless the company charter provides otherwise, or in the cases stipulated in Decree 60/2015/ND-CP. Currently, the company has a number of activities in the lines of business with conditions applicable to foreign investors without specific regulations on foreign ownership, so the maximum rate of ownership foreign is still 49%.

On 11 March 2016, the Board of Management issued the Resolution No. 03 / NQ-HDQT on: Approving the policy to raise the ownership ratio of foreign investors to 100% of charter

capital and to merge TNG Fashion JSC into TNG Investment and Trading Joint Stock Company.)

Approve the policy of room expansion, raising the ownership ratio of foreign investors to 100% of charter capital.

Assign the BOM Chairman to make the plan of business adjustment, amendments to the Company Charter, and submit to the BOM and General Meeting of Shareholders 2016 for approval.

After examining the consultancy units and the head of securities offer, TNG has some industry codes coinciding with 267 conditional business lines. TNG is waiting for the Ministry of Planning and Investment to modify the conditional trades in order to improve the room.

#### **CONTRACTS OR TRANSACTIONS WITH INTERNAL SHAREHOLDER**

None

## CONCLUSION

Vietnam textile and garment industry has long been featured to the processing stage with low profit margins. Therefore, it is expected that enterprises with determined investment strategies for fashion to export their own products such as TNG shall create pioneering strides in this potentially fiercely competitive field.

For constant promotion of the spirit of solidarity, dynamics, competition with the difference – the core values, TNG will continue efforts, overcome all difficulties and challenges, effectively deploy the business sectors, develop strongly and sustainably in 2016 and following years for the prosperity of the country, the prosperity of shareholders, partners, customers and all employees.

We would like to send our sincere thanks to our shareholders, who have always trusted and worked with TNG on the way of development.

Respectfully!



**TNG INVESTMENT AND TRADING JOINT STOCK  
COMPANY**

*(Incorporated in the Socialist Republic of Vietnam)*

**AUDITED FINANCIAL  
STATEMENTS**

**For the year ended 31 December 2016**

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## **STATEMENT OF THE BOARD OF EXECUTIVE OFFICERS**

The Board of Executive Officers of TNG Investment and Trading Joint Stock Company (the "Company") presents this report together with the Company's financial statements for the year ended 31 December 2016.

### **THE BOARDS OF DIRECTORS AND EXECUTIVE OFFICERS**

The members of the Boards of Directors and Executive Officers of the Company who held office during the year and to the date of this report are as follows:

#### **Board of Directors**

Mr. Nguyen Van Thoi	Chairman	
Mr. Nguyen Duc Manh	Member	
Mr. Nguyen Viet Thanh	Member	(Resigned on 24 April 2016)
Mr. Nguyen Van Thoi	Member	
Mr. Rusdy Pranata	Member	
Ms. Luong Thi Thuy Ha	Member	(Appointed on 24 April 2016)

#### **Board of Executive Officers**

Mr. Nguyen Van Thoi	Chief Executive Officer	(Resigned on 07 March 2017)
Ms. Ly Thi Lien	Deputy Chief Executive Officer	(Delegated as Chief Executive Officer on 07 March 2017)
Mr. Nguyen Duc Manh	Deputy Chief Executive Officer	
Mr. Tran Minh Hieu	Deputy Chief Executive Officer	(Appointed on 16 December 2016)

### **BOARD OF EXECUTIVE OFFICERS' STATEMENT OF RESPONSIBILITY**

The Board of Executive Officers of the Company is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Company as at 31 December 2016, and its financial performance and its 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 financial statements, the Board of Executive Officers 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 financial statements;
- prepare the 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 financial statements so as to minimize errors and frauds.



**STATEMENT OF THE BOARD OF EXECUTIVE OFFICERS (Continued)**

The Board of Executive Officers is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the financial statements comply with Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of Executive Officers 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 Executive Officers confirms that the Company has complied with the above requirements in preparing these financial statements.

For and on behalf of the Board of Executive Officers, 



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**Ly Thi Lien**  
**Deputy Chief Executive Officer**

*Thai Nguyen, 24 March 2017*

The Board of Directors approved the accompanying financial statements, which presents fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

For and on behalf of the Board of Directors, 



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**Nguyen Van Thoi**  
**Chairman**

*Thai Nguyen, 24 March 2017*



No.: *708* /VNIA-HN-BC

## INDEPENDENT AUDITORS' REPORT

**To: The Shareholders  
The Board of Directors and Board of Executive Officer  
TNG Investment and Trading Joint Stock Company**

We have audited the accompanying financial statements of TNG Investment and Trading Joint Stock Company (the "Company"), prepared on 24 March 2017 as set out from page 05 to page 30, which comprise the balance sheet as at 31 December 2016, the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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 management determines is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 management, as well as evaluating the overall presentation of the 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 financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

## INDEPENDENT AUDITORS' REPORT (Continued)

### **Emphasis of Matter**

We would like to draw readers' attention to Note 2 of the Notes to the financial statements. The accompanying financial statements are prepared on the going concern basis. As at 31 December 2015 and 31 December 2016, the deficiency in the Company's working capital might affect the Company's ability to continue as a going concern. The Board of Directors' plans concerning this matter are presented in Note 2. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not qualified in respect of this matter.



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**Tran Thi Thuy Ngoc**  
**Deputy General Director**

Audit Practising Registration Certificate  
No. 0031-2013-001-1

**For and on behalf of**  
**DELOITTE VIETNAM COMPANY LIMITED**

24 March 2017  
Hanoi, S.R. Vietnam

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**Pham Nam Phong**  
**Auditor**

Audit Practising Registration Certificate No:  
0929-2013-001-1



**BALANCE SHEET**

As at 31 December 2016

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>771,177,332,669</b>	<b>701,124,921,431</b>
<b>I. Cash</b>	<b>110</b>		<b>11,782,348,123</b>	<b>56,463,716,439</b>
1. Cash	111	5	11,782,348,123	56,463,716,439
<b>II. Short-term receivables</b>	<b>130</b>		<b>265,934,740,765</b>	<b>263,353,979,893</b>
1. Short-term trade receivables	131	6	251,743,681,076	253,977,185,493
2. Short-term advances to suppliers	132		8,981,119,776	992,573,523
3. Short-term loan receivables	135		-	76,200,000
4. Other short-term receivables	136	7	10,355,875,884	13,638,145,013
5. Provision for short-term doubtful debts	137	8	(5,145,935,971)	(5,330,124,136)
<b>III. Inventories</b>	<b>140</b>	<b>9</b>	<b>445,446,275,926</b>	<b>348,279,238,073</b>
1. Inventories	141		450,777,731,965	352,030,706,195
2. Provision for devaluation of inventories	149		(5,331,456,039)	(3,751,468,122)
<b>IV. Other short-term assets</b>	<b>150</b>		<b>48,013,967,855</b>	<b>33,027,987,026</b>
1. Short-term prepayments	151	10	13,348,846,844	8,923,816,028
2. Value added tax deductibles	152		34,665,121,011	24,104,170,998
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>1,075,045,289,560</b>	<b>912,521,283,611</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>4,283,406,680</b>	<b>473,684,063</b>
1. Long-term loans receivable	215		2,302,336,000	-
2. Other long-term receivables	216		1,981,070,680	473,684,063
<b>II. Fixed assets</b>	<b>220</b>		<b>900,913,375,185</b>	<b>734,559,370,183</b>
1. Tangible fixed assets	221	11	884,519,142,489	686,768,949,561
- Cost	222		1,280,742,001,255	1,004,967,548,881
- Accumulated depreciation	223		(396,222,858,766)	(318,198,599,320)
2. Finance lease assets	224	12	5,873,175,888	8,351,748,379
- Cost	225		10,108,822,322	12,894,064,307
- Accumulated depreciation	226		(4,435,646,434)	(4,542,315,928)
3. Intangible assets	227	13	10,721,056,808	39,438,672,243
- Cost	228		20,847,370,541	46,439,198,459
- Accumulated amortisation	229		(10,126,313,733)	(7,000,526,216)
<b>III. Long-term assets in progress</b>	<b>240</b>		<b>105,447,041,340</b>	<b>157,323,660,200</b>
1. Long-term construction in progress	242	14	105,447,041,340	157,323,660,200
<b>IV. Long-term financial investments</b>	<b>250</b>		<b>-</b>	<b>-</b>
1. Investments in joint-ventures, associates	252	15	771,150,000	4,271,150,000
2. Provision for impairment of long-term financial investments	254		(771,150,000)	(4,271,150,000)
<b>V. Other long-term assets</b>	<b>260</b>		<b>64,401,466,355</b>	<b>20,164,569,165</b>
1. Long-term prepayments	261	10	64,401,466,355	20,164,569,165
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>1,846,222,622,229</b>	<b>1,613,646,205,042</b>

The accompanying notes are an integral part of these financial statements

**BALANCE SHEET (Continued)**

As at 31 December 2016

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
<b>C. LIABILITIES</b>	<b>300</b>		<b>1,325,113,215,809</b>	<b>1,185,566,716,281</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>1,011,014,675,599</b>	<b>912,019,139,264</b>
1. Short-term trade payables	311		117,561,150,752	197,072,099,822
2. Short-term advances from customers	312		8,147,180,119	258,907,704
3. Taxes and amounts payable to the State budget	313	16	4,452,817,509	5,941,072,484
4. Payables to employees	314		31,809,900,083	29,091,239,018
5. Short-term accrued expenses	315		9,265,156,218	11,166,841,076
6. Other current payables	319		2,894,274,781	1,246,096,481
7. Short-term loans and obligations under finance leases	320	17	832,699,311,666	666,729,421,508
8. Bonus and welfare funds	322		4,184,884,471	513,461,171
<b>II. Long-term liabilities</b>	<b>330</b>		<b>314,098,540,210</b>	<b>273,547,577,017</b>
1. Long-term loans and obligations under finance leases	338	18	314,098,540,210	273,547,577,017
<b>D. EQUITY</b>	<b>400</b>		<b>521,109,406,420</b>	<b>428,079,488,761</b>
<b>I. Owners' equity</b>	<b>410</b>	<b>19</b>	<b>521,109,406,420</b>	<b>428,079,488,761</b>
1. Owners' contributed capital	411		342,649,780,000	294,818,480,000
2. Share premium	412		30,674,475,123	29,615,225,005
3. Other owners' capital	414		55,419,591	55,419,591
4. Investment and development fund	418		48,980,965,015	44,927,956,783
5. Other reserves	420		17,564,975,246	10,613,188,342
6. Retained earnings	421		81,183,791,445	48,049,219,040
- Retained earnings accumulated to the prior year end	421a		4,677,000	-
- Retained earnings of the current year	421b		81,179,114,445	48,049,219,040
<b>TOTAL RESOURCES</b> (440=300+400)	<b>440</b>		<b>1,846,222,622,229</b>	<b>1,613,646,205,042</b>


Tran Thi Hiep  
Preparer

Luong Thi Thuy Ha  
Chief Accountant

Ly Thi Lien  
Deputy Chief Executive Officer

24 March 2017



The accompanying notes are an integral part of these financial statements



**INCOME STATEMENT**

*For the year ended 31 December 2016*

Unit: VND

ITEMS	Codes	Notes	Current year		Prior year
1. Gross revenue from goods sold and services rendered	01	22	1,887,748,876,802	1,923,940,013,849	
2. Deductions	02	22	-	-	
3. Net revenue from goods sold and services rendered (10=01-02)	10		1,887,748,876,802	1,923,940,013,849	
4. Cost of sales	11	23	1,554,545,859,262	1,574,938,521,234	
5. Gross profit from goods sold and services rendered (20=10-11)	20		333,203,017,540	349,001,492,615	
6. Financial income	21	25	15,624,286,111	18,332,478,234	
7. Financial expenses	22	26	88,185,793,211	97,899,700,796	
- In which: Interest expense	23		67,121,178,523	56,842,066,988	
8. Selling expenses	25		28,942,215,544	36,668,267,417	
9. General and administration expenses	26		140,126,838,350	146,518,877,448	
10. Operating profit (30 = 20+(21-22)-(24+25))	30		91,572,456,546	86,247,125,188	
11. Other income	31	27	5,958,322,231	1,791,514,454	
12. Other expenses	32	27	2,731,506,032	7,886,828	
13. Profit from other activities (40=31-32)	40		3,226,816,199	1,783,627,626	
14. Accounting profit before tax (50=30+40)	50		94,799,272,745	88,030,752,814	
15. Current corporate income tax expense	51	28	13,620,158,300	16,730,373,774	
16. Net profit after corporate income tax (60=50-51)	60		81,179,114,445	71,300,379,040	
17. Basic earnings per share	70	29	2,480	2,427	

Tran Thi Hiep  
 Preparer

Luong Thi Thuy Ha  
 Chief Accountant

Ly Thi Lien  
 Deputy Chief Executive Officer

24 March 2017

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

**CASH FLOW STATEMENT**

*For the year ended 31 December 2016*

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	01	94,799,272,745	88,030,752,814
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	88,643,776,330	63,323,057,442
Provisions	03	1,395,799,752	4,008,108,630
Foreign exchange loss arising from translating foreign currency items	04	11,085,559,705	2,426,763
Gain from investing activities	05	281,400,829	(42,329,320)
Interest expense	06	67,121,178,523	56,842,066,988
3. Operating profit before movements in working capital	08	263,326,987,884	212,164,083,317
Increase, decrease in receivables	09	(4,581,999,496)	(84,384,625,713)
Increase, decrease in inventories	10	(53,298,200,445)	(24,194,427,880)
Increase, decrease in payables (excluding accrued loan interest and corporate income tax payable)	11	(97,441,670,285)	34,763,705,035
Increase, decrease in prepaid expenses	12	(29,146,147,424)	(21,641,506,410)
Interest paid	14	(65,781,729,165)	(55,930,493,088)
Corporate income tax paid	15	(15,515,747,299)	(13,388,380,577)
Other cash inflows	16	3,819,352,419	7,629,089,599
Other cash outflows	17	(1,993,966,338)	(5,443,801,671)
Adjustment of cash balance due to merging		550,756,606	-
<b>Net cash used in operating activities</b>	<b>20</b>	<b>(62,363,543)</b>	<b>49,573,642,612</b>
<b>II. CASH FLOWS GENERATED BY INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(250,455,310,519)	(243,346,629,155)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	3,697,564,796	620,327,273
3. Cash recovered from investments in other	26	-	917,321,030
4. Interest earned, dividends and profits received	27	198,051,947	81,807,352
<b>Net cash used in investing activities</b>	<b>30</b>	<b>(246,559,693,776)</b>	<b>(241,727,173,500)</b>

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



**CASH FLOW STATEMENT (Continued)***For the year ended 31 December 2016*

Unit: VND

ITEMS	Codes	Current year	Prior year
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from share issue and owners' contributed capital	31	16,344,408,000	109,756,105,459
2. Proceeds from borrowings	33	2,045,135,478,643	1,890,021,951,842
3. Repayment of borrowings	34	(1,859,539,197,640)	(1,755,615,354,804)
4. Dividends and profits paid	36	-	(9,772,767,600)
<b>Net cash generated by financing activities</b>	<b>40</b>	<b>201,940,689,003</b>	<b>234,389,934,897</b>
<b>Net (decrease)/increase in cash (50=20+30+40)</b>	<b>50</b>	<b>(44,681,368,316)</b>	<b>42,236,404,009</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>56,463,716,439</b>	<b>14,227,312,430</b>
<b>Cash and cash equivalents at the end of the year (70=50+60)</b>	<b>70</b>	<b>11,782,348,123</b>	<b>56,463,716,439</b>



Tran Thi Hiep  
Preparer



Luong Thi Thuy Ha  
Chief Accountant



Ly Thi Lien  
Deputy Chief Executive Officer

24 March 2017 

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**1. GENERAL INFORMATION****Structure of ownership**

TNG Investment and Trading Joint Stock Company (the "Company") was a State-owned enterprise established under Decision No. 448/QĐ-UB of the People's Committee of Bac Thai Province (currently known as Thai Nguyen Province) dated 12 November 1979. The Company was equitized and transformed into a joint stock company under Decision No. 3744/QĐ-UB dated 16 December 2002 of the People's Committee of Thai Nguyen Province. Since 01 January 2003, the Company has officially been transformed into a joint stock company under Business License No. 1703000036 issued by the Authority for Planning and Investment of Thai Nguyen Province on 02 January 2003. According to the amended Business Registration Certificate No. 4600305723 of the Authority for Planning and Investment of Thai Nguyen Province dated 30 September 2016, the authorized charter capital of the Company is VND 342,649,780,000. The Company's shares are listed on Hanoi Stock Exchange (HNX) with the stock code of TNG.

The Company's total number of employees of as at 31 December 2016 was 9,544 (as at 31 December 2015: 9,313).

**Operating industry and principal activities**

The Company's operating industry and principal activities are to manufacture and sale of garments; produce paper packaging, plastic for plastic bags production, plastic raincoats and garment materials and accessories; conduct sewing training; purchase and sale of industrial machinery, and fire protection equipment; construct residential and industrial facilities, invest in infrastructure construction for industrial zones, urban and residential areas; transport goods by road and taxi, provide housing rental for business purposes; provide services of import and export, entrusted import and export, freight forwarding services; printing; textile products completion.

**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**

The Company's structure includes 01 headquarter and 18 branches. The Company's headquarter is located at No. 434/1 Bac Kan street, Hoang Van Thu district, Thai Nguyen city.

**2. ACCOUNTING CONVENTION****Accounting convention**

The accompanying 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 accompanying 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.



The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As at 31 December 2016, the Company's current liabilities exceeded its current assets by VND 239,837,342,930 (as at 31 December 2015: VND 210,894,217,833) because the Company has used its working capital to invest in fixed assets. The Company's liquidity depends on its obtainment of continuous loans from banks, additional share issuance plan and future profitable operation. Based on the business plan in 2016, financial plan, bond issuance and charter capital increase plans as presented in Note 19, the Executive Officers of the Company has prudently assessed and believes that the Company is able to its pay its short-term debts within 12 months from the end of the financial year. Accordingly, the Company prepared these financial statements on the going concern basis.

#### **Financial year**

The Company's accounting begins on 01 January and ends on 31 December.

### **3. ADOPTION OF NEW ACCOUNTING GUIDANCE**

On 21 March 2016, the Ministry of Finance issued Circular No. 53/2016/TT-BTC ("Circular 53") amending and supplementing certain articles of Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance guiding the accounting regime for enterprises. Circular 53 is effective for the financial years beginning on or after 01 January 2016. Accordingly, the Company has applied Circular 53 in the preparation and presentation of the Company's financial statements for the year ended 31 December 2016.

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **Estimates**

The preparation of financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires management 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 financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

#### **Cash**

Cash comprise cash on hand and demand deposits.

#### **Loan receivables**

Loan receivables are measured at cost less provision for doubtful debts. Provision for doubtful debts relating to loan receivables is made in accordance with prevailing accounting regulations.

#### **Investments in associates**

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.



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

Provisions for impairment of investments in associates are made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance on "Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods and construction works at enterprises", Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations.

### **Receivables**

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months, or 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 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. The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and test running costs.

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

	<u>Current year</u> (Years)
Buildings and structures	4 - 40
Machinery and equipment	3 - 20
Motor vehicles	6 - 10
Office equipment	3 - 9
Others	5 - 7

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between profit from sales or disposals of assets and their residual values and is recognised in the income statement.

**Leasing**

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, as follows:

	<u>Current year</u> <u>(Years)</u>
Machinery and equipment	7 - 10

**Intangible assets and amortisation**

***Land use rights***

Intangible assets represent land use rights that are stated at cost less accumulated amortisation. Land use rights are allocated over the land - use period.

***Other intangible assets***

Intangible assets represent computer software that is stated at cost less accumulated amortisation.

Inventory, payroll, production management and accounting management software are amortised using the straight-line method over the duration of 6 years.

**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 professional fees, and for qualifying assets, borrowing costs dealt with 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 includes expenses which have been paid to acquire the land use right, goodwill arising from merging TNG Fashion Joint Stock Company into the Company, and other types of prepayments.

The expense prepaid to acquire the land use right is allocated to the income statement using straight-line method over the lease term.



Goodwill arising from merging TNG Fashion Joint Stock Company into the Company represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or at the date of acquisition. The goodwill is allocated to income statement using straight-line method for the period of 3 years.

Other type of prepayments comprise costs of small tools, supplies and spare parts issued for consumption, advertising expenditures and insurance expenditures incurred during the operating stage of the Company which are expected to provide future economic benefits to the Company. These expenditures have been capitalised as prepayments, and are allocated to the income statement using the straight-line method in accordance with the current prevailing accounting regulations.

#### **Payable provisions**

Payable 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 management's best estimate of the expenditure required to settle the obligation as at the balance sheet date.

#### **Revenue recognition**

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 of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognised in the year by reference to the percentage of completion of the transaction at the balance sheet date of that year. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Company;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

#### **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 income statement.



**Borrowing costs**

Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No.16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months. Other borrowing costs are recognized in the income statement when incurred.

**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 profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years 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 financial statements and the corresponding tax bases used in the computation of taxable profit 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 profit 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 year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, 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 paid in accordance with the prevailing tax laws in Vietnam.

**5. CASH**

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Cash on hand	1,188,356,215	1,556,185,710
Bank demand deposits (i)	10,593,991,908	54,907,530,729
	<u><b>11,782,348,123</b></u>	<u><b>56,463,716,439</b></u>

(i) Include the balance of cash in bank which has been used as collaterals for short-term loans obtained from banks as stated in Note 17.

6. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Desipro Pte. Ltd. (Promies SNC)	115,186,154,842	68,915,900,409
The Children's Place., Ltd	21,454,544,897	1,106,683,975
Asmara International Limited	14,073,728,305	68,126,980,578
Wishbone Co., Ltd	1,039,761,261	25,058,788,331
Other customers	99,989,491,771	71,981,548,893
Receivables from related parties are presented in Note 31 - Related party transactions and balances	-	18,787,283,307
	<b><u>251,743,681,076</u></b>	<b><u>253,977,185,493</u></b>

7. OTHER SHORT-TERM RECEIVABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
<b>Short-term</b>		
- Receivables from insurance agency (i)	4,358,833,249	2,718,499,816
- Import - export duties temporarily paid	1,747,803,800	2,917,404,660
- Advances to employees	1,247,213,291	1,609,702,660
- Short-term mortgages, deposits and collaterals	1,090,542,219	2,519,457,602
- Clearance compensation - Phu Binh	-	1,833,990,486
- Others	1,911,483,325	2,039,089,789
	<b><u>10,355,875,884</u></b>	<b><u>13,638,145,013</u></b>
<b>Long-term</b>		
- Long-term mortgages, deposits and collateral	1,981,070,680	473,684,063
	<b><u>1,981,070,680</u></b>	<b><u>473,684,063</u></b>

(i) Represent the Company's advance to insurance agency for employees' social insurance contributions.

8. BAD DEBTS

	<u>Closing balance</u>			<u>Opening balance</u>		
	Cost VND	Recoverable amount VND	Overdue days	Cost VND	Recoverable amount VND	Overdue days
<b>Debt receivables and loans past due</b>	<b>5,145,935,971</b>	-		<b>5,378,809,571</b>	<b>48,685,435</b>	
The Children's Place - Disney Store	1,476,984,012		> 4 years	1,476,984,012		> 3 years
Gama OB	1,103,895,250		> 4 years	1,103,895,250		> 3 years
Steve & Berrys	653,562,659		> 4 years	653,562,659		> 3 years
Buda Bean	599,415,428		> 4 years	599,415,428		> 3 years
Resources Vietnam Corporation	593,781,199		> 4 years	593,781,199		> 3 years
Others	718,297,423		> 3 years	951,171,023	48,685,435	> 2 years



9. INVENTORIES

	Closing balance		Opening balance	
	Historical cost	Provision	Historical cost	Provision
	VND	VND	VND	VND
Goods in transit	Codes	-	33,218,985,917	-
Raw materials	127,617,974,020	-	138,437,637,516	-
Tools and supplies	1,841,721,245	-	1,124,475,795	-
Work in progress	50,156,947,637	-	43,547,030,284	-
Finished goods	261,197,060,941	(5,331,456,039)	135,702,576,683	(3,751,468,122)
Consignment goods	7,607,389,744	-	-	-
<b>Total</b>	<b>448,421,093,587</b>	<b>(5,331,456,039)</b>	<b>352,030,706,195</b>	<b>(3,751,468,122)</b>

As presented in Note 17, the Company has used rotating inventories with the minimum value of VND 55 billion as at 31 December 2016 as collaterals for loans obtained from commercial banks (as at 31 December 2015: VND 55 billion).

10. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
<b>a) Short-term</b>		
Tools and supplies	7,278,513,760	4,791,163,522
Property insurance premium	1,294,210,307	1,643,353,436
Other short-term prepaid expenses	4,776,122,777	2,489,299,070
	<b>13,348,846,844</b>	<b>8,923,816,028</b>
<b>b) Long-term</b>		
Cost of acquiring land use right and assets on land (i)	20,729,790,151	-
Tools and supplies	19,165,162,868	15,386,504,186
Goodwill (ii)	16,592,938,082	-
The cost of repairs for fixed assets	4,846,937,047	2,963,692,903
Other long-term prepaid expenses	3,066,638,207	1,814,372,076
	<b>64,401,466,355</b>	<b>20,164,569,165</b>

(i) The cost of acquiring land use right and assets on land is related to the areas for which the Company has certificates of land ownership within the year and is paying annual land rents thereof.

(ii) Goodwill arising from merging TNG Fashion Joint Stock Company into the Company (details in Note 30).

11. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings, structures	Machinery, equipment	Motor vehicles, transmission equipment	Office equipment	Others	Total
	VND	VND	VND	VND	VND	VND
<b>COST</b>						
Opening balance	487,781,490,431	494,016,016,640	17,585,396,125	4,070,337,515	1,514,308,170	1,004,967,548,881
Transfer from construction in progress	168,539,124,247	39,968,837,249	-	-	72,005,967	208,579,967,463
Purchases	9,885,780,898	65,478,437,374	-	-	-	75,364,218,272
Reclassification	189,488,945	(1,389,329,910)	1,199,840,965	-	-	-
Addition from repurchases of finance lease assets	-	2,727,605,622	-	57,636,363	-	2,785,241,985
Addition from merging	-	1,672,971,529	-	-	-	1,672,971,529
Disposals	(2,815,947,448)	-	(8,842,983,944)	(576,252,027)	-	(17,235,183,419)
Other decreases	-	(392,763,456)	-	-	-	(392,763,456)
<b>Closing balance</b>	<b>663,579,937,073</b>	<b>602,081,775,048</b>	<b>9,942,253,146</b>	<b>3,551,721,851</b>	<b>1,586,314,137</b>	<b>1,280,742,001,255</b>
<b>ACCUMULATED DEPRECIATION</b>						
Opening balance	89,325,979,416	216,914,594,773	8,587,645,659	3,064,729,513	305,649,959	318,198,599,320
Charge for the year	25,692,102,166	56,654,745,650	1,166,799,437	360,388,014	212,319,001	84,086,354,268
Addition from repurchases of finance lease assets	-	1,502,241,136	-	36,062,903	-	1,538,304,039
Addition from merging	-	705,658,243	-	-	-	705,658,243
Disposals	(753,937,604)	-	(6,926,028,163)	(576,252,027)	-	(8,256,217,794)
Other decreases	-	(49,839,310)	-	-	-	(49,839,310)
<b>Closing balance</b>	<b>114,264,143,978</b>	<b>275,727,400,492</b>	<b>2,828,416,933</b>	<b>2,884,928,403</b>	<b>517,968,960</b>	<b>396,222,858,766</b>
<b>NET BOOK VALUE</b>						
Opening balance	398,455,511,015	277,101,421,867	8,997,750,466	1,005,608,002	1,208,658,211	686,768,949,561
Closing balance	549,315,793,095	326,354,374,556	7,113,836,213	666,793,448	1,068,345,177	884,519,142,489

As presented in Notes 17 and 18, the Company has mortgaged its machinery, equipment, motor vehicles, buildings and structures to secure its loans obtained from commercial banks and credit institutions.

The cost of the Company's tangible fixed assets includes VND 112,218,072,753 (as at 31 December 2015: VND 104,216,977,691) of assets which have been fully depreciated but are still in use.



12. INCREASES, DECREASES IN FINANCE LEASE ASSETS

	Machinery & equipment VND	Total VND
<b>COST</b>		
Opening balance	12,894,064,307	12,894,064,307
Transfer to tangible fixed assets due to repurchases during the year	(2,785,241,985)	(2,785,241,985)
<b>Closing balance</b>	<b>10,108,822,322</b>	<b>10,108,822,322</b>
<b>ACCUMULATED DEPRECIATION</b>		
Opening balance	4,542,315,928	4,542,315,928
Charge for the year	1,431,634,545	1,431,634,545
Transfer to tangible fixed assets due to repurchases during the year	(1,538,304,039)	(1,538,304,039)
<b>Closing balance</b>	<b>4,435,646,434</b>	<b>4,435,646,434</b>
<b>NET BOOK VALUE</b>		
Opening balance	8,351,748,379	8,351,748,379
<b>Closing balance</b>	<b>5,673,175,888</b>	<b>5,673,175,888</b>

13. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND	Computer software VND	Total VND
<b>COST</b>			
Opening balance	35,218,083,167	11,221,115,292	46,439,198,459
Addition	3,668,834,000	1,886,545,000	5,555,379,000
Other decreases (i)	(31,147,206,918)	-	(31,147,206,918)
<b>Closing balance</b>	<b>7,739,710,249</b>	<b>13,107,660,292</b>	<b>20,847,370,541</b>
<b>ACCUMULATED AMORTISATION</b>			
Opening balance	-	7,000,526,216	7,000,526,216
Charge for the year	1,258,067,179	1,867,720,338	3,125,787,517
<b>Closing balance</b>	<b>1,258,067,179</b>	<b>8,868,246,554</b>	<b>10,126,313,733</b>
<b>NET BOOK VALUE</b>			
Opening balance	35,218,083,167	4,220,589,076	39,438,672,243
<b>Closing balance</b>	<b>6,481,643,070</b>	<b>4,239,413,738</b>	<b>10,721,056,808</b>

(i) The Company revaluated and reclassified the value of land use rights into Construction in progress to implement and complete the procedures for the projects which have been under processes of obtaining licenses for conversion of land use purpose or of the obtaining approval to offset land transfer expenses, site clearance compensation expenses against the land rental payable in accordance with the guidance under Circular No. 77/2014/TT-BTC issuing regulations on land rental collection and related land regulations from time to time by the Ministry of Finance.

The Company uses the land use rights to secure for the loans from banks as presented in the Note 18.

14. CONSTRUCTION IN PROGRESS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
<b>Long-term construction in progress</b>	<b>105,447,041,340</b>	<b>157,323,660,200</b>
- Acquisition	3,078,805,934	5,032,874,051
- Construction in progress	102,368,235,406	152,290,786,149
<b>In which:</b>		
- TNG Phu Luong Factory	35,674,578,475	30,437,399,362
- TNG Song Cong Factory	18,441,542,235	406,360,206
- Phu Binh Project	17,799,063,222	11,044,878,494
- TNG Dai Tu Factory	10,485,842,193	56,441,163,391
- Social housing project	9,450,753,029	2,884,000
- Viet Thai Factory Project	9,232,113,230	189,488,945
- Minh Cau Trade Center	4,265,975,956	1,268,691,430
- TNG Fashion Center Project	-	57,074,069,372
- Others	97,173,000	458,725,000
<b>Total</b>	<b>105,447,041,340</b>	<b>157,323,660,200</b>

15. INVESTMENTS IN JOINT-VENTURE, ASSOCIATES

	<u>Closing balance</u>		<u>Opening balance</u>	
	<u>Historical cost</u> VND	<u>Provision</u> VND	<u>Historical cost</u> VND	<u>Provision</u> VND
Bac Thai Electric Construction Joint Stock Company	771,150,000	(771,150,000)	771,150,000	(771,150,000)
TNG Fashion Joint Stock Company	-	-	3,500,000,000	(3,500,000,000)
	<b>771,150,000</b>	<b>(771,150,000)</b>	<b>4,271,150,000</b>	<b>(4,271,150,000)</b>

The Board of Executive Officers assesses that the loss on the Company's investment in associates equivalent to the ownership interest rate is exactly equal to the value of these investments. Therefore, the Board of Executive Officers decided to make full provision for these investments.

During the year, the Company was merged with TNG Fashion Joint Stock Company under the form of share issuance for the share swap (Details in Note 30).

Details of the Company's associates as at 31 December 2016 are as follows:

<u>Name of associate</u>	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interest (%)</u>	<u>Proportion of voting power held (%)</u>	<u>Principal activities</u>
Bac Thai Electric Construction Joint Stock Company	Thai Nguyen	49	49	Electric construction



16. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

Items	Opening balance VND	Movement in the year		Closing balance VND
		Amount payable VND	Amount paid VND	
Corporate income tax	5,463,477,688	13,620,158,300	15,515,747,299	3,567,888,689
Other taxes	477,594,796	7,096,285,200	6,688,951,176	884,928,820
Personal income tax	406,274,722	3,605,832,284	3,206,178,302	805,928,704
Other taxes	71,320,074	3,490,452,916	3,482,772,874	79,000,116
<b>Total</b>	<b>5,941,072,484</b>	<b>20,716,443,500</b>	<b>22,204,698,475</b>	<b>4,452,817,509</b>

17. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Items	Opening balance		Movement in the year		Closing balance	
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
Short-term loans	568,161,133,408	568,161,133,408	1,782,289,154,913	1,644,286,637,191	706,163,651,130	706,163,651,130
Current portion of long-term loans	95,661,062,080	95,661,062,080	130,772,497,899	102,166,596,953	124,266,963,026	124,266,963,026
Current portion of long-term obligations under finance leases	2,907,226,020	2,907,226,020	2,268,697,510	2,907,226,020	2,268,697,510	2,268,697,510
<b>Total</b>	<b>666,729,421,508</b>	<b>666,729,421,508</b>	<b>1,915,330,350,322</b>	<b>1,749,360,460,164</b>	<b>832,699,311,666</b>	<b>832,699,311,666</b>

Details of short-term loans and obligations under finance lease are as follows:

	Closing balance VND	Opening balance VND
<b>Short-term loans</b>	<b>706,163,651,130</b>	<b>568,161,133,408</b>
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch (i)	256,551,860,472	230,240,162,971
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch (ii)	446,165,871,440	331,541,889,028
Military Commercial Joint Stock Bank - Thai Nguyen Branch (iii)	2,226,051,309	5,778,031,409
Others (iv)	1,219,867,909	601,050,000
<b>Current portion of long-term loans</b>	<b>124,266,963,026</b>	<b>95,661,062,080</b>
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch	33,610,449,795	46,198,938,795
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch	54,056,020,000	29,557,567,429
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch	13,642,600,000	13,554,400,000
Military Commercial Joint Stock Bank - Thai Nguyen Branch	22,957,893,231	6,350,155,856
<b>Current portion of long-term obligations under finance leases</b>	<b>2,268,697,510</b>	<b>2,907,226,020</b>
	<b>832,699,311,666</b>	<b>666,729,421,508</b>

- (i) Short-term loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch under Credit Contract dated 01 August 2016 with the credit limit of VND 400 billion (including loans in VND and USD). The loan bears interest of 6.7% per annum for VND loans and 3% per annum for USD loans and to be adjusted on a monthly basis. The loans are secured by assets including industrial sewing machines and office equipment; buildings and structures attached to the land and land use rights of the office of the Company; 4 automatic embroidery machines; buildings and structures attached to the land in Zone B - Song Cong Industrial Zone, rotating inventories and receivables arising from the economic contract of the Company financed by Vietnam Joint Stock Commercial Bank for Industry and Trade.
- (ii) Short-term loans from Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch under Credit Contract dated 01 August 2016 with the credit limit of VND 600 billion (including loans in VND and foreign currencies equivalent, the balance of L/C less mortgage and guarantee balances), interest rates are determined in respect of each disbursement. The loans are secured by the Company's collaterals and pledged assets of borrower; the total deposit account balance in VND and foreign currency at the bank and at other credit institutions.
- (iii) Short-term loan from Military Commercial Joint Stock Bank ("MB") - Thai Nguyen Branch under Credit Contract dated 20 April 2016 with the credit limit of VND 100 billion. Applicable interest rate is specified for each disbursement.
- (iv) Other short-term loans from the Company's employees with repayment periods not exceeding 12 months.

**18. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES**

Items	Opening balance		During the year		Closing balance	
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
Long-term loans	366,939,941,587	366,939,941,587	178,697,073,105	107,271,511,458	438,365,503,236	438,365,503,236
Long-term obligations under finance leases	5,175,923,530	5,175,923,530	-	2,907,226,020	2,268,697,510	2,268,697,510
<b>Total</b>	<b>372,115,865,117</b>	<b>372,115,865,117</b>	<b>178,697,073,105</b>	<b>110,178,737,476</b>	<b>440,634,200,746</b>	<b>440,634,200,746</b>

**In which:**

Amount due for settlement within 12 months	96,568,288,100	136,535,660,536
Amount due for settlement after 12 months	273,547,577,017	314,098,540,210

Details of long-term loans and obligations under finance lease are as follows:

	Closing balance	Opening balance
	VND	VND
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch (i)	104,401,644,352	79,564,940,060
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch (ii)	242,597,044,288	232,833,708,190
Military Commercial Joint Stock Bank - Thai Nguyen Branch (iv)	71,902,914,596	20,722,929,701
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch (iii)	19,463,900,000	32,886,000,000
Long-term finance leases (v)	2,268,697,510	5,175,923,530
Other long-term loans	-	932,363,636
<b>Total</b>	<b>440,634,200,746</b>	<b>372,115,865,117</b>



- (i) The loans from Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch include loans under the Credit Contracts dated 23 February 2011 and 04 December 2015 and amendments thereof with total credit limit of VND 323 billion for the construction of the Company's TNG Phu Binh Factory and TNG Fashion Center. The loan in VND bears interest rates of 10.4% per annum and of 6.5% per annum for USD loan (adjusted on a semi-annual basis). The Company has pledged its machinery, equipment, motor vehicles, buildings and structures, and assets formed from the loans to secure loans.
- (ii) The loans from Commercial Joint Stock Vietnam Bank for Industry and Trade - Thai Nguyen Branch under valid credit Contracts with total credit limit of VND 283 billion. The loans are used to make payment for machines and equipment imported for cotton production lines of garment factories located in Zone B, Song Cong Industrial Zone, investment in the Project for production and capacity improvement of TNG Dai Tu Garment Factory, and for investment costs of the Company's project on equipment system improvement and construction investment upgrade. The interest rate is 10.5% to 11.5% per annum for loans in VND and 4.5% to 6% per annum for loans in USD (This is the floating rate adjusted on a monthly basis). The loans are secured by the cotton production line installed at Cotton Branch located in Zone B, Song Cong Industrial Zone and assets formed from the loans.
- (iii) The loans from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch under Credit Contract dated 22 November 2013 and Credit Contract date 29 April 2014 with total credit limit of USD 2,194,648 and VND 1,381,455,410. The loan is used to reimburse the reasonable, eligible and legitimate expenses of the Project on investment in machinery and equipment for TNG Song Cong and TNG Phu Binh Factories. The interest rate is 10% per annum for loans in VND and 4.5% per annum for loans in USD and shall be adjusted every 3 months. The loans are secured by assets formed from equity capital and the loans, including machinery and equipment belonging to Projects.
- (iv) The loans from Military Commercial Joint Stock Bank ("MB") - Thai Nguyen Branch under valid credit contracts with total credit limit of USD 3,324,900 and VND 19,612,742,199. The loans are used to make L/C payment for contracts to import garment machinery, equipment and payment for purchases of local goods in the year. The floating interest rate is applied. Interest rate adjustment date and adjustment period are determined in each debenture. The loans are secured by all assets formed from such loans including garment machinery and equipment specified by each purchasing contract.
- (v) The long-term obligations under finance leases represent liabilities under Finance Lease Contracts dated 05 June 2013 with Asla Commercial Bank Leasing Company Limited. These loans have terms from 4 to 5 years from the signing date of the relevant contract, interest rates specified from time to time.

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
On demand or within one year	126,535,660,536	98,568,288,100
In the second year	103,844,692,720	92,451,123,266
In the third to the fifth year inclusive	210,253,847,490	181,096,453,751
	<b><u>440,634,200,746</u></b>	<b><u>372,115,865,117</u></b>
Less: Amount due for settlement within 12 months (shown under current liabilities)	126,535,660,536	98,568,288,100
<b>Amount due for settlement after 12 months</b>	<b><u>314,098,540,210</u></b>	<b><u>273,547,577,017</u></b>



19. OWNERS' EQUITY

Movement in owners' equity

	Owners' contributed capital		Share premium		Other owners' capital		Investment and development fund		Other reserves		Retained earnings		Total	
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
Prior year's opening balance	152,879,460,000		29,860,679,546	57,119,591	28,042,547,057	5,430,252,426	35,851,309,157	262,121,367,777						
Capital increases	131,939,020,000		(245,454,541)	-	-	-	(21,937,460,000)	109,756,105,459						
Profit for the year	-		-	-	-	-	71,300,379,040	71,300,379,040						
Dividends declared	-		-	-	-	-	(9,772,767,600)	(9,772,767,600)						
Fund distributed from 2014 profit	-		-	-	16,885,409,726	5,182,935,916	(24,751,281,557)	(2,682,935,915)						
Fund temporarily distributed in 2015	-		-	-	-	-	(1,000,000,000)	(1,000,000,000)						
Remuneration to the Board of Directors and Supervisory Board	-		-	-	-	-	(1,640,960,000)	(1,640,960,000)						
Other decreases	-		-	(1,700,000)	-	-	-	(1,700,000)						
<b>Current year's opening balance</b>	<b>294,818,480,000</b>		<b>29,615,225,005</b>	<b>55,419,591</b>	<b>44,927,956,783</b>	<b>10,613,188,342</b>	<b>48,049,219,040</b>	<b>428,079,488,761</b>						
Profit for the year	-		130,558,000	-	-	-	81,179,114,445	81,179,114,445						
Capital increases (i)	-		-	-	-	-	-	1,533,348,000						
Fund distributed from 2015 profit (iii)	-		-	-	4,053,008,232	6,951,786,904	(16,956,582,040)	(5,951,786,904)						
2nd Share dividend payment (ii)	29,617,450,000		(35,000,000)	-	-	-	(29,617,450,000)	(35,000,000)						
ESOP share issuance in 2016 (iv)	14,811,060,000		(22,307,882)	-	-	-	-	14,788,752,118						
Share issuance for share swap (ii)	2,000,000,000		966,000,000	-	-	-	-	2,966,000,000						
Remuneration to the Board of Directors and Supervisory Board	-		-	-	-	-	(1,470,510,000)	(1,470,510,000)						
<b>Current year's closing balance</b>	<b>342,649,780,000</b>		<b>30,674,475,123</b>	<b>55,419,591</b>	<b>48,980,965,015</b>	<b>17,564,975,246</b>	<b>81,183,791,445</b>	<b>521,109,406,420</b>						

- (i) The Company increased its charter capital in accordance with Resolution No. 510/2015/NQ-DHDCD dated 12 April 2015 by the Annual General Meeting of Shareholders, including the issuance of shares to existing shareholders at the ratio of 4:1 with the expected number of additional issuance of 5,485,642 shares. Up to 31 December 2016, the Company successfully increased its charter capital by 5,345,363 shares with equivalent value of VND 53,453,630,000. 140,279 shares which were not registered by existing shareholders were distributed to others by the Board of Directors with an amount of VND 1,402,790,000 under Resolution No. 01A/NQ-HDQT dated 06 January 2016.
- (ii) According to Resolution No. 603/2016/NQ-DHDCD of 2016 Annual General Meeting of Shareholders ("Resolution No. 603") dated 24 April 2016, during the year, the Company paid 2<sup>nd</sup> dividend payment of 2015 at the ratio of 10:1 by the issuance of 2,961,745 shares; and issued additional 1,481,106 shares for Employee Stock Ownership Plan (ESOP). The Company also issued 200,000 additional shares for share swap relating to the merging TNG Fashion Joint Stock Company into the Company.
- (iii) According to Resolution 603, the Company distributed profits to Investment and Development Fund, Other reserves and Bonus and Welfare Funds with the amounts of VND 4,053,008,232, VND 6,951,786,904 and VND 6,951,786,904, respectively. In which, the amount temporarily distributed to Bonus and Welfare funds in 2015 was VND 1,000,000,000; the additional amount distributed to this fund in the year was VND 5,951,786,904.

**Use of capital generated from the shares issuance**

According to Resolution 603/2016/NQ-DHDCD of 2016 Annual General Meeting of Shareholders dated 24 April 2016, Document No. 4796/UBCK-QLCB dated 21 July 2016 of the State Securities Commission about share issuances for payment of 2<sup>nd</sup> 2015 dividend, share issuances for Employee Stock Ownership Plan of the Company, and Document No. 4797/UBCK-QLCB dated 21 July 2016 of the State Securities Commission on share issuances for share swap, the total charter capital and the proceeds from the issuance were VND 46,428,510,000 and VND 14,820,978,118 respectively. As at the issuance date of these financial statements, the capital has been used to increase the Company's working capital for business operation as per original purpose of the issuance.

**Shares**

	<u>Closing balance</u>	<u>Opening balance</u>
Number of common shares issued to the public	34,264,978	29,481,848
+ Common shares	34,264,978	29,481,848
Number of common shares in circulation (*)	34,264,978	29,481,848
+ Common shares	34,264,978	29,481,848

(\*) Included 140,279 common shares as presented in item (i) and 1,481,106 common shares as presented in item (ii) above, which are only transferable after one year from the issuance date.

A common share has par value of VND 10,000.

**20. OFF BALANCE SHEET ITEMS**

**Foreign currencies:**

	<u>Closing Balance</u>	<u>Opening Balance</u>
United States Dollar (USD)	259,164	42,498



21. BUSINESS AND GEOGRAPHICAL SEGMENTS

Geographical segments

The Company does not have any operations outside the territory of Vietnam; manufacturing and business activities of the Company are mainly carried out at No. 434/1, Bac Kan Street, Hoang Van Thu District, Thai Nguyen City, Thai Nguyen Province.

Business segments

During the year, the principal activities of the Company are manufacturing and trading of garment products (for export and domestic sales). Therefore, the Company does not present business segments. Revenue and cost of sales have been detailed by revenue and cost of goods sold and services rendered provided in Note 22 and Note 23.

22. REVENUE OF GOODS SOLD AND SERVICES RENDERED

	<u>Current year</u> VND	<u>Prior year</u> VND
Sales of goods	1,229,450,306,393	1,411,346,469,253
Sales of outsourced services	627,944,144,708	512,593,544,596
Sales of fashion products	30,354,425,701	-
	<b><u>1,887,748,876,802</u></b>	<b><u>1,923,940,013,849</u></b>
<b>Deductions</b>		
Sales rebates	-	-
<b>Net revenue from goods sold and services rendered</b>	<b><u>1,887,748,876,802</u></b>	<b><u>1,923,940,013,849</u></b>

23. COST OF SALES

	<u>Current year</u> VND	<u>Prior year</u> VND
Cost of goods sold	1,012,442,336,191	1,174,703,540,804
Cost of outsourced services	517,106,900,181	400,234,980,430
Cost of fashion products	24,996,622,890	-
	<b><u>1,554,545,859,262</u></b>	<b><u>1,574,938,521,234</u></b>

24. PRODUCTION COST BY NATURE

	<u>Current year</u> VND	<u>Prior year</u> VND
Raw materials and consumables	820,567,952,976	900,011,709,000
Labour	744,931,127,317	621,927,152,765
Depreciation and amortisation	88,643,776,330	63,323,057,442
Out-sourced services	82,868,342,511	87,358,926,981
Other monetary expenses	119,380,942,278	100,350,362,817
	<b><u>1,856,392,141,412</u></b>	<b><u>1,772,971,209,005</u></b>

25. FINANCIAL INCOME

	Current year VND	Prior year VND
Bank and loan interest	198,051,947	403,208,382
Foreign exchange gain	15,426,234,164	17,929,269,852
	<b>15,624,286,111</b>	<b>18,332,478,234</b>

26. FINANCIAL EXPENSES

	Current year VND	Prior year VND
Interest expense	67,121,178,523	56,842,066,988
Loss from disposal of investments	-	382,678,970
Foreign exchange loss	21,064,614,688	37,174,954,838
Provision for impairment of long-term financial investments	-	3,500,000,000
	<b>88,185,793,211</b>	<b>97,899,700,796</b>

27. OTHER INCOME

	Current year VND	Prior year VND
Proceeds from disposals of fixed assets	1,663,798,368	21,799,908
- Proceeds from disposals of fixed assets	3,697,564,796	620,327,273
- Residual value of fixed assets disposed	(2,033,766,428)	(598,527,365)
Other incomes	4,294,523,863	1,769,714,546
	<b>5,958,322,231</b>	<b>1,791,514,454</b>
Others expenses	2,731,506,032	7,886,828
	<b>2,731,506,032</b>	<b>7,886,828</b>
<b>Profit from other activities</b>	<b>3,226,816,199</b>	<b>1,783,627,626</b>

28. CURRENT CORPORATE INCOME TAX EXPENSES

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

	Current year VND	Prior year VND
Profit before tax	94,799,272,745	88,030,752,814
Adjustments for taxable income	(4,138,325,702)	385,748,030
Add back: Non-deductible expenses	3,150,974,611	385,748,030
Loss carried forward (*)	(7,289,300,313)	-
Taxable profit	90,660,947,043	88,416,500,844
Tax rate	15% and 20%	15%, 20% và 22%
Corporate income tax	13,801,339,274	17,027,073,774
Less: Cost for female employees	(230,100,000)	(296,700,000)
Increase due to merging (*)	48,919,026	-
<b>Current corporate income tax</b>	<b>13,620,158,300</b>	<b>16,730,373,774</b>

(\*) The tax obligation and tax loss transferred from TNG Fashion Joint Stock Company into the Company (detail in Note 30).



29. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share as at 31 December 2016 is based on profit attributable to ordinary equity holders and weighted average number of ordinary shares in circulation in the year. Details are as below:

	Current year VND	Prior year Restated (*) VND
<b>Net profit after corporate income tax (VND)</b>	<b>81,179,114,445</b>	<b>71,300,379,040</b>
<i>Distributed to bonus and welfare funds</i>	-	(6,951,786,904)
<b>Profit attributable to ordinary equity holders (VND)</b>	<b>81,179,114,445</b>	<b>64,348,592,136</b>
Weighted average number of ordinary shares in circulation outstanding in the year (shares)	32,729,321	26,508,682
<b>Basic earnings per share</b>	<b>2,480</b>	<b>2,427</b>

(\*) The earnings per share ratio was restated due to the effects from distributed profits to Bonus and Welfare Funds in compliance with the Circular No. 200/2014/TT-BTC issued on 22 December 2014 by Ministry of Finance, and from the payment of dividends by shares issuance in 2016.

	Reported in prior year VND	Differences VND	Restated amount VND
<b>Net profit after corporate income tax</b>	<b>71,300,379,040</b>	-	<b>71,300,379,040</b>
<i>Distributed to bonus and welfare funds</i>	(1,000,000,000)	(5,951,786,904)	(6,951,786,904)
<b>Profit attributable to ordinary equity holders</b>	<b>70,300,379,040</b>	<b>(5,951,786,904)</b>	<b>64,348,592,136</b>
Weighted average number of ordinary shares in circulation outstanding in the year (shares)	23,546,937	2,961,745	26,508,682
<b>Basic earnings per share</b>	<b>2,986</b>		<b>2,427</b>

30. MERGING TRANSACTION

Resolution No. 603/2016/NQ-DHDCD of the Company's 2016 Annual General Meeting of Shareholders dated 24 April 2016 and Resolution No. 219/2016/NQ-DHDCD dated 11 March 2016 of TNG Fashion Joint Stock Company have approved the merging plan of TNG Fashion Joint Stock Company into TNG Investment and Trading Joint Stock Company under the form of share issuance for the share swap at the rate of 5:1 (05 shares of TNG Fashion Joint Stock Company in exchange for 01 share of TNG Investment and Trading Joint Stock Company). In the current year, the Company also issued 200,000 additional share to shareholders of TNG Fashion Joint Stock Company and the Company's existing shareholders for share swap. The Company determined the cost related to the merge based on the value of shares issued and recorded as goodwill.

	Amount VND
Market value of 200,000 shares at date of swap	3,180,000,000
Net value of assets of TNG Fashion Joint Stock Company	(13,412,938,082)
<b>Goodwill</b>	<b>16,592,938,082</b>

According to the Company's merging contract and Handover Minutes dated 17 August 2016, TNG Fashion Joint Stock Company was merged into TNG Investment and Trading Joint Stock Company and became TNG Fashion branch of the Company. After merging, all assets, rights, obligations, and benefits of TNG Fashion Joint Stock Company were transferred to the Company.

The financial information of TNG Fashion Joint Stock Company at the date of merging (17 August 2016) is stated below:

	<u>17/8/2016</u>
	<u>VND</u>
<b>Assets</b>	
Cash	550,756,606
Short-term receivables	2,614,756,311
Inventories	45,448,825,325
Other short-term assets	907,004,605
Tangible fixed assets	967,313,286
Other long-term assets	2,293,363,919
<b>TOTAL ASSETS</b>	<b><u>52,782,020,052</u></b>
<b>Liabilities</b>	
Short-term payables	66,194,958,134
Owners' charter	(13,412,938,082)
<i>Chartered capital</i>	10,000,000,000
<i>Accumulated loss</i>	(23,430,753,239)
<i>Investment and Development Fund</i>	17,815,157
<b>TOTAL RESOURCES</b>	<b><u>52,782,020,052</u></b>
	<b><u>For the period from</u></b>
	<b><u>01/01/2016 to 17/8/2016</u></b>
	<b><u>VND</u></b>
<b>Revenue</b>	
Sale from goods sold	48,147,871,910
<b>Income</b>	
Net loss after corporate income tax	(1,142,726,961)

**31. RELATED PARTY TRANSACTIONS AND BALANCES**

***List of related parties***

<b><u>Related party</u></b>	<b><u>Relationship</u></b>
TNG Fashion Joint Stock Company	Associate



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

	<u>Current year</u> VND	<u>Prior year</u> VND
<b>TNG Fashion Joint Stock Company</b>		
Purchases	386,268,000	-
Sales	4,608,835,837	18,812,571,700
<b>Remuneration of Board of Executive Officers</b>		
Salary, bonus and other benefits in kind	3,472,511,110	4,712,420,293

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

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
<b>TNG Fashion Joint Stock Company</b>		
Receivables	-	18,787,283,307

### 32. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

#### Supplemental non-cash disclosures

Cash outflows for purchases of fixed assets and construction in progress during the year exclude an amount of VND 42,043,688,493 (in 2015: VND 87,696,231,584), representing an addition in fixed assets and construction in progress during the year that has not yet been paid. Consequently, changes in accounts payable have been adjusted by the same amount.



Tran Thi Hiep  
Preparer



Luong Thi Thuy Ha  
Chief Accountant



Ly Thi Lien  
Deputy Chief Executive  
Officer

24 March 2017 



# TNG

**CÔNG TY CỔ PHẦN ĐẦU TƯ VÀ THƯƠNG MẠI TNG**

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