



*Business* **EXPANSION**  
*Sustainable* **DEVELOPMENT**

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#### abc ABBREVIATIONS

BOD	: Board of Directors
BOM	: Board of Management
GT	: General Trade
MT	: Modern Trade
POS	: Point of sale
Thien Long/The Group/The Company	: Thien Long Group Corporation

## MESSAGE FROM THE CHAIRMAN



NET REVENUE  
↑ 14.8 % COMPARED TO 2015

**2,162.3 VND  
BIL**

Dear Valued Shareholders, Partners and All Employees,

Vietnam's GDP in 2016 maintained a growth rate of 6.2% compared to 2015 albeit turbulences in various regions as well as the global economy. While the 2016 growth was lower than the target of 6.7%, the domestic economy saw a lot of positive signals, particularly in the consumption and retail sectors.

Thanks to the efforts and unity of the Management and staffs, the Group gained such remarkable achievements in 2016 as:

- » Net revenue reached VND 2,162.3 billion, rose by 14.8% compared to 2015 and 0.6% exceeding the annual plan.
- » Profit after tax significantly increased by 27.8% compared to previous year to VND 240.1 billion, exceeding 11.7% of the plan approved by the General Shareholder's Meeting.
- » The distribution system was expanded covering all 63 provinces/cities across the country with more than 60,000 points of sale. Export markets have been constantly expanding.
- » R&D brought in a lot of breakthroughs, with many new products of high competitiveness, gradually enabled the self-provision of raw materials, especially ink.
- » Talent attraction policies proved to be reasonable, training activities were strengthened and high calibers were retained for leadership succession.

The Board of Management, as always, accompanied the Board of Directors and all employees to discuss and implement business strategies and operational solutions, based on Thien Long's core values, determined to successfully achieve the strategic objectives set for the 5-year period from 2016 to 2020.

With a history of more than 35 years and experience in various economic cycles, Thien Long has been always taking the initiative to work out appropriate strategies in each period, in order to amplify internal strengths and grasp opportunities from the markets.

We are fully aware of the apparent opportunities for Thien Long to keep moving forward and growing

sustainably. The Group's strategic goal in the coming time is not only to maintain and strengthen its position in the key businesses, but also to penetrate into new fields to expand the operation and scale, to become a global company. Thien Long will be proactively seeking and welcoming cooperation opportunities to lift the Group to new heights and realize the BOM's strategic vision.

The Management will be taking drastic and unprecedented measures in order to achieve the Group's ambition, particularly focusing on: (1) Improvement of corporate governance and human resources development, (2) Expansion of value chain, (3) Production capacity enhancement, (4) Research and development of new products, (5) Development of distribution system, and (6) Promotion of presence in the world's markets.

In addition to business activities, Thien Long always considers the Company as an inherent part of the society, with the strong commitment to act consistently for corporate social responsibility fulfillment. Support for education, school building, support for people under difficult circumstances in disaster areas... are the community activities of profound humanity that Thien Long has always pursued throughout its history of operation.

Thien Long's success today is creditable to the relentless efforts of the Management, the staffs, as well as the enthusiastic support from valued customers, domestic and foreign partners and shareholders. On behalf of Thien Long, I would like to express my sincere thanks to you for accompanying the Company, and look forward to receiving even more support in the coming years. Thien Long will be actively seeking and grasping opportunities for global expansion, readily opening up, reaching new heights and realizing its strategic vision.

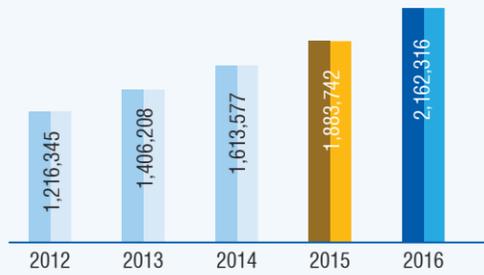
Thank you and Best regards,

**CO GIA THO**  
Chairman of the Board of Management

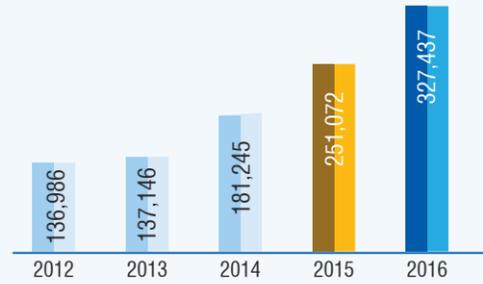


## 2016 FINANCIAL HIGHLIGHTS

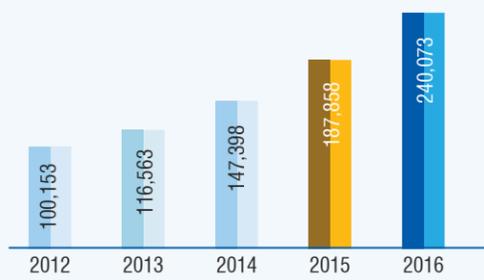
**TOTAL REVENUE** (VND Mil)



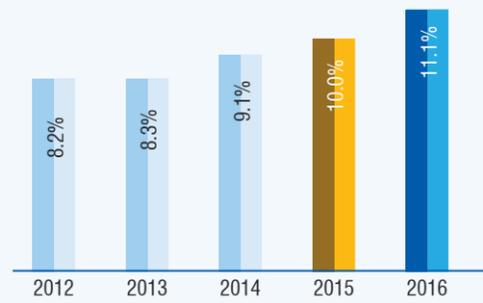
**EXPORT REVENUE** (VND Mil)



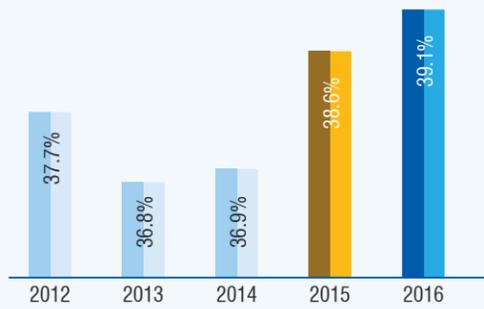
**PROFIT AFTER TAX** (VND Mil)



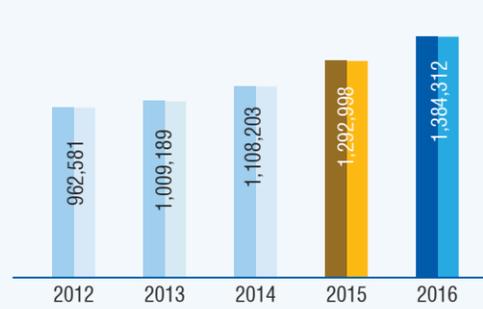
**NET PROFIT MARGIN** (%)



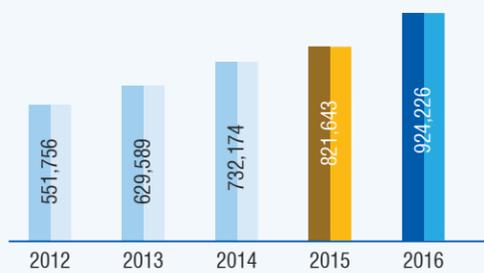
**GROSS PROFIT MARGIN** (%)



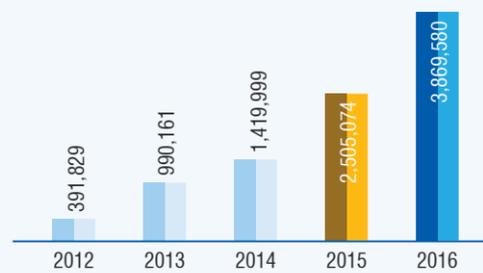
**TOTAL ASSETS** (VND Mil)



**SHAREHOLDER'S EQUITY** (VND Mil)



**MARKET CAPITALIZATION** (VND Mil)



## 01 COMPANY OVERVIEW

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- Subsidiaries 18
- Typical awards and certificates in 2016 20



SOLID **FOUNDATION** for  
BUSINESS OUTREACH

## GENERAL INFORMATION

Company Name	: Thien Long Group Corporation
Transaction Name	: Thien Long Group
Stock Symbol	: TLG
Charter Capital	: 383,126,720,000 VND
Headquarters	: Lot 6-8-10-12, Road No. 3, Tan Tao Industrial Park, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City
Telephone	: (84.8) 3750 5555
Fax	: (84.8) 3750 5577
Email	: info@thienlonggroup.com
Website	: www.thienlonggroup.com
Business Registration Certificate	: No. 0301464830, first registration on 14/03/2005, latest (12th) registration amendment on 21/03/2016

### MISSION

Thien Long is determined to serve studying activities and conquer the peak of knowledge as a supplier of writing instruments and stationery products.

### CORE VALUES

We aim to pioneer in technology and innovation, to create breakthrough products for consumers. We focus on building a sustainably thriving Thien Long community of humanity.

### STRATEGIC ORIENTATIONS

To become the Number One company in South East Asia and an Asian market leader in manufacturing and trading stationery.

To professionalize and automate manufacturing; To develop research and development activities.

To professionalize wholesaling and specialize in retailing; To fully develop domestic trade channels and international business.

To become one of the leading companies in Vietnam bringing the most benefit to employees, customers, the Company and shareholders.

## AN ASIAN MARKET LEADER IN MANUFACTURING AND TRADING STATIONERY

### SCOPE OF BUSINESS

**AVAILABLE IN AMPLE DESIGNS, THIEN LONG'S HIGH QUALITY PRODUCTS WITH PRESTIGIOUS BRANDS AND REASONABLE PRICES ARE READY TO MEET THE DIVERSE NEEDS OF CONSUMERS, FROM KINDERGARTENS TO ELEMENTARY SCHOOLS, HIGH SCHOOLS AND COLLEGES AS WELL AS EMPLOYEES AND EXECUTIVES.**

**Thien Long Group specializes in manufacturing and trading of these four main product lines:**



Writing Instruments



Office Supplies



School Supplies

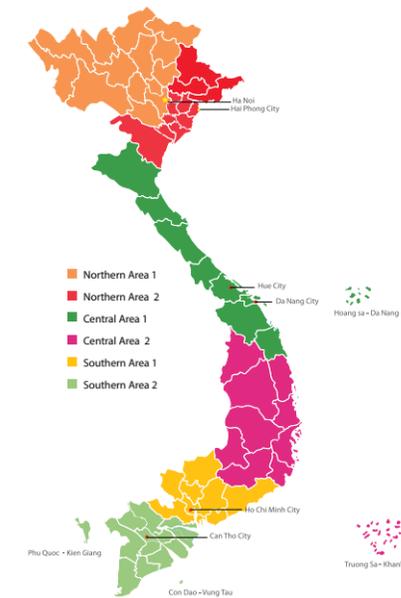


Art Supplies

### DISTRIBUTION SYSTEM

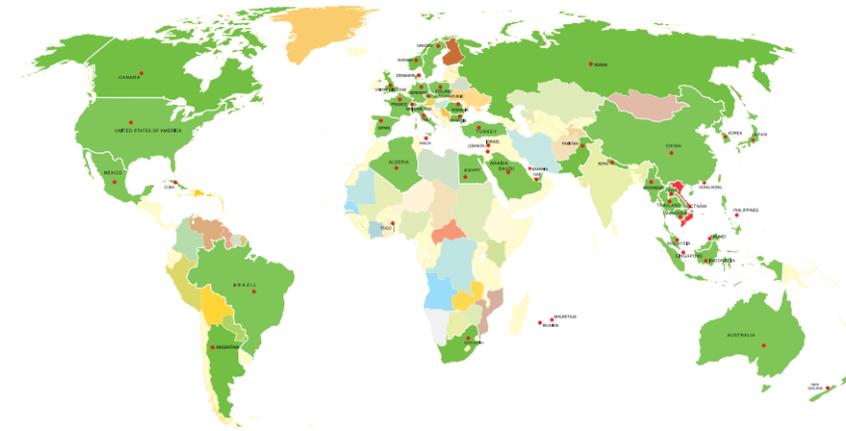
**60,000 POS**  
ACROSS 63 PROVINCES /CITIES  
IN THE COUNTRY

Thien Long has built and continuously broadened a thorough distribution network within the domestic market. Thien Long's products are available to consumers at more than 60,000 points of sale (POS) across all 63 cities/provinces of the country, and at almost all commercial centers, chain stores, bookstores..., and also distributed via such channels as online, direct sale to schools, businesses (B2B), supermarkets...



**50**  
COUNTRIES AND TERRITORIES

**IN ADDITION, THIEN LONG HAS BEEN INVESTING TO DEVELOP EXPORT MARKETS, BRINGING THE FLEXOFFICE AND COLOKIT-BRANDED PRODUCTS TO MORE THAN 50 COUNTRIES ACROSS 6 CONTINENTS.**



DISTRIBUTION NETWORK OVERSEAS  
Countries and territories that Thien Long is exporting its products to

# HISTORY AND DEVELOPMENT MILESTONES

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

1981

1991

Thien Long increasingly expanded the pen markets across the country.

1996

Thien Long Manufacturing and Trading Company Ltd was officially established, marking a new stage of development in product quality, production capacity and diversification of product models. Advanced technology was applied in the manufacturing with many modern equipments.

2000

The new factory in Tan Tao Industrial Park (Binh Tan District) went into operation.

2001

ISO 9002 quality management system was certified by DNV (Norway).

2003

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

2005

Thien Long Manufacturing and Trading Company Ltd was converted into Thien Long Manufacturing and Trading Corporation with a charter capital of VND 100 billion.

2006

The Company increased its charter capital to VND 120 billion and established Thien Long Long Thanh Joint Stock Company with the charter capital of VND 40 billion. Achieved certificates of ISO 14001:2004 environment management, O H S A S occupational health and safety, SA 8000 social responsibility, CTPAT security...

2007

Thien Long Global Trading and Service Company Ltd was established with the charter capital of VND 20 billion specializing in stationery trading.

2008

The Company continued to increase the charter capital to VND 155 billion and renamed into Thien Long Group Corporation.

2009

Tan Luc Trading and Service One Member Company Ltd was established with the charter capital of VND 20 billion.

2010

On 26/03/2010, the Company's shares were officially listed on Ho Chi Minh City Stock Exchange (HOSE) with the symbol TLG.

2012  
2015

After dividend and bonus share issuances, the charter capital of Thien Long Group Corporation increased from VND 176,500,000,000 to VND 294,714,640,000. During those years, Thien Long brand was the Number One stationery brand in Vietnam with five subsidiaries.

2016

The charter capital of Thien Long Group Corporation increased to 383,126,720,000 VND, consolidated revenue reached VND 2,612.3 billion, profit after tax was more than VND 240 billion and ROS hit 11.1% - which has been the highest level since the Company's listing in 2010.

# TYPICAL PRODUCTS



## 01 Writing Instruments (TL)

Writing instruments are Thien Long's traditional products, accounting for over 65% of the domestic market share. Over the past years, this range has proven to be the major product category, creating the foundation for the development of Thien Long.

Thien Long's writing instruments are available in a great variety of designs and forms such as: ballpoint pens, gel pens, rollerball pens, fineliners.... The main raw materials are imported from Germany and Switzerland, in order to guarantee the stability and best quality for consumers.



## 02 Premium Writing Instruments (Bizner)

The Bizner premium writing instruments is a high-class product line for businessmen and high-income earners. Unlike common pens, its unique, luxurious design and refined detail crafted by masterful hands, defines the value and allure of these products.

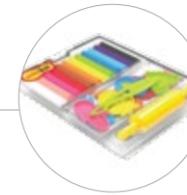
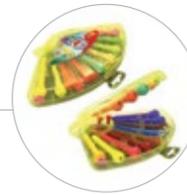
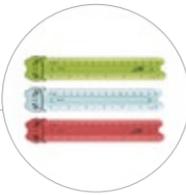


## 03 Office Supplies (FlexOffice)

With the strategic objective of becoming the Number One stationery manufacturer in South East Asia and the market leader in Asia, in recent years, Thien Long has been promoting the production and distribution of office supplies. Not only paying close attention to quality, Thien Long also focus and continuously improve every detail of the products.

These essential products for offices, such as FlexOffice-branded files and folders, whiteboard markers, permanent markers, ink cartridge... are more and more popular in both domestic and overseas markets.

## TYPICAL PRODUCTS (continued)



04

### School Supplies (Ten Marks)

The Ten Marks category of Thien Long's school supplies aims to serve pupils of various grades, with studying instruments such as mini boards, chalk, rulers, pencils, erasers, glue, scissors, notebooks... These products are designed in accordance with standards set by the Ministry of Education and

Training. Specially, the Ten Marks category offers the products with outstanding features including: calligraphy pen, cartridge pen (fountain pen using ink cartridge), dustless chalk... Thanks to these, Ten Marks products now become pupil's efficient companions.



05

### Art Supplies (Colokit)

Colokit is the brandname of Thien Long's art supplies. Colokit consists of products serving the creative art such as modeling clay, crayons, colored pencils, watercolors... These products are user-friendly and available in a great variety of colors helping children unleash their creativity and develop their broad skills.

Colokit products are safe, non-toxic, certified to meet the European non-toxic and safety standards of EN 71/3... and are being welcomed by parents.



### PROMOTING IN-HOUSE INNOVATION

Thien Long has paid enormous effort in researching and building Company's own machinery and equipments system; developing molds to replace imported ones, reduce production costs; improving capacity and competitiveness. In 2016, the Company's in-house molds met more than 90% of the needs of new molds.



### ENHANCING AUTOMATION

With the breakthrough in automation enhancement in factory, the automation rate of Nam Thien Long Factory increased to 70.3% by the end of 2016, compared to 67% in 2015. Thien Long accelerated automation in production from filling, pouring, assembling stage to printing, inspection and packaging stage.



### PURSUIT OF GREEN TECHNOLOGY

Thien Long always put the Green requirements as its first priority. Since the establishment, the Company has built an environment-friendly sewage treatment system that complied with the regulations, and energy and material-saving machinery system.

The Green technology is also applied by the Company by introducing safe products to consumers. Thien Long's products fully meet the latest international safety standards, including the US standards (ASTMD-4236), and the EU standards (EN-71, Section 3 and EN-71, Section 9).



### STRICT QUALITY MANAGEMENT SYSTEM

To ensure the quality and safety of products, Thien Long set up a strict quality control system throughout the entire supply chain: from support and quality control at supplier's factories, inspection of raw materials, quality control at each stage of manufacturing, to quality control of finished products, storage, preservation at warehouses and retail outlets.

The Company's integrated management system was certified and operated in accordance with the following international standards:

- ▶ Quality Management System - ISO 9001: 2008
- ▶ Environmental Management System - ISO 14001: 2004
- ▶ Social Accountability Management System - SA 8000: 2008
- ▶ Occupational Health and Safety Management - OHSAS 18001: 2007
- ▶ Calibration and Testing Laboratories Control - ISO 17025: 2005
- ▶ ICTI certification on safety standards and social accountability in children toy industry

The effective use of the above integrated system shows the Management's strong commitment to maintaining and ensuring the effectiveness of management and quality of each product delivered to consumers, especially the health and safety for consumers as well as for employees.

**IN ORDER TO  
IMPROVE THE PRODUCTIVITY  
AND PRODUCT QUALITY,  
THIEN LONG  
USE STATE-OF-THE-ART  
TECHNOLOGIES THROUGHOUT  
THE PROCESS OF DESIGNING,  
MANUFACTURING, QUALITY  
CONTROL AND TESTING OF  
QUALITY AND SAFETY OF  
PRODUCTS.**

## SUBSIDIARIES



### LIST OF SUBSIDIARIES (THE GROUP HAS NO AFFILIATE COMPANY)

No.	Name	Specialization	Headquarters	Charter Capital (VND)	% owned by the Group
01	Thien Long Long Thanh Manufacturing and Trading Company Limited	Manufacturing and trading stationery	Road No. 7, Long Thanh Industrial Park, Dong Nai Province	80 billion	100%
02	Thien Long Global Trading and Service One Member Company Limited	Trading and distributing stationery	Lot 6-8-10-12, Road No. 3, Tan Tao Industrial Park, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City	40 billion	100%
03	Tan Luc South Trading and Service One Member Company Limited	Trading stationery	19-21, Lot B, Truong Son Street, Ward 15, District 10, Ho Chi Minh City	40 billion	100%
04	Tan Luc North Trading and Service One Member Company Limited	Trading stationery	Room 309A, 3rd Floor, Building B15, Dai Kim New Urban Zone, Dai Kim Ward, Hoang Mai District, Ha Noi	20 billion	100%
05	Tan Luc Middle Trading and Service One Member Company Limited	Trading stationery	Lot 07, Quarter B1, Ha Huy Tap Street, Xuan Ha Ward, Thanh Khe District, Da Nang	10 billion	100%

### 100% Thien Long Long Thanh Manufacturing and Trading Company Limited

Thien Long Long Thanh was established in late 2006, and started operation in August 2008 in Long Thanh Industrial Zone, Long Thanh district, Dong Nai province. The factory, which specialized in stationery and selected writing instruments, was built on a 3 ha area and almost operated in full capacity. Thien Long Long Thanh has the charter capital of VND 80 billion and is 100% owned by the Group.



### Thien Long Global Trading and Service One Member Company Limited 100%

Thien Long Global has the charter capital of VND 40 billion, wholly owned by the Group. By specializing in trading and service, Thien Long Global not only has been delivering good performance in sale and customer services but also supporting effectively the Group in new product development, in order to create the vital foundation for the Group's sustainable growth in the long-term.

### 100% Tan Luc Chain

Tan Luc Chain mainly focus on: (1) Professional distribution services, direct sale to businesses (B2B), online sale and sale of advertisement products. (2) Development and trading of stationery products produced by Thien Long through the distribution system to meet the full and diverse needs of customers. In addition, Tan Luc companies also develop and trade OEM stationery products imported from developed countries to meet all customer needs and diversify the product portfolio. (3) Development and trading of other consumer goods.



TYPICAL AWARDS AND CERTIFICATES IN 2016



LABOR ORDER – THIRD CLASS



NATIONAL BRAND



ENTERPRISE WITH HIGH PERFORMANCE OF SOCIAL ACCOUNTABILITY AND WELFARE



**TOP 100**  
SUSTAINABLE COMPANIES  
IN VIETNAM 2016



**TOP 100**  
REPRESENTATIVE ENTERPRISES IN  
HO CHI MINH CITY IN 2016



ENTERPRISE OF  
**HIGH QUALITY VIETNAMESE GOODS**  
IN 20 CONSECUTIVE TIMES

**TOP 15**  
WORLD'S BEST PARTNERS  
IN THE GLOBAL STATIONERY INDUSTRY

VOTED BY PLIMSOLL

**TOP 50**  
BEST VIETNAMESE  
LISTED COMPANIES



**TOP 40 HIGHEST VALUE  
BRANDNAMES IN VIETNAM**



**VIETNAM'S TOP 50  
BEST PERFORMING  
COMPANIES IN 2016**



**LISTED COMPANY OF GOOD INFORMATION  
DISCLOSURE PRACTICE**



Award/Certificate	Granted by/Voted by
Labor Order – Third Class	STATE'S PRESIDENT
National Brand	MINISTRY OF INDUSTRY AND TRADE
Enterprise with High Performance of Social Accountability and Welfare	MINISTRY OF PLANNING AND INVESTMENT
Top 100 Sustainable Companies in Vietnam 2016	MINISTRY OF INDUSTRY AND TRADE
Top 100 Representative Enterprises in Ho Chi Minh City in 2016	HO CHI MINH CITY PEOPLE'S COMMITTEE
Enterprise of High Quality Vietnamese Goods in 20 consecutive times	HIGH QUALITY VIETNAMESE GOODS CLUB
Top 15 World's Best Partners in The Global Stationery Industry	PLIMSOLL
Top 50 Best Vietnamese Listed Companies	FORBES VIETNAM
Top 40 Highest Value Brandnames in Vietnam	FORBES VIETNAM
Vietnam's Top 50 Best Performing Companies in 2016	NHIP CAU DAU TU MAGAZINE
Listed Company of Good Information Disclosure Practice	VIETNAM ASSOCIATION OF FINANCIAL MANAGERS AND VIETSTOCK

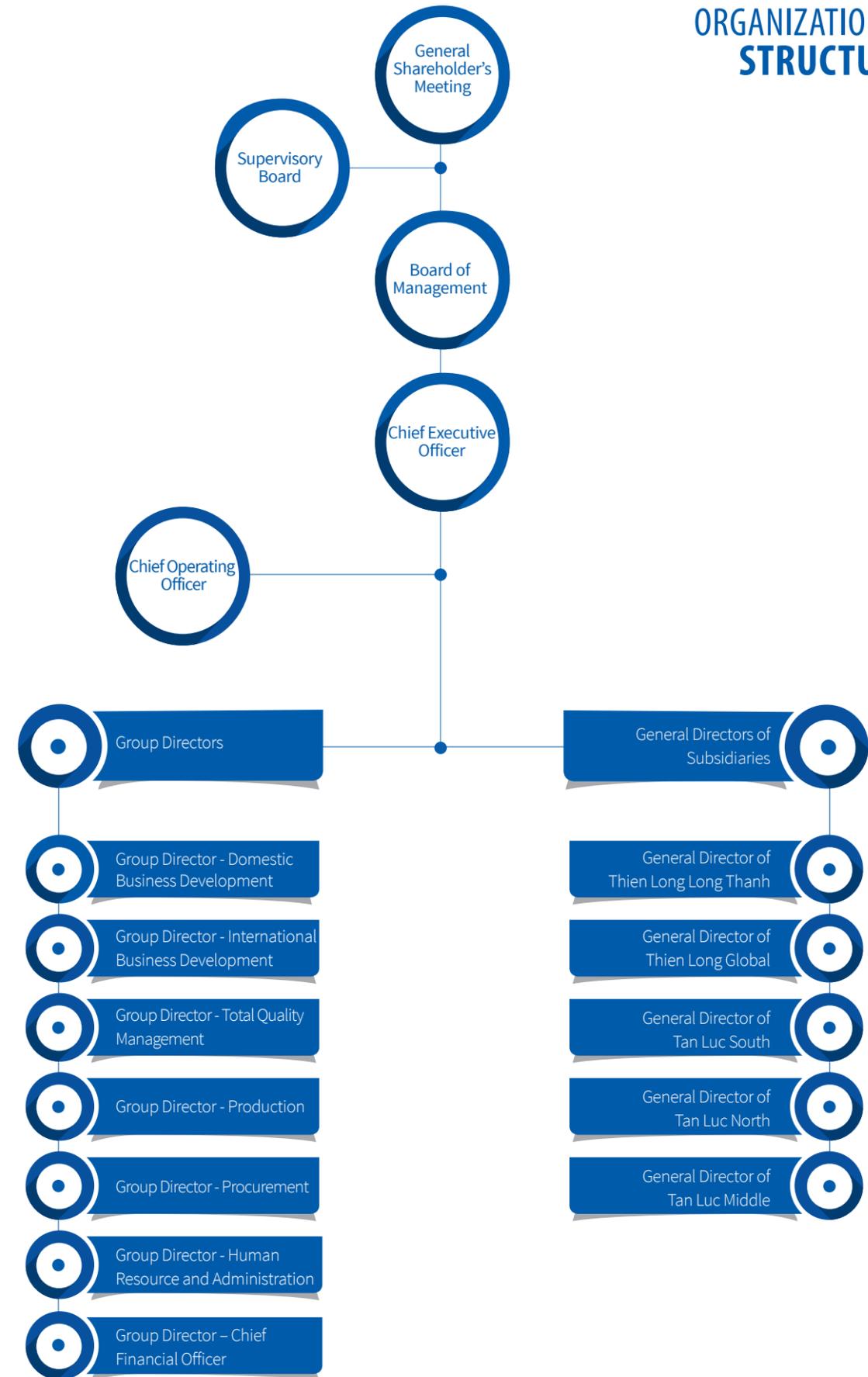
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VISIONARY **LEADERSHIP** for  
**SUSTAINABLE DEVELOPMENT**

## ORGANIZATIONAL STRUCTURE



## INTRODUCTION OF THE BOARD OF MANAGEMENT - 2017



Mr. **CO GIA THO**  
*Chairman*

Mr. Co Gia Tho founded Thien Long in 1981 and has been staying with the Company since then. Concentrating on core business, Thien Long, under Mr. Co Gia Tho's leadership, grew up from a small family business to become the Number One stationery manufacturer in Vietnam and a market leader in the region, with a market capitalization of approximately VND 4,000 billion, 3,210 employees and total revenue of VND 2,162.3 billion as in 2016.

Mr. Co Gia Tho is also holding the positions of Chairman of the BOM and CEO of Thien Long An Think Investment Joint Stock Company, which owns 52.44% of Thien Long Group.



Mr. **TRAN KIM THANH**  
*Vice Chairman/Independent Member*

Mr. Tran Kim Thanh participated into the BOM from 2008, and held the position of Vice Chairman from 2009.

He has 40 year experience of management and strategy formation in the field of foods. Mr. Thanh is also the Chairman of KIDO Group, Chairman of KIDO Real Estate Joint Stock Company, Chairman of Vietnam Vegetable Oils Industry Corporation (Vocarimex), CEO of KIDO Investment Company Limited, Chairman of KIDO Frozen Foods Joint Stock Company and Chairman of PPK One Member Company Limited.



Mr. **TRAN LE NGUYEN**  
*Independent Member*

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

Mr. Nguyen has over 30 years of experience in the confectionery industry. He is also the Vice Chairman and CEO of KIDO Group, Member of the BOM of KIDO Real Estate Joint Stock Company, Member of the BOM of Vietnam Vegetable Oils Industry Corporation (Vocarimex), Chairman of Tuong An Vegetable Oil Joint Stock Company, and Chairman of Viet Dragon Securities Joint Stock Company.



Mr. **HUYNH VAN THIEN**  
*Independent Member*

Mr. Thien has been a member of the BOM since 2008.

He is a management expert with more than 30 years of experience in senior management positions of large companies and groups such as: Vietnam Lubricants and Chemicals Joint Stock Company (Vilube), Viet Capital Asset Management Company (VCAM), Euro Auto (BMW). He is also the Chairman of Viet Land Capital and a Member of the BOM of Viet Land Corp.



Ms. **TRAN THAI NHU**  
*Member*

Ms. Tran Thai Nhu has been a member of the BOM since 2008.

She used to serve as Assistant to CEO of the Company, General Director of Thien Long Long Thanh and Advisor to the Board of Directors of Thien Long Group. She is also a member of the BOM of Thien Long An Think Investment Joint Stock Company.



Ms. **CO NGAN BINH**  
Member

Ms. Co Ngan Binh has been a member of the BOM since 2008.

Ms. Binh has been working for the Company for over 35 years, and has held various positions at Thien Long since its foundation. She had 10 years holding the position as Production Manager of Thien Long Ballpoint Pen Factory. She then served as Assistant to the Director, Quality Control Manager, Assistant to CEO and Head of Basic Construction Department of Thien Long. She is also a Member of the BOM of Thien Long An Think Investment Joint Stock Company.



Ms. **CO CAM NGUYET**  
Member

Ms. Co Cam Nguyen has served as a member of the BOM since 2008.

Ms. Nguyet joined Thien Long in 1993. She has been in charge of investment and investor relations for many years, and served as Head of the Investor Relations Committee (under the BOM) in February 2017. Ms. Nguyet is also a member of the BOM of Thien Long An Think Investment Joint Stock Company.



Mr. **TRẦN VĂN HÙNG**  
Independent Member

Mr. Tran Van Hung participated into the BOM as an independent member in 2013.

Mr. Hung has been with Thien Long for more than 20 years in management and advisory positions. He was the CEO of the Company from 1993 to 2006. He was then General Director of Thien Long North Joint Stock Company, Advisor to the Board of Directors, Head of Supervisory Board, Head of Internal Audit Department of Thien Long Group.

The Board of Management always operated appropriately within the functionality, duties, rights and authority as stipulated in the Company's Charter and Internal Regulations.

The BOM regularly monitored the performance of the tasks and objectives set for the Board of Directors, and provided guidance and solutions to support the Board of Directors to overcome the difficulties arising in the course of production and trading. Independent members of the BOM appropriately collaborated with other members in guiding and developing strategies to help the Company grow stably and sustainably.

In order to continuously improve the quality of governance, the Company appointed members of the Board of Management, the Supervisory Board, the Board of Directors and the Company Secretary to attend corporate governance training courses.



In the year 2016, the Board of Directors had 13 meetings with 100% BOM member attendance. The Resolutions/Decisions issued by the BOM include:

No.	Number of Resolutions/Decisions	Date	Content
1	01/2016/NQ - HĐQT	04/01/2016	Approval for the Plan of share issuance to increase charter capital from shareholder's equity.
2	02/2016/NQ - HĐQT	03/02/2016	Approval for the record date for closing the list of shareholders eligible for shares issued from shareholder's equity to increase charter capital.
3	03/2016/NQ - HĐQT	08/03/2016	Approval for the increase of the charter capital and amendment to the charter capital in the Company's Charter of organization and operation.
4	04/2016/NQ - HĐQT	22/03/2016	Approval for the establishment of credit relationship with United Overseas Bank, Ho Chi Minh City Branch.
5	05/2016/NQ - HĐQT	31/05/2016	Approval for the second cash dividend payment for 2015 at the rate of 10% of par value.
6	06/2016/NQ - HĐQT	20/10/2016	Approval for appointing Ernst & Young Vietnam Ltd as the auditor of the Company's 2016 financial statements.
7	07/2016/NQ - HĐQT	15/11/2016	Approval for the increase of subsidiaries' charter capital.
			Approval for the first cash dividend payment for 2016 at the rate of 15% of par value.

## ACTIVITIES OF THE BOARD OF MANAGEMENT IN 2016 (continued)

### REMUNERATION AND BONUS OF THE BOARD OF MANAGEMENT

The salary regime for the Management is applied in accordance with the laws and regulations, in harmony with the overall salary policy and annual salary budget of the Company and commensurate with the capability and performance of each member. Bonus and other common welfare payments comply with the personnel policy and Collective Labor Agreement.

Bonuses of the Board of Directors, remuneration and bonuses of the Board of Management and remuneration of the Supervisory Board are extracted from the profit after tax and applied in accordance with the resolutions of the General Shareholder's Meeting.

The total remuneration and bonus for the Board of Management and Supervisory Board in 2016 was VND 6.3 billion (2015, it was VND 5.0 billion).

Decisions on the distribution of profit of the General Shareholder's Meeting on 21/05/2016 were as follows:

- » Proportion for Bonuses and welfare fund (for all employees of the Group): 12% of profit after tax.
- » Bonuses for exceeding profit target (80% for staffs and 20% for the Board of Management): 50% of the total amount of profit exceeding the profit target.

### SUPERVISION OF THE BOARD OF DIRECTORS' PERFORMANCE

On behalf of the BOM, Mr. Co Gia Tho - Chairman, regularly supervised the work that the Board has assigned to the BOD, regularly sets out guidelines and solutions to orientate and support the BOD during the course of production and business activities.

In 2016, the BOD successfully completed the tasks and business targets assigned by the General Shareholder's Meeting. The BOM recognizes and appreciates the endless efforts, enthusiasm and dedication of the BOD.

Facing many challenges, from the competition of international companies to the market fluctuations of both Vietnam and global economy, the BOD always worked out the solutions which were timely, appropriate and in line with the development strategy of the Company.



## BOM'S REPORT ON THE GROUP'S OPERATIONS

### EVALUATION OF BUSINESS PERFORMANCE IN 2016

The year 2016 continued to see a lot of turmoil, with a series of political and economic issues emerged in the Middle East, Europe and North America with Britain's withdrawal from the EU (Brexit) and the newly elected US government with major changes in economic and social policies, the US withdrawal from the TPP...

According to the World Bank, the world economy in 2016 witnessed positive signals, but has not yet significantly rebounded with an estimated growth of 2.3%, the lowest since the financial crisis in 2008. Generally, the United States, China and EU have recorded the most positive recovery, while many other major economies have not yet recovered, including Japan, Russia and Brazil...

Vietnam's GDP in 2016 was estimated to increase by 6.2% compared to 2015, lower than the 6.7% in 2015 and as planned for the year. The industry and construction sector rose by 7.6%, lower than 9.6% increase of the previous year. Nevertheless, the domestic economy still recorded a number of improvements such as: (1) CPI was managed at 4.5%, facilitating the monetary policy ease and low interest rates, (2) The trade surplus for the whole year was estimated at USD 2.7 billion, enabling the exchange rates to remain relatively stable, (3) Total consumption sales was estimated to rise by 10.2% over the previous year, and (4) The real estate market continued to flourish with active transaction activities.

With a history of over 35 years operating through various economic cycles, Thien Long always take the initiative to work out suitable business strategies in each period. Thanks to the efforts and solidarity of the Management and all employees, the Company achieved remarkable results in 2016 in all aspects: Net revenue reached VND 2,162.3 billion, rose by 14.8% compared to 2015 and 0.6% above the annual plan. Profit after tax was recorded at VND 240.1 billion, significantly higher than 2015 by 27.8% and exceeded the annual plan by 11.7%. Total assets reached VND 1,384.3 billion, grew by 7.1% over 2015.



#### NET REVENUE

↑14.8% COMPARED TO 2015  
↑0.6% COMPARED TO TARGET

**2,162.3 VND BIL**



#### PROFIT AFTER TAX

↑27.8% COMPARED TO 2015  
↑11.7% COMPARED TO TARGET

**240.1 VND BIL**



#### TOTAL ASSETS

↑7.1% COMPARED TO 2015

**1,384.3 VND BIL**

# BOM'S REPORT ON THE GROUP'S OPERATIONS (continued)

## EVALUATION OF THE STRATEGIC OBJECTIVES FOR THE PERIOD 2016-2020

The Board of Management set out four strategic objectives for the Group in the 5-year period from 2016 –to 2020 as follows:

- 01** To become the Number One company in South East Asia and an Asian market leader in manufacturing and trading stationery.
- 02** To professionalize and automate manufacturing; To develop research and development activities.
- 03** To professionalize wholesaling and specialize in retailing; To fully develop domestic trade channels and international business.
- 04** To become one of the leading companies in Vietnam bringing the most benefit to employees, customers, the Company and shareholders.

## EVALUATION OF IMPLEMENTATION UP TO 2016

**OBJECTIVE 01:** According to PLIMSOLL- a company specializing in analyzing the financial performance of businesses and industries - in 2016, Thien Long was ranked in the top 15 world's best partners in the global stationery industry.

**OBJECTIVE 02:** From 2012 to 2016, the automation strategy contributed to an accumulated growth of 78% of Thien Long's net revenue, while the number of employees increased by only 10%.

In addition to continuously improving the quality of existing products and diversifying product designs, R&D department also brought out outstanding and customized products to meet specific demands of each export market; and especially focused on the research and development activities of the BIZNER premium product line.

**OBJECTIVE 03:** Thien Long's distribution system is being developed towards optimizing the General trade (GT) channel and enhancing the Modern trade (MT) channel.

The Company has more than 60,000 POS along with the expansion of many other sale channels,

such as direct sale to schools, businesses (B2B), supermarkets, commercial centers, chain stores, bookstores, Thien Long's own distribution system and online sale.

For international markets, Thien Long has presented in more than 50 countries across the continents. In the next period, the Group's goal is to boost the revenue contribution of Thien Long-branded products (Flexoffice and Colokit) to the total export revenue.

**OBJECTIVE 04:** For employees, even in the most difficult times, policies on salaries, allowances, social insurance, health care and training were always guaranteed. Therefore, the turnover rate at Thien Long has remained low despite the large number of general workers.

For investors, investment return has increased more than six times over the past five years, not to mention the annual cash dividend payments. So far, Thien Long's charter capital has reached more than VND 383 billion and the market capitalization was nearly VND 4,000 billion.

## DEVELOPMENT ORIENTATIONS

In 2017, the Board of Management plans to seek approval from the General Shareholder's Meeting for the following business targets: Net revenue of VND 2,450 billion and increase of 13.3% over the previous year; Profit after tax of VND 265 billion, up 10.4% compared to 2015; and Cash dividend at 20% of par value.

**IN ORDER TO ACHIEVE THE STRATEGIC OBJECTIVES FOR THE PERIOD 2016 - 2020, THE BOARD OF MANAGEMENT ISSUES THE CORPORATE GOVERNANCE RULE BOOK, ESTABLISHES THE COMMITTEES AND ACCOMPANIES THE BOARD OF DIRECTORS TO FOCUS ON THE FOLLOWING TASKS:**



# RISK MANAGEMENT



**THIEN LONG GROUP ALWAYS PAYS GREAT ATTENTION TO RISK MANAGEMENT OF THE ENTIRE BUSINESS ACTIVITIES IN ORDER TO ENSURE OPERATIONAL EFFICIENCY, AS WELL AS SUSTAINABLE DEVELOPMENT IN THE FUTURE.**

## COMPETITION

In an increasingly fierce competitive environment with diverse and demanding needs of customers, the business activities are facing the greatest risks such as competitiveness declination and improper capture of market requirements and trends.

Therefore, Thien Long has always focused on enhancing its management capacity and competitiveness, as well as its every single member. For doing so, the Company builds long-term strategies and specific business plans for each field on the basis of market analysis, the competitors, opportunities, as well as application of modern and comprehensive management tools.

## TECHNOLOGY

The most intense competitive factors are currently the design and product quality. Therefore, Thien Long has significantly invested into Research and Development (R&D) and advanced production technologies to ensure product quality and diversification to meet the changing requirements of consumers.

All the production stages from research and design to testing and quality control... are invested with state-of-the-art technologies and assembly lines.

## EXCHANGE RATES AND MATERIALS

Due to the fact that most of the main materials are imported, especially plastic resins, the price of products has been highly affected by the fluctuations of exchange rates and oil price. To mitigate this risk, Thien Long proactively prepared financial plans, including investment plans, short-term and long-term cash flow plans and foreign currency cash flow to ensure sufficient foreign currency balances for the operations of the Company.

In addition, thanks to having long-term experience in the industry and strong relationship with major suppliers, the Company has the control over its production and business activities in the event of raw material prices fluctuations.

Thien Long uses exchange rate hedging tools, increases foreign exchange reserves through export development, and reduces import rates by focusing on research and technology transfer to self-produce machinery and equipment and proactively prepare input materials.

## MANUFACTURING ACTIVITIES

Appreciating the importance of the safe and efficient factory production, all staffs of Thien Long, from the highest level of management to each worker in the factory, are always fully aware of and raise the sense of responsibility in the management and operation of the factories. In addition, the Company has periodic repair and maintenance plans in order to maintain safe and efficient production.

## PRODUCT QUALITY

Fake and poor quality goods account for a large number in the market, which cause bad impacts on reputable manufacturers. To stand and affirm the role as a leading manufacturer and trader of writing instruments and stationery in Vietnam and the region, Thien Long has built a strict product quality control process at all stages, from purchasing, production, packaging to distribution. Thanks to the high quality products, Thien Long won the entire trust and support from consumers.

## INVESTMENT ACTIVITIES

Risks arising from ineffective investment activities will lead to many adverse consequences for capital and business results. Therefore, Thien Long strictly manage the investment activities right from the stage of project planning and feasibility assessment to avoid unforeseen risks that can affect the business results as well as assets of the Company.

Major projects must be approved by the Group's Investment Committee and comprehensively analyzed based on market demands, competitiveness, business efficiency,... in order to identify related risks and their implications.



## INTRODUCTION OF THE SUPERVISORY BOARD



Ms. **NGUYEN THI BICH NGA**  
Head of Supervisory Board

Ms. Nguyen Thi Bich Nga has 25 years of working at Thien Long, with 15 years being in charge of Payable Accountant. Since 2010, Ms. Nga has been appointed as the Head of the Supervisory Board. Before that, she was a member of the Supervisory Board.

She is also the Chief Accountant of Thien Long An Think Investment Joint Stock Company.



Mr. **LY VAN DU**  
Member

Mr. Ly Van Du was appointed as a member of the Supervisory Board of Thien Long for the period 2006 – present. Prior to that, Mr. Du was the Sales and Marketing Manager of Hoang Ha Trading and Service Company Limited, Assistant to the Chairman of Thanh Loi Company Limited and Deputy General Director of Dia Ma Trading Joint Stock Company.



Mr. **TA HOANG SON**  
Member

Mr. Ta Hoang Son is the Deputy General Director in charge of Finance of Saigon Garment Company. Mr. Son has many years of experience in accounting, has taken the position of chief accountant in many companies, such as Caric, Thép Viet Binh Duong, Vilube; as well as Deputy General Director and Chief Financial Officer of Vilube.

Mr. Son was appointed as a member of the Supervisory Board of Thien Long from 2010 to present.

## ACTIVITIES AND REPORT OF THE SUPERVISORY BOARD

### ACTIVITIES OF THE SUPERVISORY BOARD IN 2016

The Supervisory Board had carried out the tasks in accordance with the provisions of laws, the Company's Charter and the Plan of inspecting and supervising the management and operation of the Company, focusing on the following issues:

- » To supervise the Board of Management, the Board of Directors in managing and running the production and business activities of the Company;
- » To examine and supervise the implementation of the

resolutions of the General Shareholder's Meetings, resolutions of the Board of Management, the compliance and organization of operations in accordance with the Company's Charter and the provisions of the current laws;

- » To verify quarterly financial statements and annual financial statements;
- » To monitor the implementation of 2016 business plan.

### RESULTS OF MONITORING THE BUSINESS ACTIVITIES AND FINANCIAL PERFORMANCE IN 2016

#### FINANCIAL PERFORMANCE, BUSINESS RESULTS IN 2016

##### Financial performance

The Supervisory Board acknowledged that the 2016 financial statements, audited by Ernst & Young Vietnam Co. Ltd, reasonably and truthfully reflected the financial position of the Company and complied with current regulations.

Although the economic situation of Vietnam and the world did not improve as expected, the Company still strived to achieve the business results exceeding the plan. Specifically, net revenue in 2016 reached VND 2,162.3 billion, up 14.8% over 2015 and 0.6% higher than planned; and profit after tax reached VND 240.1 billion, increased by 27.8% compared to 2015, exceeding 11.7% of the plan assigned by the General Shareholder's Meeting.

In addition, in 2016, the Company:

- » Listed 8,841,208 additional shares from the bonus share issue at the ratio of 10:03.
- » Advanced second cash dividend for 2015 at 10% of par value.
- » Advanced first cash dividend for 2016 at 15% of par value.

**THE SUPERVISORY BOARD HAD CARRIED OUT THE TASKS IN ACCORDANCE WITH THE PROVISIONS OF LAWS, THE COMPANY'S CHARTER AND THE PLAN OF INSPECTING AND SUPERVISING THE MANAGEMENT AND OPERATION OF THE COMPANY.**

- » Raised charter capital from VND 294,714,640,000 to VND 383,126,720,000.

##### Investment activities, R&D, production and trading expansion

Last year, Thien Long have continually expanded domestic and oversea distribution channels. Moreover, R&D department was actively pursuing its pioneering mission as it progressed further in creating diversified and high quality products portfolio with more attractive designs. The success achieved in the production of the premium Bizner line and ink were examples for the efforts of the R&D department.

**RESULTS OF MONITORING THE BUSINESS ACTIVITIES AND FINANCIAL PERFORMANCE IN 2016** (continued)

In late 2016, the Company announced a plan to build and expand factories, offices and warehouses in Tan Tao Industrial Park, Binh Tan District, Ho Chi Minh City. With this investment, the Company can proactively prepare for the expansion of production capacity and sale in the next three to five years. The project is expected to be into operation by the end of 2017.

**SUPERVISION OF THE MEMBERS OF THE BOM, BOD AND COORDINATION BETWEEN THE BOM AND BOD**

The BOM strictly complied with the provisions of the Company's Charter and the laws. In 2016, the Board actively directed, supervised and supported the BOD in directing the strategy and management of production and business activities of the Company.

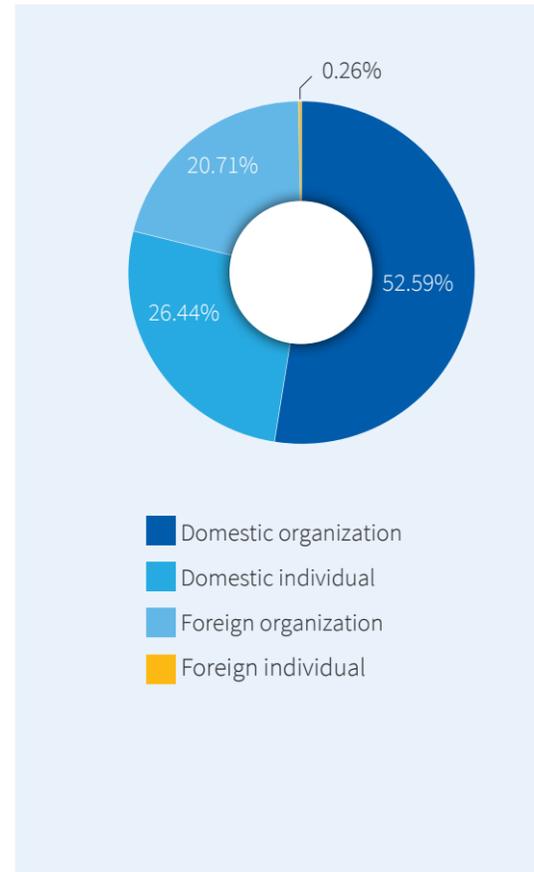
In the course of running production and business activities, the Board of Directors carried out its duties

according to the regulated functions and rights, always actively proposed solutions to the BOM on matters under the jurisdiction of the BOM. With great dedication and expertise, the BOD successfully fulfilled the targets set for the year.

**COORDINATION BETWEEN THE BOARD OF MANAGEMENT, THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD**

The Board of Management, the Board of Directors and the Supervisory Board regularly shared information and updated the operational performance of the Company. Functional relationship between the BOM, the BOD and the Supervisory Board were implemented in accordance with the Enterprise Law and the Company's Charter.

The BOM and the BOD have always supported and facilitated the Supervisory Board to fulfill its duties.



**SHAREHOLDER STRUCTURE** (As of 08/12/2016)

Shareholders	Number of shareholders	Number of shares	Stake
<b>Domestic shareholder</b>			
Organization	25	20,149,285	52.59%
Individual	510	10,129,751	26.44%
<b>Foreign shareholder</b>			
Organization	25	7,935,050	20.71%
Individual	31	98,586	0.26%
<b>Total</b>	<b>591</b>	<b>38,312,672</b>	<b>100%</b>

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

(As of 08/12/2016)

No.	Shareholder	Number of shares	Stake
1	Thien Long An Think Investment Joint Stock Company Represented by: Mr. Co Gia Tho	20,091,960	52.44%
2	Vietnam Holding Limited	2,220,187	5.79%
3	Mr. Co Gia Tho	2,471,548	6.45%
<b>Total</b>		<b>24,783,695</b>	<b>64.69%</b>

**CHARTER CAPITAL INCREASE HISTORY**

Year	Initial charter capital (VND billion)	Charter capital increased (VND billion)	Accumulated charter capital (VND billion)	Form of capital increase
2016	294.7	88.4	383.1	Bonus share
2015	268.0	26.8	294.7	Bonus share
2014	233.0	35.0	268.0	Share dividend
2013	211.8	21.2	233.0	Share dividend
2012	176.5	35.3	211.8	Share dividend and bonus share
2011	155.0	21.5	176.5	Public offering
2008	120.0	35.0	155.0	IPO
2006	100.0	20.0	120.0	Share issuance to existing shareholders



## INVESTOR RELATIONS

The Board of Management is fully aware of the importance of investor relations activities and always ensures corporate transparency.

In recent years, the Board of Management and the Board of Directors have regularly met with investors, attended and presented at investor's

conferences, proactively provided information to the investor community.

Besides the commitment to timely and accurate information disclosure in compliance with applicable laws, the Company will continue to develop effective communication channels to satisfy the increasing investors' information demand.



## SHARE TRANSACTIONS OF INTERNAL SHAREHOLDERS AND RELATED PARTIES

No.	Person/Entity performing the transaction	Relationship with internal shareholder	Shares owned at the beginning of 2016		Shares held at the end of 2016		Notes
			Number of shares	Stake	Number of shares	Stake	
1	Co Gia Tho		1,901,191	6.45%	2,471,548	6.45%	Bonus share
2	Thien Long An Thinh Investment Joint Stock Company	Co Gia Tho	15,455,354	52.44%	20,091,960	52.44%	Bonus share
3	Tran Thai Nhu		390,575	1.33%	507,747	1.33%	Bonus share
4	Co Ngan Binh		333,960	1.13%	434,148	1.13%	Bonus share
5	Co Cam Nguyet		208,725	0.71%	271,342	0.71%	Bonus share
6	Huynh Van Thien (*)		836,986	2.84%	1,088,081	2.84%	Bonus share
7	Vo Van Thanh Nghia (*)		1,074,621	3.65%	1,397,007	3.65%	Bonus share
8	Tran Van Hung		125,234	0.42%	162,804	0.42%	Bonus share
9	Phan Nhut Phuong		212,064	0.72%	275,683	0.72%	Bonus share
10	Nguyen Dinh Tam		175,037	0.59%	227,547	0.59%	Bonus share
11	Bui Van Huong		44,026	0.15%	57,233	0.15%	Bonus share
12	Nguyen Thuong Viet (*)		93,934	0.32%	122,113	0.32%	Bonus share
13	Ho Ngoc Canh		25,202	0.09%	32,762	0.09%	Bonus share
14	Tran Trung Hiep		22,820	0.08%	29,666	0.08%	Bonus share
15	Tran Phuong Nga		16,126	0.05%	20,963	0.05%	Bonus share
16	Nguyen Thi Bich Nga		21,373	0.07%	27,784	0.07%	Bonus share
17	Ly Van Du		556	0.001%	722	0.001%	Bonus share
18	Ta Hoang Son		3,339	0.01%	4,340	0.01%	Bonus share
19	Lai Thi Be	Co Gia Tho	41,745	0.14%	0	0%	Bonus share and Sell
20	Co Cam Chau	Co Gia Tho	20,037	0.07%	26,048	0.07%	Bonus share
21	Co Cam Ngoc	Co Gia Tho	143,602	0.49%	186,682	0.49%	Bonus share
22	Co Gia Duc	Co Gia Tho	83,490	0.28%	108,537	0.28%	Bonus share
23	Tran Quoc Nguyen	Tran Kim Thanh	6	0.00002%	7	0.00002%	Bonus share
24	Tran My Ken	Tran Thai Nhu	20,037	0.07%	26,048	0.07%	Bonus share
25	Tran Xu Tai	Tran Thai Nhu	20,037	0.07%	26,048	0.07%	Bonus share
26	Tran Dinh Long	Nguyen Dinh Tam	12	0.00004%	15	0.00004%	Bonus share
27	Phan Nhut Toan	Phan Nhut Phuong	1,669	0.006%	2,169	0.006%	Bonus share
28	Vo Bui Chieu	Nguyen Thuong Viet	2,569	0.008%	3,338	0.008%	Bonus share
29	Tran Anh Dung	Tran Phuong Nga	1,001	0.003%	1,301	0.003%	Bonus share
30	Bui Quang Minh	Nguyen Thi Bich Nga	2,715	0.009%	3,529	0.009%	Bonus share

(\*): Transaction announcements made in early 2017



# 03 REPORT OF THE BOARD OF DIRECTORS

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“**PROACTIVELY DEVELOP  
SUITABLE BUSINESS STRATEGIES  
IN EACH PERIOD**”

CONSTANT **EXPANSION** with  
**DESIRE OF SUCCESS**

## INTRODUCTION OF THE BOARD OF DIRECTORS - 2017



Mr. **NGUYEN DINH TAM**  
*Chief Operating Officer and Group Director of Production*

Mr. Nguyen Dinh Tam has extensive industry experience and possesses in-depth knowledge of key aspects in Thien Long production.

Joining the Company in 1993, Mr. Nguyen Dinh Tam has held important positions such as Director of Production Technology, Director of R&D, Group Director of Production. Since February 2013, he took the position of Chief Operating Officer cum Group Director of Production.



Mr. **NGUYEN THUONG VIET**  
*Group Director of Domestic Business Development*

Mr. Nguyen Thuong Viet has 20 years working at the Company and has taken important positions in various areas of the Company such as Production Director, Supply Chain Director of Thien Long Global, General Director of Thien Long Long Thanh, General Director of Tan Luc South.

He was appointed as Group Director of Domestic Business Development in April 2012.



Mr. **TRAN TRUNG HIEP**  
*Group Director of International Business Development*

Mr. Tran Trung Hiep has many years of experience in the field of business development. He joined Thien Long in 2005 as Director of Thien Long's Hanoi Branch.

He was appointed to the position of Domestic Sales Director, Head of Thien Long's Representative Office in China and served as Group Director of International Business Development since 2012.



Mr. **BUI VAN HUONG**  
*Group Director of Human Resources and Total Quality Management*

Mr. Bui Van Huong had Engineer's Degree in Electronics and achieved MBA from Business Administration Institute of Brussels. He has many years of management experience at multinational companies in Vietnam such as Production Manager at Escatec Electronics Vietnam, Quality Management Director at Nitto Denko Vietnam ...

He joined Thien Long in 2007 as Group Director of Total Quality Management. From September 2008 to present, he is the Group Director of Human Resources cum Group Director of Total Quality Management.



Mr. **PHAN NHUT PHUONG**  
*Group Director of Procurement*

Mr. Phan Nhut Phuong has been working at Thien Long for over 20 years and has extensive experience in supply chain management. He held the position of Deputy Sales Manager from 1998 to 2001. He was later promoted to Director of Supply Chain from 2002 to 2006.

He was then appointed as Deputy Director of Supply Chain in 2006. From 2008 till now, he took the position of Group Director of Procurement.



Ms. **TRAN PHUONG NGA**  
*Group Director of Finance and Accounting / Chief Accountant / Assistant to BOM*

Ms. Tran Phuong Nga holds a Bachelor's Degree from University of Sydney (Australia), ACCA (UK) and CFA (United States).

She joined Thien Long in 2012 as Finance Director. From February 2017, she was appointed as Chief Financial Officer cum Chief Accountant, cum Chairman Assistant. Previously, she held key management positions in the fields of accounting, banking, financial consultancy, investment fund management... in the companies in both Vietnam and UK.

## INTRODUCTION OF THE BOARD OF DIRECTORS - 2017 (continued)



Mr. **TA QUANG THIEN**  
General Director of Thien Long Long Thanh

Mr. Ta Quang Thien is the General Director of Long Thanh Long Thanh from 2012 to present. Prior to that, Mr. Thien had 16 years of working at Thien Long at key positions such as Director of Finance and Accounting cum Chief Accountant of Thien Long Group, Chief Accountant of Thien Long Global, Deputy General Director in charge of Finance and Accounting of Thien Long Long Thanh.



Mr. **TRUONG ANH HAO**  
General Director of Thien Long Global

Prior to joining Thien Long in 1997, Mr. Truong Anh Hao has many years of experience in the field of business development in Vietnam. He has held important positions such as Sales Manager and Sales Director of the Company. Since 2008, Mr. Hao was appointed to the position of General Director of Thien Long Global, the subsidiary holding the Group's key distribution network.



Mr. **DANG THANH CANH**  
General Director of Tan Luc North

Mr. Dang Thanh Canh joined Thien Long since 1999. He held the position of General Director of Tan Luc North from November 2010 until now.

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



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

Mr. Huynh Duc Nghia joined Thien Long in 1999. He was in charge of the Company's business in Da Nang, Nha Trang and Hai Phong. Mr. Nghia then served as the General Director of Tan Luc West, Deputy General Director of Tan Luc South, and has become the General Director of Tan Luc South since 2016.



Mr. **NGUYEN DUONG TRUNG HAU**  
General Director of Tan Luc Middle

Mr. Nguyen Duong Trung Hau has over-10-year experience of working for Thien Long. Mr. Hau started as Sales Manager of the Company, then served as Regional Director of Thien Long Global and Branch Director of Tan Luc South. He has been the General Director of Tan Luc Middle since the beginning of 2016.

### Changes in Organizational Structure and Management

- » In January 2017, the Board of Management established the following committees: (1) Restructuring, Human Resources and Compensation Committee; (2) Audit Committee; (3) Investor Relations Committee.
- » Mr. Co Gia Tho acts as interim CEO until the coming General Shareholder's Meeting, replacing Mr. Vo Van Thanh Nghia who resigned in February 2017.
- » Ms. Tran Phuong Nga was appointed as Chief Financial Officer cum Chief Accountant, replacing Mr. Ho Ngoc Canh from February 2017.

# REPORT ON OPERATIONS, INVESTMENT AND PROJECT IMPLEMENTATION IN 2016

## RESEARCH AND DEVELOPMENT (R&D)

In addition to continually improving the quality of existing products and diversifying designs, in 2016, R&D activities focused on:



Some of the new products that were successfully developed in 2016 include:



### PREMIUM METAL BALLPOINT PEN BIZ-01

Is a BIZNER premium product. Ballpoint pen BIZ-01 is produced with state-of-the-art technology, with bold line style and luxurious and elegant appearance, serving successful businessmen segment.

### ROLLERBALL PEN BIZ-RB01

Is a BIZNER premium product. BIZ-RB01 applies the pressure-balanced principles created by the Free ink system to produce light, smooth, soft, even and continuous writings. Furthermore, this kind of pen uses high-graded ink with durable color, so is suitable for signing and archiving important documents for many years without fading ink color.



### BALLPOINT PEN BIZ-05

Is of BIZNER premium product line. The pen has elegant metal parts, serving the segment of successful young entrepreneurs and white collar high-income earners.



### BIZ-PC02 PENCIL

Is of BIZNER premium product line, which is researched and produced by state-of-the-art technology.



### PEN WITH BEAUTIFUL HANDWRITING FL-09

Is produced to meet students and teachers' needs of beautiful handwriting, practicing sharp and slim lines. There is no ink cartridge as normal fountain pen has and users do not need to refill the pen, therefore, they will not be stained during uses.



### MCT-C01/DO AND MCT-C02 CLAY KIT

Including modeling clay and molds, clay rolls and knives, giving kids more playtime while creating clay figures.



### DORAEMON PCR-C07 / DO COLOR PLASTIC CRAYON



Design inspired by Doraemon comic characters, which is stylized to suit coloring with one head is Doraemon face - shaped. The PCR-C07/DO has 10 Doraemon faced shapes with different emotions to give children more excitement while coloring.

Not only coloring, PCR-C07/DO also includes accessories such as pinwheels, cones, hats, nursing caps for children to dress up for Doraemons, help them learn while playing, and make coloring more entertaining.

PCR-C07/DO brings items in the Doraemon world to reality so that children can grasp and play with them. In addition to Doraemon and pinwheels, the PCR-C07/DO includes donut-shaped eraser, a favorite dish of Doraemon, to erase the mismatched or over-shaped parts.

# REPORT ON OPERATIONS, INVESTMENT AND PROJECT IMPLEMENTATION IN 2016 (continued)

## MATERIAL RESOURCE DEVELOPMENT

Aiming to have more control over raw materials supply, ink materials were continuously improved and developed in terms of both quality and types. This also helps the Company meet the demand of new product development and strict requirements of customers in different regions and climate zones.

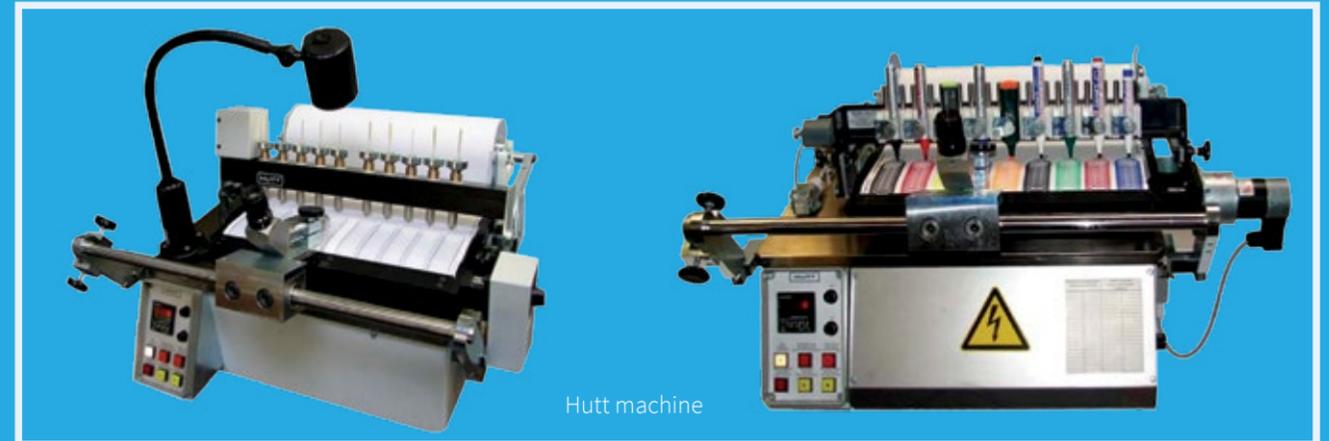
In 2016, ink produced for the Company's production increased by nearly 50% compared to 2015, lifting the total amount of ink of all types to more than 200 tons.

## PRODUCTION TECHNOLOGY DEVELOPMENT

In 2016, Thien Long's Automation Division continued to research and apply comprehensive automation system in all stages of the production process: from filling, pouring, blending, to printing, assembly, inspection, and packaging...

The automation rate in Thien Long's factories noticeably improved from 67% in 2015 to 70.3% as at the end of 2016. As a result, the overall productivity of the Group was strongly improved.

Item	Unit	2015		2016		
		Amount	Amount	Growth rate (%)	Amount	Growth rate (%)
Net revenue	VND Million	1,613,577	1,883,742	16.7%	2,162,316	14.8%
Total number of employees	People	3,074	3,081	0.2%	3,210	4.2%
Net revenue / person	VND Million	524.9	611.4	16.5%	673.6	10.2%



Hutt machine



Profile Projector PJ-A3000



Optika Microscopes



Tension Tester



Cass test machine

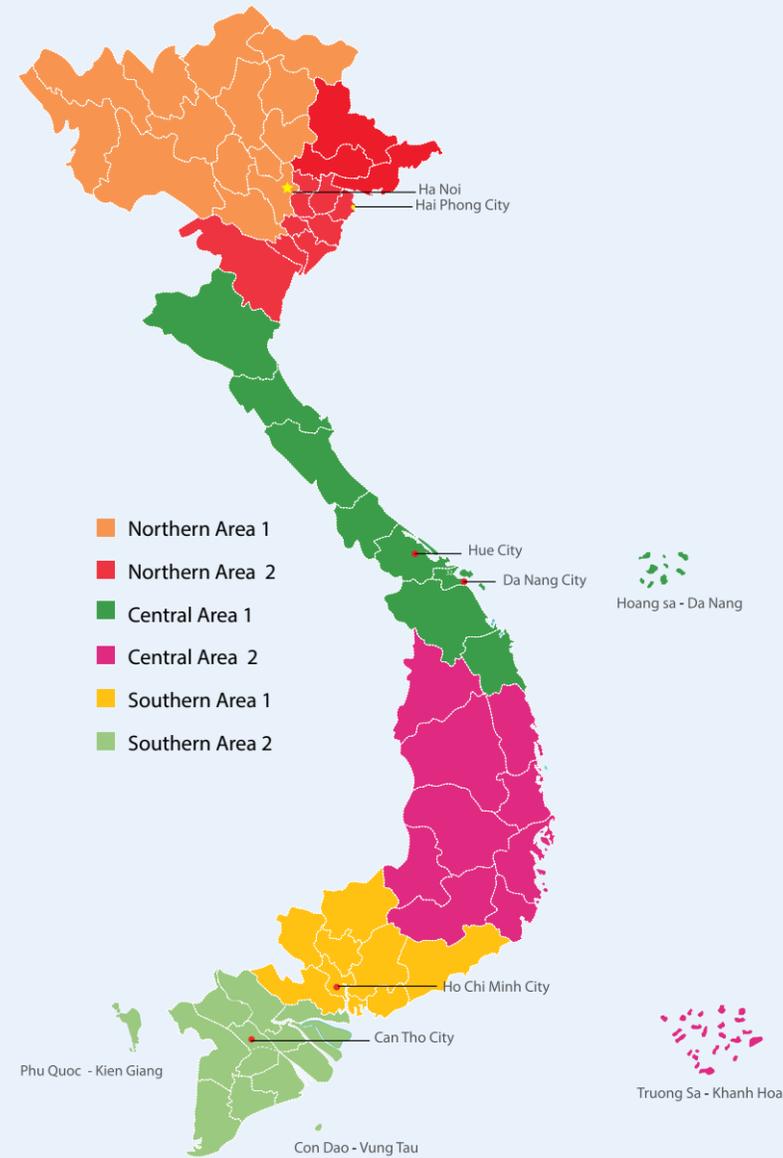
**60,000 POS**  
ACROSS 63 PROVINCES/CITIES  
IN THE COUNTRY



**DEVELOPMENT OF DOMESTIC SALES CHANNELS**

In 2016, Thien Long continued to develop the distribution system in the following directions:

- » Re-arranged and optimized the efficiency of the traditional distribution channel (GT), especially professionalized the distribution system to ensure the growth of sales volume, product structure and revenue.
- » Enhanced the modern distribution channel (MT) by investing in shelving and product structures to quickly expand the modern channel nationwide.
- » Expanded warehouses to meet the increasing consumption demands and timely products supply commitment to distribution channels. This also helps to reach end-users better at more than 60,000 POS across 63 provinces/cities in the country.
- » Rapidly deployed new product structures, and improved the product quality control on the whole network, from the factory to consumers.



## PRODUCT PROMOTION ACTIVITIES

DURING THE 2016-2017 BACK-TO-SCHOOL SEASON WITH A LOT OF INNOVATIONS.

### ACCELERATION OF DOMESTIC MARKETING AND ADVERTISEMENT ACTIVITIES

Highlights of marketing and advertisement activities in 2016 include:

A series of **206**  
“Journey of Knowledge”  
SALES SUPPORT PROGRAMS IN 27 PROVINCES/CITIES.



A series of **14**  
“Using innovative visual materials”  
WORKSHOPS FOR KINDERGARTEN TEACHERS.



Deployment of **SIGNBOARDS**  
AT POS NATIONWIDE AND BILLBOARDS IN BIG CITIES.



# REPORT ON OPERATIONS, INVESTMENT AND PROJECT IMPLEMENTATION IN 2016 (continued)

## ACCELERATION OF DOMESTIC MARKETING AND ADVERTISEMENT ACTIVITIES (continued)

With diversified and innovative approaches, marketing and product promotion activities contributed remarkably to the surge of Company's sales.

**A lot of innovations in DESIGNING FOR PRODUCT PROMOTION, EFFECTIVE SUPPORT FOR DISPLAY SHELVING AT POS OF BOTH MT AND GT CHANNELS.**



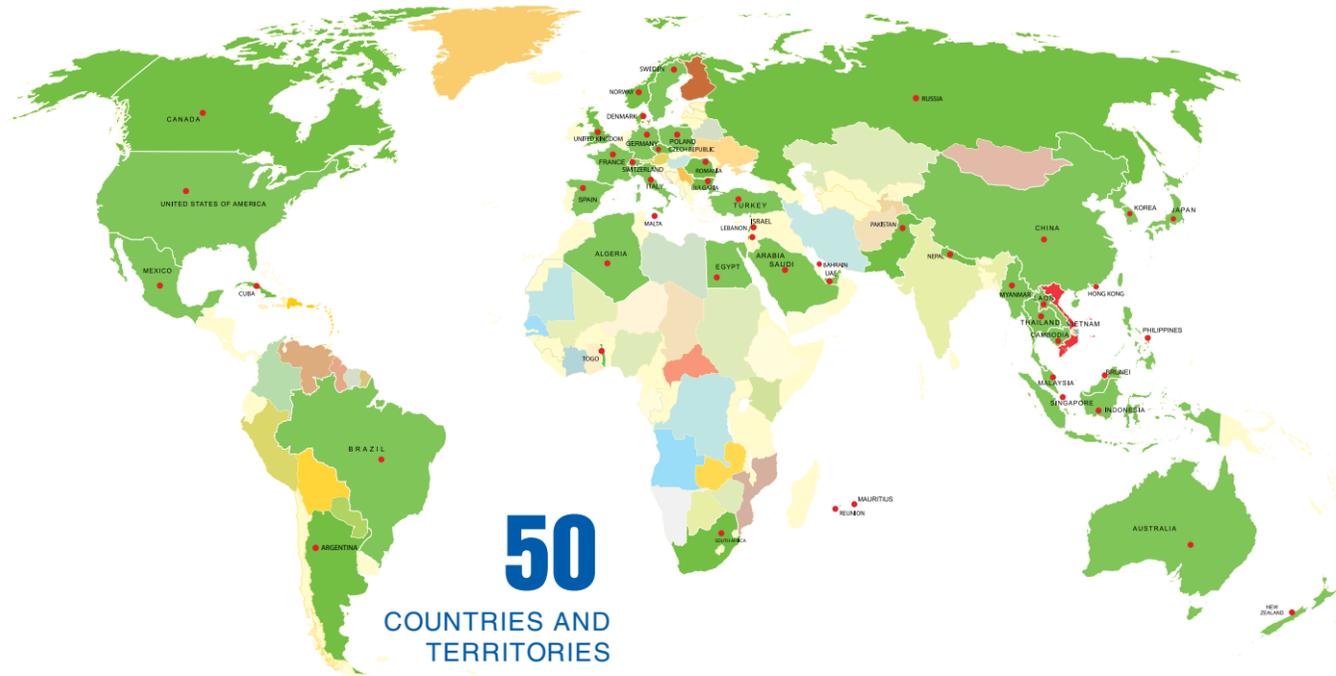
## ESCALATE EXPORT ACTIVITIES

Item	2013	2014	2015	2016
Export revenue (VND Million)	137,146	181,245	251,072	327,437
YoY growth rate (%)	0.1%	32.2%	38.5%	30.4%
Proportion of Total net revenue	9.8%	11.2%	13.3%	15.1%



# REPORT ON OPERATIONS, INVESTMENT AND PROJECT IMPLEMENTATION IN 2016 (continued)

## ESCALATE EXPORT ACTIVITIES (continued)



## PROMOTION OF ERP-SAP APPLICATION

Along with business expansion, the Group has standardized and optimized internal processes, internal management policies and ERP system across all operational functions and all

subsidiaries. In 2016, Tan Luc South and Tan Luc North successfully set up the ERP – SAP system to connect and share management information with the Group.

## FINANCIAL ANALYSIS

BUSINESS RESULTS (VND Million)	2013	2014	2015	2016	YoY growth rate (%)
Net revenue	1,406,208	1,613,577	1,883,742	2,162,316	14.8%
Gross profit	517,373	595,775	726,202	846,324	16.5%
Net profit from operating activities	163,343	185,090	250,585	301,725	20.4%
Profit before tax	165,550	191,453	249,203	306,364	22.9%
Profit after tax	116,563	147,398	187,858	240,073	27.8%

BALANCE SHEET (VND Million)	2013	2014	2015	2016	YoY growth rate (%)
Total assets	1,009,189	1,108,203	1,292,998	1,384,312	7.1%
Shareholder's equity	629,589	732,174	821,643	924,226	12.5%

SHARE INFORMATION	2013	2014	2015	2016	YoY growth rate (%)
Number of outstanding shares (Million shares)	23.3	26.8	29.5	38.3	30.0%
Earnings per share (VND)	2,677	3,386	4,315	5,514	27.8%
Book value per share (VND)	27,023	27,328	27,879	24,123	(13.5%)
Cash dividend (%)	15%	10%	20%	20%	-
Market capitalization (VND Million)	990,161	1,419,999	2,505,074	3,869,580	54.5%

## SUBSIDIARIES' BUSINESS RESULTS

### Thien Long Long Thanh Manufacturing and Trading Company Limited

In 2016, total production output of Long Thanh factory reached over 202 million units, accounted for 28.6% of the Group's total production and 21.7% higher than that of 2015. Total assets as at 31/12/2016 was VND

393.5 billion, grew by 31.4% as compared to 2015.

### Thien Long Global Trading and Service One Member Company Limited

Excluding internal revenue, Thien Long Global's 2016 net revenue was recorded at VND 1,285.7 billion, increased by 7.7%

compared to 2015, and accounted for the largest proportion of the Group's total revenue.

### Tan Luc Chain

The net revenue of Tan Luc Chain, excluding internal revenue, reached VND 528.1 billion in 2016, up 24.9% over the previous year.

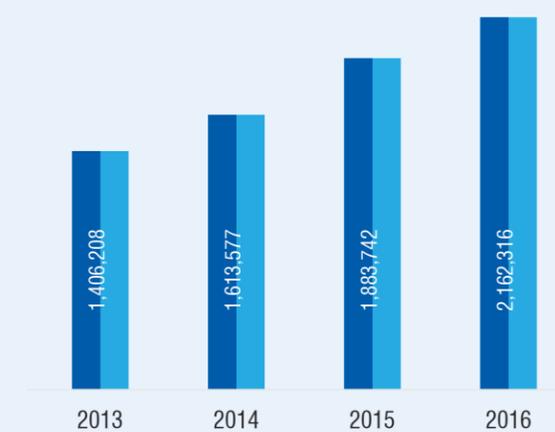
## THE GROUP'S BUSINESS RESULTS

In 2016, Thien Long's business activities continued to achieve positive results with consolidated net revenue of VND 2,162.3 billion, increased significantly by 14.8% as compared to 2015 and exceeded the annual plan by 0.6%.

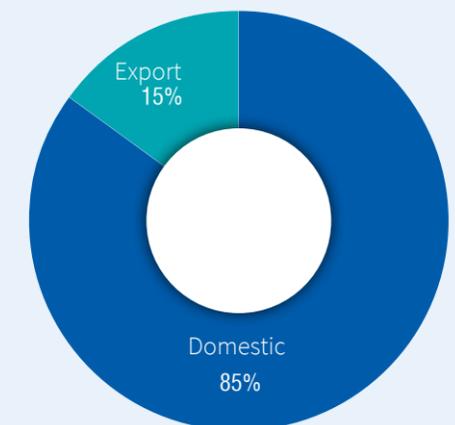
Export revenue was recorded at VND 327.4 billion, accounted for 15.1% of the Group's total revenue. Thien Long invested significantly in selling activities and brandname promotion in export markets. ASEAN region, a traditional market, witnessed strong growth of all Thien Long's product lines, including Myanmar (revenue grew by 49%), Cambodia and Laos (34% and 50% respectively), or Philippines (more than 122%).

**2,162.3 VND BIL**  
**CONSOLIDATED NET REVENUE**  
**↑14.8% COMPARED TO 2015**  
**AND FULFILLED 100.6% OF PLAN**

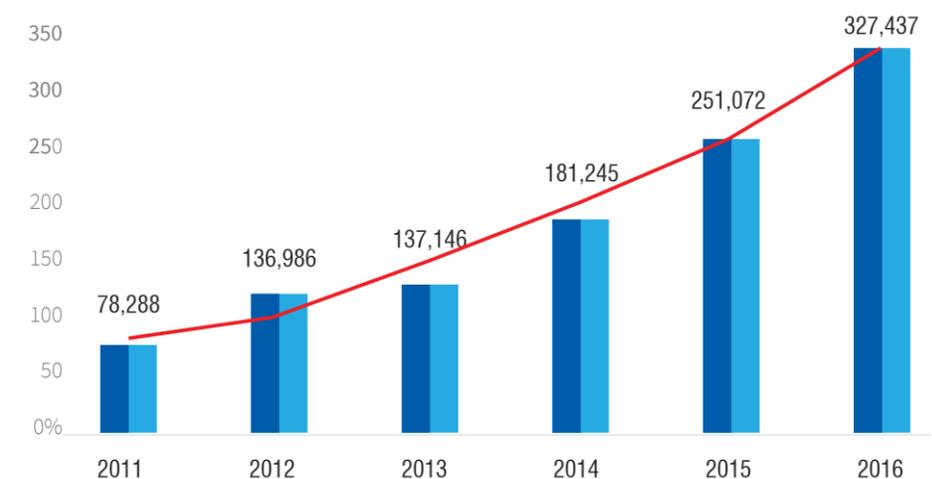
NET REVENUE (VND MIL)



MARKET STRUCTURE IN 2016 (%)



EXPORT REVENUE 2011 - 2016 (VND MIL)



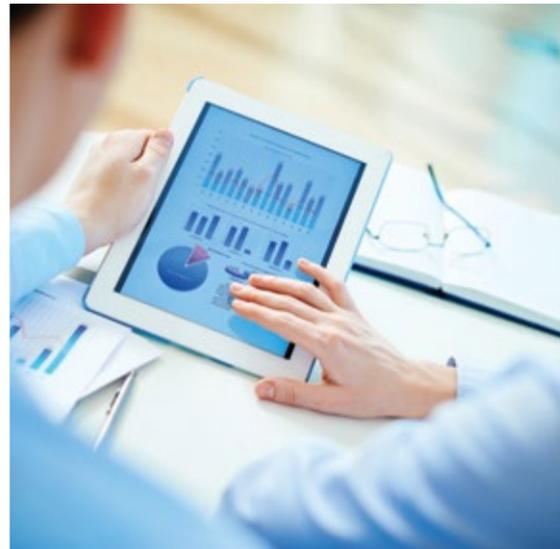
## FINANCIAL ANALYSIS (continued)

### THE GROUP'S BUSINESS RESULTS (continued)

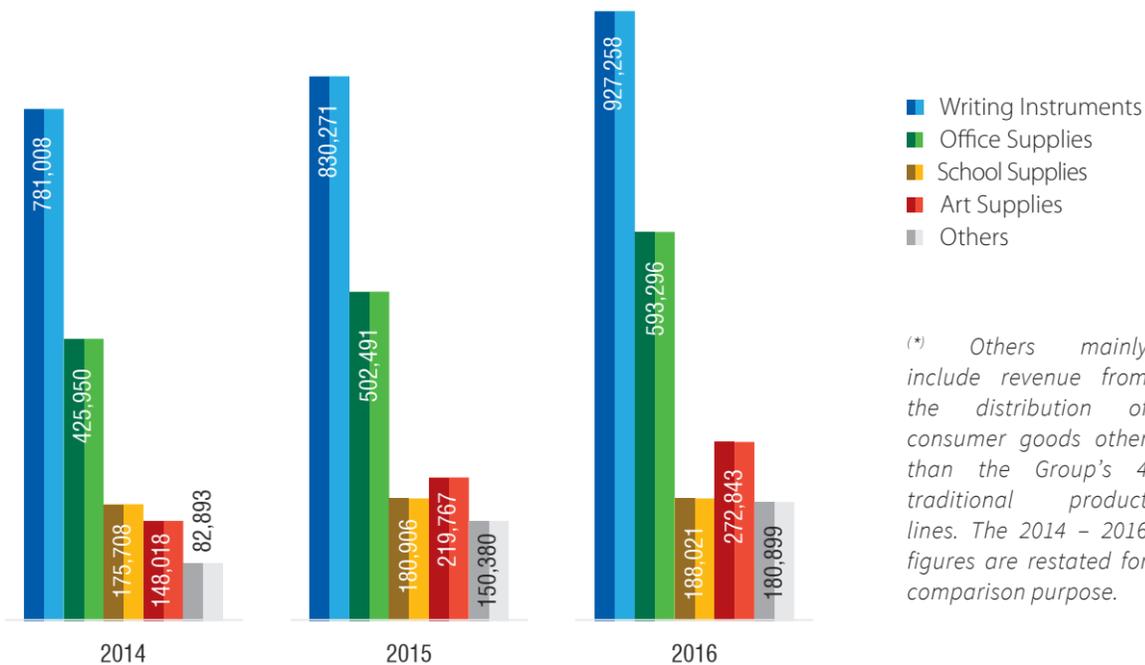
In the domestic market, Thien Long continued to develop the distribution network by rearranging and optimizing the efficiency of traditional distribution channels, enhancing the modern distribution channels, and expanding the warehouses. This strategy helped Thien Long meet the increasing consumption volume, timely providing products for distribution channels and reaching the consumers better at more than 60,000 POS across 63 provinces/cities in the country.

Thanks to the development of export markets as well as the expansion of domestic distribution channels, all key products of the Company had upward growth in 2016.

Prior to 2014, the Writing Instruments always accounted for more than half of the net revenue. In recent years, the Office Supplies and Art Supplies have been seen as the strategic products in the future, with high growth rate in many consecutive years. Particularly, the Art Supplies' revenue increased by 24.2% compared to 2015, and

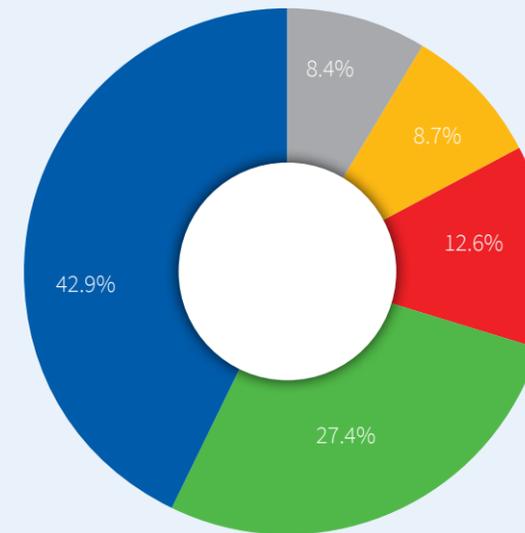


continuously improved its contribution to the Group's total revenue, to 12.6% or VND 272.8 billion in 2016.



REVENUE BY PRODUCT LINE  
(VND MIL)

(\*) Others mainly include revenue from the distribution of consumer goods other than the Group's 4 traditional product lines. The 2014 - 2016 figures are restated for comparison purpose.



2016 REVENUE STRUCTURE (%)

- Writing Instruments
- Office Supplies
- Art Supplies
- School Supplies
- Others

**846.3 VND BIL**  
**GROSS PROFIT**  
↑16.5% COMPARED TO 2015

The 2016 gross profit reached VND 846.3 billion, marking a growth rate of 16.5% and higher than the revenue growth rate. Gross profit margin also improved significantly to 39.1% from 38.6% in 2015.

Thanks to the relatively stable exchange rate during 2016, plastic price was maintained low which contributed significantly to the reduction of the production costs. In addition, the Company has optimized the production capability and had more control over the raw materials supply, therefore, production efficiency and cost savings are improved.

### Operational costs were strictly managed

In 2016, Thien Long continued to pay close attention to the cost management. As a result, despite business expansion, the proportion of expenses over revenue decreased slightly to 26.1% compared to that of 26.2% in 2015. In particular, the ratio of selling expenses / net revenue decreased to only 14.3% compared to 15.2% in 2015.

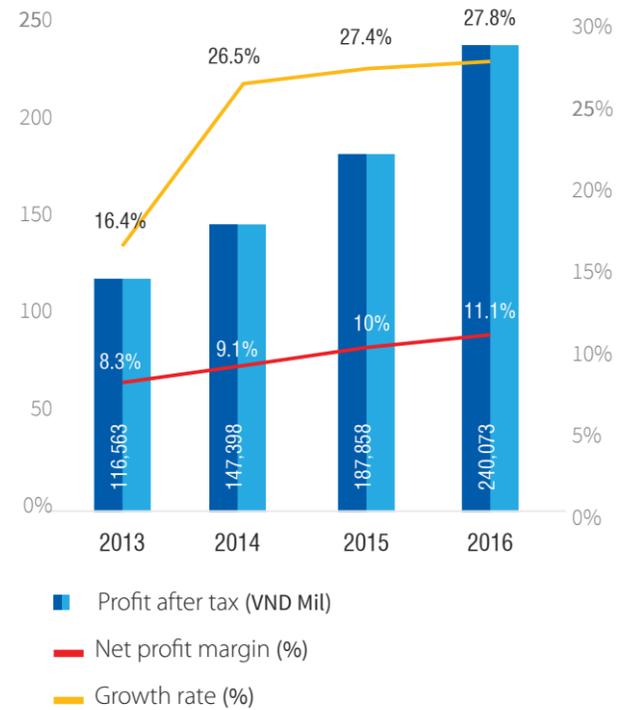
Item	2013	2014	2015	2016
Selling expenses / Net revenue	13.6%	15.0%	15.2%	14.3%
General and Administrative expenses / Net revenue	10.4%	10.1%	10.0%	11.0%
Financial expenses / Net revenue	1.8%	1.1%	1.0%	0.8%
Total expenses	25.9%	26.1%	26.2%	26.1%

## FINANCIAL ANALYSIS (continued)

### THE GROUP'S BUSINESS RESULTS (continued)

Effective business performance, improved gross profit margin, and well-structured cost management helped Thien Long's profit after tax reach VND 240.1 billion in 2016, a strong growth of 27.8% in comparison with 2015 and excellently fulfilled 111.7% of the annual target.

**240.1 VND BIL**  
**PROFIT AFTER TAX**  
**↑ 27.8% COMPARED TO 2015**  
**AND FULFILLED 111.7%**  
**OF TARGET**



### ASSETS AND CAPITAL

Item (VND Mil)	2013	2014	2015	2016
<b>Total Assets</b>	<b>1,009,189</b>	<b>1,108,203</b>	<b>1,292,998</b>	<b>1,384,312</b>
Long-term assets	274,753	269,760	334,749	359,201
Short-term assets	734,436	838,443	958,249	1,025,111
<b>Liabilities</b>	<b>379,601</b>	<b>376,029</b>	<b>471,355</b>	<b>460,086</b>
Short-term liabilities	349,239	339,641	404,618	413,094
Long-term liabilities	30,362	36,388	66,737	46,992
<b>Owner's equity</b>	<b>629,589</b>	<b>732,174</b>	<b>821,643</b>	<b>924,226</b>

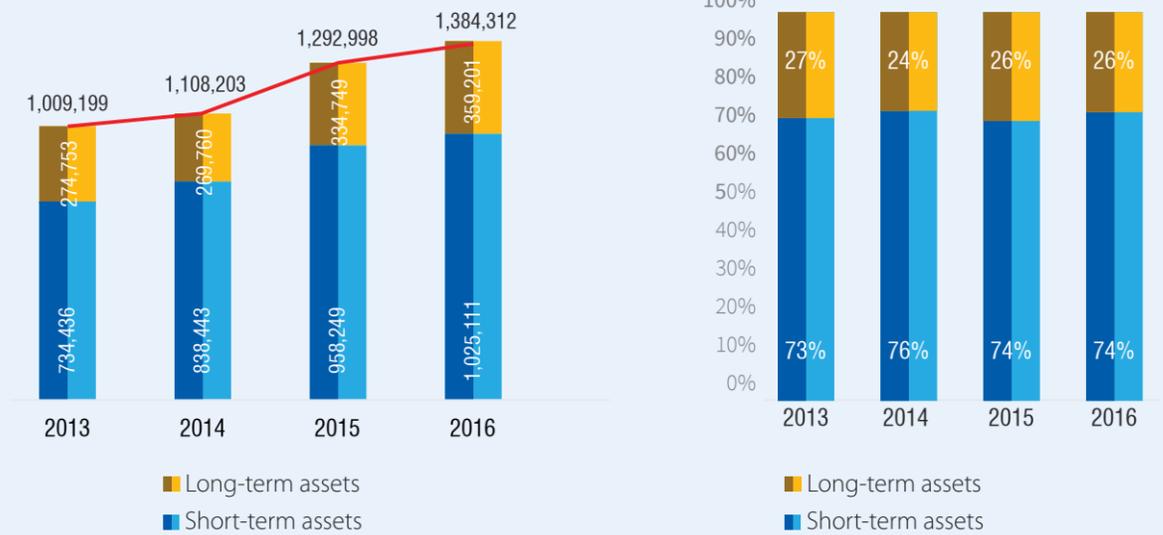
### Total assets

As at the end of 2016, Thien Long's total assets were recorded at VND 1,384.3 billion, up 7.1% from 2015.

Asset structure did not change much during the year. Long-term assets accounted for 25.9% of total assets, equivalent to VND 359.2 billion, which were mostly tangible fixed assets with a total value of VND 290 billion.

**1,384.3 VND BIL**  
**2016 TOTAL ASSETS**  
**↑ 7.1% COMPARED TO 2015**

### ASSET STRUCTURE (VND MIL/%)



**1,025.1 VND BIL**  
**2016 SHORT-TERM ASSETS**  
**↑ 7% COMPARED TO 2015**

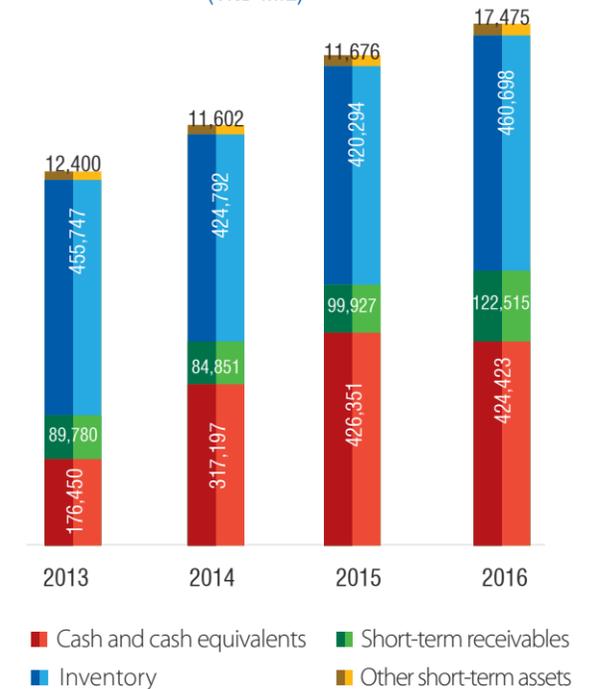
Short-term assets continued to account for the majority with nearly 74.1% of total assets, equivalent to VND 1,025.1 billion, up 7% compared to 2015. Of which:

- » Cash and cash equivalents were VND 424.4 billion, slightly declined by 0.5% in comparison with 2015, but still accounted for a large proportion of 30.7% of total assets.
- » Inventory accounted for the largest share in asset structure, at 33.3%, equivalent to VND 460.7 billion.

Inventories were mainly raw materials with the value of nearly VND 171 billion (37.1%), finished products with VND 168 billion (36.4%), and merchandise with VND 68 billion (14.7%).

Inventory management improved markedly as the provision for devaluation of inventories decreased to only VND 18.1 billion while it was nearly VND 27 billion in 2015.

### SHORT-TERM ASSET STRUCTURE (VND MIL)



## FINANCIAL ANALYSIS (continued)

### ASSETS AND CAPITAL (continued)

#### Capital

The Company's capital in 2016 increased strongly when owner's equity saw a growth of 12.5% compared to that of 2015, reached VND 924.2 billion, and account for 66.8% of total capital. In the year, 8,841,208 shares from owner's equity were issued to existing shareholders as bonus shares. In addition,

undistributed profits after tax increased to the highest amount so far of VND 315.8 billion.

The Company's total liabilities as at the end of 2016 were VND 460.1 billion, reduced slightly by 2.4% compared to 2015 and accounted for only 33% of the capital structure.

### FINANCIAL RATIO ANALYSIS

Items	Unit	2013	2014	2015	2016
<b>1. Liquidity</b>					
Short-term ratio (current)	time	2.1	2.5	2.4	2.5
Quick ratio	time	0.8	1.2	1.3	1.4
Cash ratio	time	0.5	0.9	1.1	1
<b>2. Efficiency</b>					
Days of sales outstanding	day	20	20	18	19
Days of inventory on hand	day	181	158	133	122
Days payable outstanding	day	20	23	26	30
Total assets turnover	time	1.4	1.5	1.6	1.6
<b>3. Profitability</b>					
Gross profit margin	%	36.8%	36.9%	38.6%	39.1%
Operating profit / Net Revenue	%	11.6%	11.5%	13.3%	14.0%
Net profit margin	%	8.3%	9.1%	10.0%	11.1%
Return on Equity (ROEA)	%	19.7%	21.6%	24.2%	27.5%
Return on Assets (ROAA)	%	11.8%	13.9%	15.6%	17.9%
<b>4. Capital structure</b>					
Total Liabilities / Total assets	%	37.6%	33.9%	36.5%	33.2%
Total Liabilities / Owner's equity	%	60.3%	51.4%	57.4%	49.8%

#### Liquidity

The increase of all liquidity ratios showed a strong financial health and ability to raise capital to meet the Company's production and business needs. Specifically, the current ratio and quick ratio reached 2.5 times and 1.4 times respectively.

#### Days payable outstanding, Days of sales outstanding and Days of inventory on hand

The Company's average days payable outstanding increased to 30 days in 2016, slightly up from the 26 days in 2015.

Correspondingly, the average day of sales outstanding in 2016 increased to nearly 19 days compared to 18 days in 2015. Although the receivables increased, debt collection was relatively good, when the provision for bad debts at the end of 2016 was only VND 0.9 billion, decreased significantly by 45.9% compared to 2015.

Noteworthy, in 2016, the average days of inventory on hand was only 122 days, a significant improvement compared to that of 133 days in 2015.

#### CAPITAL STRUCTURE (VND MIL/%)



FINANCIAL RATIO ANALYSIS (continued)

Total assets turnover

By pursuing the strategy of concentrating all resources on core business, total assets turnover has been continually improving in recent years. In 2016, total asset turnover was 1.62 times, significantly up from 1.57 times in 2015.

Profitability

Net profit margin in 2016 reached 11.1% and gross profit margin was 39.1%, continuing to improve compared to 2015. The Company's profit increased rapidly over the recent years because of (1) an effective market development strategy, (2) great efforts put in lowering the cost of goods sold, (3) well-structured and effective cost management, and (4) benefits gained from the slump of oil prices.

With satisfying business results, the 2016 ROA grew up to 17.9% while ROE increased significantly over the previous year, reaching 27.5%.



CASH FLOW ANALYSIS

Cash flows (VND Mil)	2013	2014	2015	2016
Net cash flow from operating activities	79,357	219,055	151,031	292,908
Net cash flow from investing activities	(9,396)	(15,474)	(32,881)	(118,438)
Net cash flow from financing activities	(44,777)	(62,827)	(8,936)	(176,400)
Net cash flow in the period	25,184	140,754	109,214	(1,930)

With the strong growth of the main business activities and a well-planned working capital management, net cash flow from operation reached more than VND 292.9 billion in 2016, an increase of nearly 94% year on year.

Despite the increase in fixed assets investment, dividend payments for shareholders and debt payoff, the effective business activities helped the Company ensure cash flow, and the cash and cash equivalents remain at high balance.

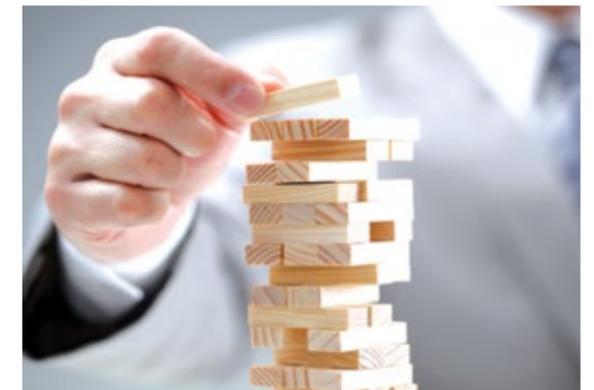
In order to successfully implement the strategic objectives for 2016-2020, the Board of Directors identified the following key tasks and duties:

HUMAN RESOURCE MANAGEMENT AND BUSINESS EFFICIENCY IMPROVEMENT

- » Adjusting management structure, appoint additional positions, heading for expansion and development plans.
- » Implementing effective remuneration policy consistently for talent attraction and retention, constantly improve staff qualifications and skills and prepare for the leadership succession.
- » Notably, in 2017, Thien Long will deploy the Distribution Management System (DMS) to each distributor and sales staff. This system will help the Company improve its ability to manage the distribution system and have more insights to make strategic decisions, such as:
  - ▶ Standardizing the database at points of sales
  - ▶ Strictly controlling inventory, sales, promotional activities, investment data on a standard interface throughout the system.
- » The DMS will help the BOD quickly obtain accurate information on resources, identify ineffective areas, provide analysis and multi-dimensional intelligence report for consideration to make strategic decisions to improve the performance. This information also will help the Company to understand consumers more deeply and thereby improve the capacity. On the other hand, these will be strategic information that can provide insights of undiscovered needs that help BOD form future strategies.
- » Especially, the DMS will be integrated with the ERP-SAP to help the Company have an ultimate management and reporting system.

EXPANSION OF VALUE CHAIN

- » Strategically moving further towards professionalism and automated production with the following focus:
  - ▶ Minimizing manual production processes, further standardizing product quality, improve productivity, increasing the factory's capacity.
  - ▶ Phasing out old machineries, replace them with state-of-the-art technologies and focus on the technological processes in order to save operating labors, space and energy consumption.
  - ▶ Focusing on R&D activities for development of new mold and machinery, accelerating automation in all production stages, gradually achieving full automation in the entire production process.
  - ▶ Continuously improving and developing advanced technologies; gradually standardizing machine structures and clusters at leading industry standards such as those in Korea, Japan...



- » Gradually self-providing materials, continuing to improve ink manufacturing technology. In 2017 plan, Thien Long will further increase the self-supplied ink selections which are diversified in terms of color, category to effectively support new product development and enhance the company product competitiveness.

## DEVELOPMENT PLAN (continued)

### EXPANSION OF VALUE CHAIN (continued)

- » To capitalize the strength of the Company's distribution system to expand the trading product portfolio, which proven to bring about positive results in recent years.

### PRODUCTION CAPACITY ENHANCEMENT

- » Implementing the project "Expanding and increasing capacity of Nam Thien Long factory". With a total area increase of 8,542.08 m<sup>2</sup> and invested with advanced equipment and machinery, the project is expected to be into operation from November 2017, meeting the increasing product demands of domestic and export markets.
- » Continuing to invest in molds, equipment and machinery in all stages, enabling the optimal usage of the Company's capital and assets while still meeting the capacity requirements for the upcoming years.

### RESEARCH AND DEVELOPMENT OF NEW PRODUCTS

- » R&D activities continue to focus on development of new differentiated products.
- » Especially to promote the development of BIZNER premium product line, a variety of products that are safe, clean, green and products for specific interest of each customer's segment such as handmade glue, acrylic color, play dough...
- » R&D resources will be invested including: human resources, facilities, specialized machinery and professional softwares.

- » With the goal to build an innovative culture among R&D staffs, the "Innovation" activity is maintained on a periodical basis, which generates a rich and varied source of ideas to serve as a foundation for the development of new products in the future.

### DEVELOPMENT OF DISTRIBUTION SYSTEM

- » The strategy of new product development will go hand in hand and actively support the strategy of developing new distribution channels.
- » Continue to penetrate into distribution for retail system through the development of point of sale and the increase in number and quality of Thien Long sale staff at the distributor.
- » Continue to improve the distribution network for retailers through increasing the number of points of sales, and employing more qualified sales staff working at the distributor's sites.
- » Deploy the Distribution Management System (DMS) to each distributor and sales staff from 2017.

### PROMOTION OF PRESENCE IN THE WORLD'S MARKETS

- » Focus on boosting revenue growth of export products under brand names FlexOffice and Colokit.
- » Expand export markets in South East Asia region, set the plan to expand the markets to all 11 countries in the region.
- » Pursue the goal to become a leading stationery group by promoting the presence in major and difficult markets such as Japan and Korea, boosting export to Europe (Germany, Czech Republic, Poland, Norway...) and countries in other continents.

## 04 SUSTAINABLE DEVELOPMENT

Safety in production and consumption	71
Responsibility for environment and energy	71
Strict management of raw materials	73
Human resources and personnel policy	74
Contribution to community and society	76
Contribution to Government's budget	80



SERVING **COMMUNITY** based on  
**VALUES OF HUMANITY**

## SUSTAINABLE DEVELOPMENT



**CORE VALUES OF THIEN LONG: "WE AIM TO PIONEER IN TECHNOLOGY AND INNOVATION, TO CREATE BREAKTHROUGH PRODUCTS FOR CONSUMERS. WE FOCUS ON BUILDING A SUSTAINABLY THRIVING THIEN LONG COMMUNITY OF HUMANITY."**



**IN 2016 AS WELL AS THROUGHOUT THE GROUP'S HISTORY, THIEN LONG HAD NEITHER ENVIRONMENTAL INCIDENT NOR PENALTY DUE TO VIOLATION OF ENVIRONMENTAL REGULATIONS.**

### SAFETY IN PRODUCTION AND CONSUMPTION

Thien Long always put the Green requirements as its first priority. Since the establishment, the Company has built an environment-friendly sewage treatment system that complied with the regulations, and energy and material-saving machinery system.

The Green technology is also applied by the Company by introducing safe products to consumers. Thien Long's products fully meet the latest international safety standards, including the US standards (ASTMD-4236, ASTM F963, CPSIA,

TPCH), EU standards (EN-71, Section 3 and EB-71, Section 9, ISO 11540) and Vietnam's standards such as QCVN03-2009/BKHCN.

Specifically, in accordance with these standards, the products must meet the following conditions:

- » Do not contain toxic heavy metals
- » Do not contain harmful organic chemicals
- » Recipe formulation must ensure the safety for users

### RESPONSIBILITY FOR ENVIRONMENT AND ENERGY

**E**nvironmental regulations have always been strictly complied by Thien Long since the very first days of operation.

Thien Long achieved the certificate of Environmental Management System under ISO 14001:2004, along with many continuous commitments for environmental protection as follows:

- » Certificate for meeting environmental criteria No. 01511/2000/CV-KCM-MT dated

18/07/2004 issued by HCMC Department of Science, Technology and Environment.

- » Certificate for meeting environmental criteria No. 2093/2004/CNMT-KCN-HCM dated 18/10/2004 issued by HCMC Agency for Export Processing Zone and Industrial Zone Management.
- » Successful improvement and reconstruction of the sewage treatment system with a capacity of 40 m<sup>3</sup> per day (built in 2005), meeting the sewage standards of Tan Tao Industrial Park.
- » Registration of emission of hazardous wastes with HCMC Department of Resources and Environment and provided with the Register with code of QLCTNH 79.000802.T on 24/08/2012.
- » In addition, Thien Long also signed contract with competent service companies to collect and treat wastes/emissions. The Company also classify, arrange for waste storage area in accordance with the regulations...

# RESPONSIBILITY FOR ENVIRONMENT AND ENERGY (continued)

## Energy and water usage

For the purpose of minimizing pollution, using resources, materials and energy in the most efficient way and cutting unnecessary expenses due to improper use, wastefulness, the Innovation Team was established and bringing about continuous improvements.

- usage in operation areas, offices and stores in order to detect abnormal movements in time.
- ★ Office area: Upgraded air-conditioners, printers, photocopiers and IT equipment such as laptops, servers to not only enhance functions but also increase electricity saving ability. For example, turning off automatically air conditioning system at nighttime, adjusting the air conditioner's temperature on weather conditions, ...
- ★ Factory area:
  - » Each high voltage lamp was controlled by a switch, replaced the fluorescent lamps with LEDs (replacing over 84% at the end of 2016), installed cooling ventilation systems instead of industrial fans to improve the environment in the factory while saving electricity.
  - » Newly invested machinery and equipment in the production were equipped with frequency converter, energy-saving engines.

Along with improvements in production, suggestions for environmental protection and effective usage of energy have been applied broadly which bring in a lot of benefits to Thien Long such as:

- ★ Installed monitoring system for daily supervision of energy



## Consumption of energy and water over the years

### Electricity

Criteria	Unit	2015	2016
Quantity	Million unit	470	505
Electricity used	Kwh	5,993,931	6,702,017
Intensity	Kwh/ million unit	12,753	13,271

### Water

Criteria	Unit	2015	2016
Quantity	Million unit	470	505
Water used	m <sup>3</sup>	49,997	52,029
Intensity	m <sup>3</sup> / Million unit	106	103

## STRICT MANAGEMENT OF RAW MATERIALS



## HUMAN RESOURCES AND PERSONNEL POLICY



**AT THIEN LONG, PEOPLE ARE CONSIDERED VALUABLE ASSETS, THE KEY FACTOR TO DETERMINE THE SUSTAINABLE DEVELOPMENT OF THE COMPANY. THROUGHOUT THE JOURNEY OF MORE THAN 35 YEARS, THIEN LONG HAS BUILT UP A TEAM OF HIGHLY QUALIFIED TECHNICIANS, SKILLED AND ENTHUSIASTIC STAFFS WHO ARE COMMITTED TO THE COMPANY'S LONG-TERM DEVELOPMENT.**



### Labor structure by labor contract term

Contract term	Number of people	%
Indefinite term	2,121	66%
From 12 months to 36 months	1,057	33%
Under 12 months	32	1%
<b>Total</b>	<b>3,210</b>	<b>100%</b>

As of 31/12/2016, the total staff of the Group was 3,210 people with high level of qualifications/skills and long-term commitment. The annual turnover rate tended to decrease gradually, mainly in the case of general workers, direct sales staffs.

With the importance of human resources, Thien Long's personnel policy is designed to turn human resources into a special advantage, playing a decisive role in successfully implementing the business plans. The personnel policies are built based on the provisions of the laws, which ensure transparency and motivations for staff.

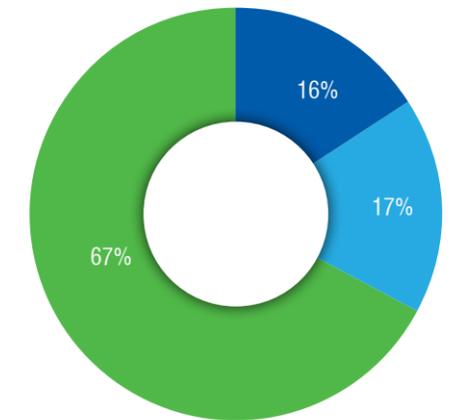
At Thien Long, the salary system is built on the basis of contribution of the job position, the level of qualifications and skills required to do the job, the level of income is ensured to match the competency and stay competitive in the market. In addition to the monthly salary, employees are entitled to performance-based salary.

In addition to the salary policy, the Company also apply bonus policy with 13th and 14th month salary at the end of the year, national holidays bonus, exceed-profit-target bonus and awards for significant contributions towards continuous improvements.

In addition to the salary and bonus policy, training, human resources development are also specially attended to by the Company. The Company annually spent considerable budget to carry out many training courses for different levels, thereby, the Company built



### Labor structure by level of qualification



- University's degree or above
- College's or Intermediate degree
- Technical or General workers

up the succession team, to meet the human resources needs for the development of the Company.

Moreover, the Company also pay attention to the physical and mental health of employees with regular health checks, annual trips, mid-shift meals, uniforms and labor protection means, sport and entertainment events, teambuilding events, gift-giving on the occasions of Mid-Autumn Festival, Lunar New Year, International Women's Day... to bring in motivation and internal solidarity.

## CONTRIBUTION TO COMMUNITY AND SOCIETY

With our slogan “Thien Long – The Power of Knowledge” and strong confidence that the shortest and fastest way to develop the society is through education improvement, Thien Long has founded and held many community programs related to education.

In 2016, with 3 outstanding programs namely “University Entrance Exam Support”, “Sharing with Teachers”, “Young Talents for Education”, Thien Long directly supported specific groups such as pupils/students, teachers and young talents.

**WITH THESE PROGRAMS,  
THIEN LONG NOT ONLY  
ASSERTED THE DESIRE FOR  
EDUCATION CONTRIBUTION, BUT  
ALSO TURNED THAT DESIRE  
INTO ACTION WITH POSITIVE  
IMPACTS ON THE SOCIETY**



**Chia sẻ cùng  
thầy cô**

### SHARING WITH TEACHERS

Grateful thanks to teachers who volunteered to relocate to islands with difficult economic conditions, and made great contributions to the country’s education.

The second year “Sharing with Teachers” program aimed toward “educational soldiers” at remote islands. With positive feedbacks from State’s leaders, leaders of the Ministry of Education and Training, media agencies..., “Sharing with Teachers” program delivered profound humanity value and enforced Vietnamese tradition of being honored to teachers.



“SHARING WITH TEACHERS IS A MEANINGFUL PROGRAM WHICH NEEDS TO BE REPLICATED. IN THE FUTURE, IT IS HOPED THAT ENTERPRISES, INCLUDING THIEN LONG GROUP, WILL CONTINUE TO ORGANIZE SUCH MEANINGFUL PROGRAMS AS SHARING WITH TEACHERS”-  
MS. DANG THI NGOC THINH, STATE’S VICE PRESIDENT SAID ABOUT “SHARING WITH TEACHERS”.

## CONTRIBUTION TO COMMUNITY AND SOCIETY (continued)



### UNIVERSITY ENTRANCE EXAM SUPPORT

2016 marked the 15th year milestone that Thien Long accompanied the “University Entrance Exam Support” program. During the last 15 years, the Program has been giving the strong hands for many generations of candidates and parents in Vietnam, leaving a bold impression in the society.

“AFTER 15 YEARS, UNIVERSITY ENTRANCE EXAM SUPPORT PROGRAM HAS BECOME A SHOULDER FOR MANY CANDIDATES TO RELY ON, TO FEEL RELAXED TO FINISH THE EXAMINATIONS, GET HIGH GRADES AND BECOME NEW STUDENTS OF UNIVERSITY. THE PROGRAM HAS BEEN SPREADING THE REAL HUMANITY VALUE.” – MR. LE QUOC PHONG, 1ST SECRETARY OF CENTRAL YOUTH UNION, CHAIRMAN OF CENTRAL ASSOCIATION OF VIETNAMESE STUDENTS.



>10 VND BIL

FOR EDUCATIONAL ACTIVITIES, STUDYING PROMOTION, COMMUNITY PROGRAMS, SUPPORTIVE PROGRAMS IN DISASTROUS AREAS

### YOUNG TALENTS FOR EDUCATION

Encourage, facilitate the youth, especially the young talents, to contribute to the country’s education by works, initiatives for improvement of teaching and learning methodologies in particular and the educational quality in general.

In the 1st year of organization, “Young Talents for Education” received up to 267 projects/ideas for education from 45 provinces/cities across the country. Educational experts claimed that 3 best projects from the contest would bring in many positive effects to the education system.

In addition, with the slogan of “Thien Long – The Power of Knowledge”, Thien Long also accompanied many educational programs such as “Tiny Ambassador of Vietnamese Goods”, “Sunshine in the Border Areas”, “National Students’ Voice”, supported flood victims in the Central, supported poor students in Mid-Autumn Festival occasion,

assisted poor students to go to school, supported feasible start-up projects...

In 2016, Thien Long spent around VND 10 billion for educational activities, studying promotion, talent support programs, community programs, supportive programs in disastrous areas...



“IN THE SITUATION WHICH REQUIRES RENEWED EDUCATION AT THE MOMENT, THE EDUCATION AND TRAINING FIELD EXTREMELY NEEDS CONTRIBUTIONS FROM YOUNG TALENTS. MINISTRY OF EDUCATION AND TRAINING ACKNOWLEDGE THAT IT WILL HAVE RESPONSIBILITY FOR CONSIDERING, RESEARCHING THE PROJECTS AND IDEAS UNDER THE PROGRAM IN ORDER TO APPLY INTO PRACTICE.” – MS. NGUYEN THI NGHIA, DEPUTY MINISTER OF EDUCATION AND TRAINING ASSERTED.

## CONTRIBUTION TO GOVERNMENT'S BUDGET



## CONTRIBUTION TO GOVERNMENT'S BUDGET

Thien Long has always been conceiving its responsibility by always complying with the regulations on tax declaration and payment, thereby partly redistributing back to the community and society.

Tax (VND)	Tax paid in 2015	Tax paid in 2016
Corporate income tax	58,376,474,474	63,765,997,768
Personal income tax	17,324,984,278	20,914,554,063
VAT	94,477,005,437	100,165,081,188
Import tax	15,391,300,017	20,532,703,733
Others	0	3,680,000
<b>Total</b>	<b>185,569,764,206</b>	<b>205,382,016,752</b>

## 05 CONSOLIDATED FINANCIAL STATEMENTS

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MOVING **FORWARD** with  
**SOUND FINANCIAL POSITION**

## THE COMPANY

Thien Long Group Corporation (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate No. 4103003187 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 March 2005 and the following amended Business Registration Certificates:

Amended Business Registration Certificate	Date
2 <sup>nd</sup> amendment	6 April 2007
3 <sup>rd</sup> amendment	15 October 2007
4 <sup>th</sup> amendment	28 March 2008
5 <sup>th</sup> amendment	5 July 2011
6 <sup>th</sup> amendment	11 August 2011
7 <sup>th</sup> amendment	18 December 2012
8 <sup>th</sup> amendment	23 September 2013
9 <sup>th</sup> amendment	21 November 2013
10 <sup>th</sup> amendment	30 January 2015
11 <sup>th</sup> amendment	31 July 2015
12 <sup>th</sup> amendment	21 March 2016

The Company’s shares were listed on the Ho Chi Minh City Stock Exchange (“HOSE”) with code TLG in accordance with Decision No. 20/QĐ-SGDHCM issued by HOSE on 2 February 2010.

The current principal activities of the Company and its subsidiaries (“the Group”) are to manufacture and trade stationeries, class room equipment, plastic teaching instruments, plastic household appliances, printing stamps and performing screen-printing and pressing on packing and products.

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

## BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

Mr Co Gia Tho	Chairman	
Mr Tran Kim Thanh	Vice Chairman	
Mr Tran Le Nguyen	Member	
Mr Huynh Van Thien	Member	
Ms Tran Thai Nhu	Member	
Ms Co Ngan Binh	Member	
Mr Vo Van Thanh Nghia	Member	resigned on 21 February 2017
Ms Co Cam Nguyet	Member	
Mr Tran Van Hung	Member	

## BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

Ms Nguyen Thi Bich Nga	Head
Mr Ly Van Du	Member
Mr Ta Hoang Son	Member

## MANAGEMENT

Members of the Management during the year and at the date of this report are:

Mr Vo Van Thanh Nghia	Chief Executive Officer	resigned on 20 February 2017
Mr Nguyen Dinh Tam	Deputy General Director	
Mr Bui Van Huong	Deputy General Director	
Mr Phan Nhut Phuong	Deputy General Director	
Mr Nguyen Thuong Viet	Deputy General Director	
Mr Tran Trung Hiep	Deputy General Director	
Ms Tran Phuong Nga	Deputy General Director	appointed on 24 February 2017
Mr Ho Ngoc Canh	Deputy General Director	resigned on 24 February 2017

## LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Co Gia Tho.

## AUDITOR

The auditor of the Company is Ernst & Young Vietnam Limited.

Management of Thien Long Group Corporation (“the Company”) is pleased to present its report and the consolidated financial statements of the Company and its subsidiaries (“the Group”) for the year ended 31 December 2016.

#### **MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Group and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing those consolidated financial statements, management is required to:

- ❖ select suitable accounting policies and then apply them consistently;
- ❖ make judgements and estimates that are reasonable and prudent;
- ❖ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- ❖ prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

#### **APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

We hereby approve the accompanying consolidated financial statements which give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the consolidated financial statements.



Co Gia Tho  
Chairman of Board of Directors

29 March 2017

#### **INDEPENDENT AUDITORS’ REPORT**

**To: The Shareholders of Thien Long Group Corporation**

We have audited the accompanying consolidated financial statements of Thien Long Group Corporation (“the Company”) and its subsidiaries (collectively referred to as “the Group”) as prepared on 29 March 2017 and set out on pages 6 to 35, which comprise the consolidated balance sheet as at 31 December 2016, and the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

#### **Management’s responsibility**

The Company’s management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors’ responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

## INDEPENDENT AUDITORS' REPORT (continued)

### Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2016, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the consolidated financial statements.

### Ernst & Young Vietnam Limited



Le Quang Minh  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 0426-2013-004-1

Ho Chi Minh City, Vietnam  
29 March 2017

Ngo Hong Son  
Auditor  
Audit Practicing Registration Certificate  
No. 2211-2013-004-1

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>1,025,111,080,529</b>	<b>958,248,997,265</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>424,423,331,022</b>	<b>426,351,225,090</b>
111	1. Cash		123,423,331,022	162,351,225,090
112	2. Cash equivalents		301,000,000,000	264,000,000,000
<b>130</b>	<b>II. Current accounts receivable</b>		<b>122,515,004,880</b>	<b>99,927,269,298</b>
131	1. Short-term trade receivables	5.1	99,079,216,936	75,881,388,348
132	2. Short-term advances to suppliers	5.2	18,774,948,627	20,865,661,875
136	3. Other short-term receivables	6	5,550,973,630	4,824,515,845
137	4. Provision for short-term doubtful receivables	5.1	(890,134,313)	(1,644,296,770)
<b>140</b>	<b>III. Inventories</b>	<b>7</b>	<b>460,697,931,983</b>	<b>420,294,380,388</b>
141	1. Inventories		478,811,442,319	447,230,376,821
149	2. Provision for obsolete inventories		(18,113,510,336)	(26,935,996,433)
<b>150</b>	<b>IV. Other current assets</b>		<b>17,474,812,644</b>	<b>11,676,122,489</b>
151	1. Short-term prepaid expenses	8	8,251,259,433	3,436,331,283
152	2. Value-added tax deductible		7,470,492,991	4,439,482,783
153	3. Tax and other receivables from the State		1,753,060,220	3,800,308,423
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>359,201,386,196</b>	<b>334,749,277,255</b>
<b>210</b>	<b>I. Long-term receivable</b>		<b>2,053,755,852</b>	<b>2,469,355,128</b>
216	1. Other long-term receivables	6	2,053,755,852	2,469,355,128
<b>220</b>	<b>II. Fixed assets</b>		<b>289,918,854,187</b>	<b>197,960,192,119</b>
<b>221</b>	<b>1. Tangible fixed assets</b>	<b>9</b>	<b>200,871,576,769</b>	<b>165,367,270,000</b>
222	Cost		532,701,823,372	469,572,480,392
223	Accumulated depreciation		(331,830,246,603)	(304,205,210,392)
<b>227</b>	<b>2. Intangible assets</b>	<b>10</b>	<b>89,047,277,418</b>	<b>32,592,922,119</b>
228	Cost		112,648,407,893	50,604,022,826
229	Accumulated amortisation		(23,601,130,475)	(18,011,100,707)
<b>240</b>	<b>III. Long-term asset in progress</b>		<b>8,309,739,078</b>	<b>6,505,835,232</b>
242	1. Construction in progress	11	8,309,739,078	6,505,835,232
<b>250</b>	<b>IV. Long-term investments</b>	<b>12</b>	<b>19,835,883,107</b>	<b>20,169,810,624</b>
253	1. Investments in other entities		30,685,000,000	30,685,000,000
254	2. Provision for long-term investments		(10,849,116,893)	(10,515,189,376)
<b>260</b>	<b>V. Other long-term assets</b>		<b>39,083,153,972</b>	<b>107,644,084,152</b>
261	1. Long-term prepaid expenses	8	14,861,839,365	83,015,094,668
262	2. Deferred tax assets	25.3	24,221,314,607	24,628,989,484
<b>270</b>	<b>TOTAL ASSETS</b>		<b>1,384,312,466,725</b>	<b>1,292,998,274,520</b>

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>460,086,007,616</b>	<b>471,354,785,048</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>413,093,993,826</b>	<b>404,618,283,947</b>
311	1. Short-term trade payables		131,879,671,529	91,698,607,820
312	2. Short-term advances from customers		7,660,650,263	9,422,715,397
313	3. Statutory obligations	13	11,734,745,719	16,827,178,655
314	4. Payables to employees		14,449,860,321	12,900,426,298
315	5. Short-term accrued expenses	14	53,220,112,617	34,435,692,139
319	6. Other short-term payables	15	4,386,022,605	33,071,555,894
320	7. Short-term loans	16	171,584,405,449	199,022,130,814
322	8. Bonus and welfare fund		18,178,525,323	7,239,976,930
<b>330</b>	<b>II. Non-current liabilities</b>		<b>46,992,013,790</b>	<b>66,736,501,101</b>
337	1. Other long-term liabilities		141,717,970	75,500,000
338	2. Long-term loans	16	20,808,564,711	43,881,628,801
342	3. Other long-term provision	17	26,041,731,109	22,779,372,300
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>924,226,459,109</b>	<b>821,643,489,472</b>
<b>410</b>	<b>I. Capital</b>	<b>18</b>	<b>924,226,459,109</b>	<b>821,643,489,472</b>
411	1. Share capital		383,126,720,000	294,714,640,000
411a	- Shares with voting rights		383,126,720,000	294,714,640,000
412	2. Share premium		128,217,023,000	128,217,023,000
418	3. Investment and development fund		97,075,895,498	78,290,097,498
421	4. Undistributed earnings		315,806,820,611	320,421,728,974
421a	- Undistributed earnings up to prior year-end		153,617,482,353	174,256,301,661
421b	- Undistributed earnings of current year		162,189,338,258	146,165,427,313
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>1,384,312,466,725</b>	<b>1,292,998,274,520</b>

  
Bui Thi Cam Loan  
Preparer

29 March 2017

  
Tran Phuong Nga  
Chief Accountant



Co Gia Tho  
Chairman

VND

Code	ITEMS	Notes	Current year	Previous year
<b>01</b>	<b>1. Revenue from sale of goods</b>	<b>20.1</b>	<b>2,180,202,835,116</b>	<b>1,914,545,057,539</b>
<b>02</b>	<b>2. Deductions</b>	<b>20.1</b>	<b>(17,886,928,878)</b>	<b>(30,803,467,082)</b>
<b>10</b>	<b>3. Net revenue from sale of goods</b>	<b>20.1</b>	<b>2,162,315,906,238</b>	<b>1,883,741,590,457</b>
<b>11</b>	<b>4. Cost of goods sold</b>		<b>(1,315,991,880,972)</b>	<b>(1,157,540,036,355)</b>
<b>20</b>	<b>5. Gross profit from sale of goods</b>		<b>846,324,025,266</b>	<b>726,201,554,102</b>
<b>21</b>	<b>6. Finance income</b>	<b>20.2</b>	<b>20,405,977,867</b>	<b>17,608,842,128</b>
<b>22</b>	<b>7. Finance expenses</b>	<b>21</b>	<b>(16,302,234,359)</b>	<b>(19,113,326,491)</b>
<b>23</b>	- In which: Interest expense		<b>(10,697,412,010)</b>	<b>(11,131,608,073)</b>
<b>25</b>	<b>8. Selling expenses</b>	<b>22</b>	<b>(309,782,396,478)</b>	<b>(285,632,790,806)</b>
<b>26</b>	<b>9. General and administrative expenses</b>	<b>22</b>	<b>(238,920,077,749)</b>	<b>(188,479,071,476)</b>
<b>30</b>	<b>10. Operating profit</b>		<b>301,725,294,547</b>	<b>250,585,207,457</b>
<b>31</b>	<b>11. Other income</b>	<b>23</b>	<b>6,460,309,364</b>	<b>3,361,401,215</b>
<b>32</b>	<b>12. Other expenses</b>	<b>23</b>	<b>(1,821,984,864)</b>	<b>(4,743,951,243)</b>
<b>40</b>	<b>13. Other profit (loss)</b>	<b>23</b>	<b>4,638,324,500</b>	<b>(1,382,550,028)</b>
<b>50</b>	<b>14. Accounting profit before tax</b>		<b>306,363,619,047</b>	<b>249,202,657,429</b>
<b>51</b>	<b>15. Current corporate income tax expense</b>	<b>25.1</b>	<b>(65,883,045,149)</b>	<b>(58,149,936,958)</b>
<b>52</b>	<b>16. Deferred tax expense</b>	<b>25.1</b>	<b>(407,674,877)</b>	<b>(3,194,734,146)</b>
<b>60</b>	<b>17. Net profit after tax</b>		<b>240,072,899,021</b>	<b>187,857,986,325</b>
<b>61</b>	<b>18. Net profit after tax attributable to shareholders of the parent</b>		<b>240,072,899,021</b>	<b>187,857,986,325</b>
<b>70</b>	<b>19. Basic earnings per share</b>	<b>19</b>	<b>5,514</b>	<b>4,413</b>
<b>71</b>	<b>20. Diluted earnings per share</b>	<b>19</b>	<b>5,514</b>	<b>4,413</b>

  
Bui Thi Cam Loan  
Preparer

29 March 2017

  
Tran Phuong Nga  
Chief Accountant



Co Gia Tho  
Chairman

VND

Code	ITEMS	Notes	Current year	Previous year
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>01</b>	<b>Accounting profit before tax</b>		<b>306,363,619,047</b>	<b>249,202,657,429</b>
	Adjustments for:			
02	Depreciation and amortisation of fixed assets		44,323,662,660	39,215,228,057
03	(Reversal of provisions) provisions		(9,242,721,037)	3,441,382,076
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	21	547,778,398	313,476,488
05	Profits from investing activities		(16,154,393,112)	(9,312,179,794)
06	Interest expense	21	10,697,412,010	11,131,608,073
<b>08</b>	<b>Operating profit before changes in working capital</b>		<b>336,535,357,966</b>	<b>293,992,172,329</b>
09	Increase in receivables		(23,364,463,090)	(18,784,355,165)
10	(Increase) decrease in inventories		(31,581,065,498)	1,904,449,388
11	Increase in payables		52,953,921,709	32,435,930,538
12	Decrease (increase) in prepaid expenses		63,471,294,940	(62,586,919,453)
14	Interest paid		(10,858,150,706)	(11,186,148,927)
15	Corporate income tax paid		(63,781,053,222)	(58,376,474,474)
17	Other cash outflows from operating activities		(30,468,272,965)	(26,367,791,312)
<b>20</b>	<b>Net cash flows from operating activities</b>		<b>292,907,569,134</b>	<b>151,030,862,924</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
21	Purchase and construction of fixed assets		(135,038,349,499)	(47,663,969,037)
22	Proceeds from disposals of fixed assets		1,272,116,663	1,421,130,365
27	Interest and dividends received		15,328,330,255	13,361,519,380
<b>30</b>	<b>Net cash flows used in investing activities</b>		<b>(118,437,902,581)</b>	<b>(32,881,319,292)</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
33	Drawdown of borrowings		602,933,842,572	615,674,080,080
34	Repayment of borrowings		(654,127,263,813)	(571,031,807,548)
36	Dividends paid	18.2	(125,206,631,250)	(53,577,839,575)
<b>40</b>	<b>Net cash flows used in financing activities</b>		<b>(176,400,052,491)</b>	<b>(8,935,567,043)</b>

VND

Code	ITEMS	Notes	Current year	Previous year
<b>50</b>	<b>Net (decrease) increase in cash and cash equivalents for the year</b>		<b>(1,930,385,938)</b>	<b>109,213,976,589</b>
<b>60</b>	<b>Cash and cash equivalents at beginning of year</b>		<b>426,351,225,090</b>	<b>317,197,238,004</b>
61	Impact of exchange rate fluctuation		2,491,870	(59,989,503)
<b>70</b>	<b>Cash and cash equivalents at end of year</b>	<b>4</b>	<b>424,423,331,022</b>	<b>426,351,225,090</b>

Bui Thi Cam Loan  
Preparer

Tran Phuong Nga  
Chief Accountant



Co Gia Tho  
Chairman

29 March 2017

## 1. CORPORATE INFORMATION

Thien Long Group Corporation (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate No. 4103003187 issued by the Department of Planning and Investment (“DPI”) of Ho Chi Minh City on 14 March 2005 and the following amended Business Registration Certificates:

Amended Business Registration Certificate	Date
2 <sup>nd</sup> amendment	6 April 2007
3 <sup>rd</sup> amendment	15 October 2007
4 <sup>th</sup> amendment	28 March 2008
5 <sup>th</sup> amendment	5 July 2011
6 <sup>th</sup> amendment	11 August 2011
7 <sup>th</sup> amendment	18 December 2012
8 <sup>th</sup> amendment	23 September 2013
9 <sup>th</sup> amendment	21 November 2013
10 <sup>th</sup> amendment	30 January 2015
11 <sup>th</sup> amendment	31 July 2015
12 <sup>th</sup> amendment	21 March 2016

The Company’s shares were listed on the Ho Chi Minh City Stock Exchange (“HOSE”) with code TLG in accordance with Decision No. 20/QD-SGDHCM issued by HOSE on 2 February 2010.

The current principal activities of the Company and its subsidiaries (“the Group”) are to manufacture and trade stationeries, class room equipment, plastic teaching instruments, plastic household appliances, printing stamps and performing screen-printing and pressing on packing and products.

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

The number of the Group’s employees as at 31 December 2016 was 3,210 (31 December 2015: 3,081).

### Corporate structure

The Company has 5 subsidiaries, in which:

Thien Long Long Thanh Manufacturing Trading Company Limited (“TLLT”), a one-member limited liability company, was incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate No. 472031000036 issued by the Dong Nai Industrial Zone Authority on 20 December 2006. TLLT’s registered head office is located at Road No. 7, Long Thanh Industrial Park, Dong Nai Province, Vietnam. TLLT’s principal activities are to manufacture and trade stationery products.

Thien Long Global Trading and Services Company Limited (“TLGL”), a one-member limited liability company, was incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate No. 4104002492 issued by the Department of Planning and Investment (“DPI”) of Ho Chi Minh City on 15 January 2007. TLGL’s registered head office is located at Lot 6-8-10-12, Road No. 3, Tan Tao Industrial Park, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City, Vietnam. TLGL’s principal activity is to trade stationery products.

Tan Luc North Trading Services One Member Company Limited (“TLN”), a one-member limited liability company, was incorporated under the Law on Enterprise of Vietnam pursuant to Organisation Registration Certificate No. 0105012605 issued by the DPI of Ha Noi City on 19 November 2010. TLN’s registered head office is located at Room 309A, Floor 3, B15 Tower, Dai Kim urban area, Dai Kim Ward, Hoang Mai District, Ha Noi City, Vietnam. TLN’s principal activity is to trade stationery products and office equipment.

## 1. CORPORATE INFORMATION (continued)

### Corporate structure (continued)

Tan Luc South Trading Services One Member Company Limited (“TLS”), a one-member limited liability company, was incorporated under the Law on Enterprise of Vietnam pursuant to Organisation Registration Certificate No. 0309489650 issued by the DPI of Ho Chi Minh City on 19 November 2009. TLS’s registered head office is located at No. 19 – 21, Lot B, Truong Son Street, Ward 15, District 10, Ho Chi Minh City, Vietnam. TLS’s principal activity is to trade stationery products.

Tan Luc Middle Region Trading Services Company Limited (“TLM”), a one-member limited liability company, was incorporated under the Law on Enterprise of Vietnam pursuant to Organisation Registration Certificate No. 0401708745 issued by the DPI of Da Nang City on 1 December 2015. TLM’s registered head office is located at Lot B1 - 7, Ha Huy Tap Street, Xuan Ha Ward, Thanh Khe District, Da Nang City, Vietnam. TLM’s principal activity is to trade stationery products.

## 2. BASIS OF PREPARATION

### 2.1 Accounting standards and system

The consolidated financial statements of the Group expressed in Vietnam dong (“VND”), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ❖ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- ❖ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- ❖ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- ❖ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- ❖ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnam’s accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position and consolidated results of operations and consolidated cash flows of the Group in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

### 2.2 Applied accounting documentation system

The Company’s applied accounting documentation system is the Voucher Journal system.

### 2.3 Fiscal year

The Group’s fiscal year applicable for the preparation of its consolidated financial statements starts on 1 January and ends on 31 December.

### 2.4 Accounting currency

The consolidated financial statements are prepared in VND which is also the Company’s accounting currency.

## 2. BASIS OF PREPARATION (continued)

### 2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2016.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses resulting from intra-company transactions are eliminated in full.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

### 3.2 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Raw materials, consumables and goods for sale	cost of purchase on a weighted average basis.
Finished goods and work-in-process	cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

#### *Provision for obsolete inventories*

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Group, based on appropriate evidence of impairment available at the balance sheet date.

Increases and decreases to the provision balance are recorded into the cost of goods sold account in the consolidated income statement.

### 3.3 Receivables

Receivables are presented in the consolidated financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administrative expense account in the consolidated income statement.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible assets to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

### 3.5 Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises of its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the consolidated income statement as incurred.

When intangible assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

#### *Land use rights*

Land use rights are recorded as intangible assets if the land is held for use in the production or business, for rental to others by the enterprise and when the Group receives the land use right certificate. The cost of land use right comprises any directly attributable costs of preparing the land for its intended use. The costs of land use rights are not amortised due to having indefinite useful life.

The advance payment for land rental, of which the land lease contracts have effectiveness prior to 2003 and the land use rights certificate being issued, are recorded as intangible asset according to Circular No. 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 guiding the management, use and depreciation of fixed assets ("Circular 45"). The costs of land use rights are not amortised due to having indefinite useful life.

### 3.6 Depreciation and amortisation

Depreciation of tangible fixed assets and amortisation of intangible assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	3 - 25 years
Machinery and equipment	3 - 7 years
Means of transportation	6 - 8 years
Office equipment	2 - 7 years
Moulds	3 - 4 years
Computer software	3 - 10 years
Copyrights, patents	3 years
Others	3 years

The useful life of the assets and depreciation rates are reviewed periodically to ensure that the method and the period of the depreciation and amortisation are consistent with the expected pattern of economic benefits that will be derived from the use of assets.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.7 Borrowing costs**

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds and are recorded as expenses when incurred.

**3.8 Prepaid expenses**

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

*Prepaid land rental*

The prepaid land rental represents the unamortised balance of advance payment made in accordance with lease contract signed with Sonadezi Long Thanh Joint Stock Company on 6 February 2007 for a period of 46 years. Such prepaid rental is recognised as long-term prepaid expense for allocation to the consolidated income statement over the remaining lease period according to Circular 45.

**3.9 Investments in other entities**

Investments in other entities are stated at their acquisition costs.

*Provision for diminution in value of investments in other entities*

Provision is made for any diminution in value of investments in other entities at the balance sheet date in accordance with the guidance under Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. Increases and decreases to the provision balance are recorded as finance expense account in the consolidated income statement.

**3.10 Payables and accruals**

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

**3.11 Accrual for severance pay**

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

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

**3.12 Foreign currency transactions**

Transactions in currencies other than the Group's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- ❖ Transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection; and
- ❖ Transactions resulting in liabilities are recorded at the selling exchange rates of the transaction of commercial banks designated for payment.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.12 Foreign currency transactions (continued)**

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the balance sheet dates which are determined as follows:

- ❖ Monetary assets are translated at buying exchange rate of the commercial bank where the Group conduct transactions regularly; and
- ❖ Monetary liabilities are translated at selling exchange rate of the commercial bank where the Group conduct transactions regularly.

All realised and unrealised foreign exchange differences are taken to the consolidated income statement.

**3.13 Appropriation of net profits**

Net profit after tax is available for appropriation to shareholders after approval in the annual general meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Group maintains the following reserve funds which are appropriated from the Group's net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting.

- ❖ Investment and development fund

This fund is set aside for use in the Group's expansion of its operation or of in-depth investments.

- ❖ Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the consolidated balance sheet.

**3.14 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

*Sale of goods*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer, usually upon the delivery of the goods.

*Interest income*

Interest income is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

*Dividends*

Income is recognised when the Group's entitlement to receive dividends is established.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.15 Taxation***Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current tax assets against current tax liabilities and when the Group intends to settle its current tax assets and liabilities on a net basis.

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for consolidated financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except where the deferred tax asset in respect of deductible temporary differences which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current tax assets against current tax liabilities and when they relate to income taxes levied on the same taxable entity by the same taxation authority.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.16 Earnings per share**

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Company (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary shareholders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

**3.17 Segment information**

A segment is a component determined separately by the Group which is engaged in providing products or related services (business segment) or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

The Group's principal activities are in manufacturing and trading stationeries. In addition, these activities are mainly taking place within Vietnam. Therefore, the Group's risks and returns are not impacted by the Group's products that the Group is manufacturing or the locations where the Group is trading. As a result, the Group's management is of the view that there is only one segment for business and geography and therefore presentation of separate segmental information is not required.

**4. CASH AND CASH EQUIVALENTS**

VND

	<b>Ending balance</b>	<b>Beginning balance</b>
Cash on hand	2,998,295,642	1,907,709,497
Cash at banks	120,425,035,380	160,443,515,593
Cash equivalents (*)	301,000,000,000	264,000,000,000
<b>TỔNG CỘNG</b>	<b>424,423,331,022</b>	<b>426,351,225,090</b>

(\*) Cash equivalents represent the short-term deposits at commercial banks and earn interest at the applicable interest rates.

## 5. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

### 5.1 Short-term trade receivables

	VND	
	Ending balance	Beginning balance
Trade receivables from other parties		
- Crayola LLC	7,283,298,565	7,438,907,258
- Others	91,795,918,371	68,442,481,090
<b>TOTAL</b>	<b>99,079,216,936</b>	<b>75,881,388,348</b>
Provision for short-term doubtful receivables	(890,134,313)	(1,644,296,770)
<b>NET</b>	<b>98,189,082,623</b>	<b>74,237,091,578</b>

As noted further in Note 16, the Group has pledged trade receivables to secure the bank loan facilities.

### 5.2 Short-term advances to suppliers

	VND	
	Ending balance	Beginning balance
Advances to other parties		
- SIS International Co., Ltd	3,745,626,323	422,263,125
- DKSH Vietnam Co., Ltd	2,958,689,401	715,577,211
- Fuya Company Limited	1,885,441,813	767,983,125
- Nguyen Thi Anh Dao	-	9,764,880,000
- Others	10,185,191,090	9,194,958,414
<b>TOTAL</b>	<b>18,774,948,627</b>	<b>20,865,661,875</b>

## 6. OTHER RECEIVABLES

	VND	
	Ending balance	Beginning balance
Short-term		
• Staff advances	1,972,280,459	1,782,723,026
• Interest from bank deposits	1,305,569,445	1,243,550,000
• Deposits, mortgages	623,580,752	1,228,075,287
• Others	1,649,542,974	570,167,532
	5,550,973,630	4,824,515,845
Long-term		
• Deposits, mortgages	2,053,755,852	2,469,355,128
<b>TOTAL</b>	<b>7,604,729,482</b>	<b>7,293,870,973</b>

## 7. INVENTORIES

	VND	
	Ending balance	Beginning balance
Raw materials	170,671,063,119	154,792,635,143
Finished goods	167,631,102,808	175,385,738,332
Merchandises	67,687,162,023	56,447,974,992
Work in process	43,650,355,281	35,671,628,606
Goods in transit	26,857,480,690	22,883,335,660
Tools and supplies	2,314,278,398	2,049,064,088
<b>TOTAL</b>	<b>478,811,442,319</b>	<b>447,230,376,821</b>
Provision for obsolete inventories	(18,113,510,336)	(26,935,996,433)
<b>NET</b>	<b>460,697,931,983</b>	<b>420,294,380,388</b>

### Detail of movements of provision for obsolete inventories:

	VND	
	Current year	Previous year
Beginning balance	(26,935,996,433)	(24,342,989,782)
Provision made during the year	(11,605,880,607)	(25,009,468,283)
Utilisation and reversal of provision during the year	20,428,366,704	22,416,461,632
Ending balance	(18,113,510,336)	(26,935,996,433)

As noted further in Note 16, the Group has pledged a part of inventories to secure the bank loan facilities.

## 8. PREPAID EXPENSES

	VND	
	Ending balance	Beginning balance
<b>Short-term</b>		
Advertising and promotion expenses	5,272,184,485	1,071,555,000
Tools and supplies	929,303,561	302,100,499
Health and asset insurance	570,414,438	401,381,186
Rental expense	166,537,445	415,160,000
Others	1,312,819,504	1,246,134,598
	<b>8,251,259,433</b>	<b>3,436,331,283</b>
<b>Long-term</b>		
Land rental (*)	11,886,148,771	79,254,079,371
Tools and supplies	2,438,863,647	3,304,162,982
Others	536,826,947	456,852,315
	<b>14,861,839,365</b>	<b>83,015,094,668</b>
<b>TOTAL</b>	<b>23,113,098,798</b>	<b>86,451,425,951</b>

(\*) Prepaid land rental represents the unamortised balance of advance payment made in accordance with the signed lease contract as disclosed in Note 3.8.

As noted further in Note 16, the Group has pledged land use right of land rental to secure the bank loan facilities.

**9. TANGIBLE FIXED ASSETS**

VND	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Others	Total
<b>Cost:</b>						
Beginning balance	132,808,202,946	187,145,809,935	22,256,522,072	10,416,478,562	116,945,466,877	469,572,480,392
New purchase	-	42,950,477,629	15,267,631,156	3,258,332,770	5,338,499,820	66,814,941,375
Transfer from construction in progress	4,072,729,353	2,045,104,807	-	-	2,731,018,554	8,848,852,714
Disposal	-	(4,593,146,610)	(1,318,611,369)	(57,659,500)	(6,565,033,630)	(12,534,451,109)
Ending balance	136,880,932,299	227,548,245,761	36,205,541,859	13,617,151,832	118,449,951,621	532,701,823,372
<i>In which:</i>						
Fully depreciated	676,192,377	87,467,254,130	11,207,455,111	5,847,228,906	78,460,537,179	183,658,667,703
<b>Accumulated depreciation:</b>						
Beginning balance	(41,054,135,993)	(138,715,497,128)	(16,203,530,746)	(8,555,144,102)	(99,676,902,423)	(304,205,210,392)
Depreciation for the year	(6,045,163,415)	(19,246,620,374)	(3,172,941,406)	(2,326,038,920)	(8,696,963,548)	(39,487,727,663)
Disposal	-	4,073,521,462	1,318,611,369	57,659,500	6,412,899,121	11,862,691,452
Ending balance	(47,099,269,008)	(153,888,596,040)	(18,057,860,783)	(10,823,523,522)	(101,960,966,850)	(331,830,246,603)
<b>Net carrying amount:</b>						
Beginning balance	91,754,066,953	48,430,312,807	6,052,991,326	1,861,334,460	17,268,564,454	165,367,270,000
Ending balance	89,781,632,891	73,659,649,721	18,147,681,076	2,793,628,310	16,488,984,771	200,871,576,769
<i>In which:</i>						
Pledged as loan security (Note 16)	48,893,208,891	747,247,597,503	-	-	4,398,077,746	83,889,222,130
(Note 16)						

**10. INTANGIBLE ASSETS**

VND	Land use rights	Computer software	Copyrights, patents	Others	Total
<b>Cost:</b>					
Beginning balance	9,847,625,000	40,273,419,426	367,000,000	115,978,400	50,604,022,826
New purchase	59,888,350,067	2,156,035,000	-	-	62,044,385,067
Ending balance	69,735,975,067	42,429,454,426	367,000,000	115,978,400	112,648,407,893
<i>In which:</i>					
Fully amortised	-	5,664,381,233	367,000,000	115,978,400	6,147,359,633
<b>Accumulated amortisation:</b>					
Beginning balance	(1,175,864,496)	(16,352,257,811)	(367,000,000)	(115,978,400)	(18,011,100,707)
Amortisation for the year	-	(5,590,029,768)	-	-	(5,590,029,768)
Ending balance	(1,175,864,496)	(21,942,287,579)	(367,000,000)	(115,978,400)	(23,601,130,475)
<b>Net carrying amount:</b>					
Beginning balance	8,671,760,504	23,921,161,615	-	-	32,592,922,119
Ending balance	68,560,110,571	20,487,166,847	-	-	89,047,277,418
<i>In which:</i>					
Pledged as loan security (Note 16)	8,671,760,504	-	-	-	8,671,760,504

### 11. CONSTRUCTION IN PROGRESS

	VND	
	Ending balance	Beginning balance
Moulds under installation	5,287,403,431	1,704,801,002
Equipment under installation	2,889,281,102	596,771,566
Office maintenance fee	133,054,545	4,204,262,664
<b>TOTAL</b>	<b>8,309,739,078</b>	<b>6,505,835,232</b>

### 12. INVESTMENTS IN OTHER ENTITIES

	VND	
	Ending balance	Beginning balance
Investments in other entities	30,685,000,000	30,685,000,000
Provision for diminution in value of investments in other entities	(10,849,116,893)	(10,515,189,376)
<b>NET</b>	<b>19,835,883,107</b>	<b>20,169,810,624</b>

The details of investments in other entities are as follows:

	Ending balance		Beginning balance	
	Shares	VND	Shares	VND
Kinh Do Land Corporation	200,000	25,000,000,000	200,000	25,000,000,000
Saigon Securities Investment Fund A2	500,000	3,565,000,000	500,000	3,565,000,000
Brilliant Chip Joint Stock Company	152,000	1,520,000,000	152,000	1,520,000,000
Printing No. 7 Joint Stock Company	75,000	600,000,000	75,000	600,000,000
<b>TOTAL</b>		<b>30,685,000,000</b>		<b>30,685,000,000</b>

### 13. STATUTORY OBLIGATIONS

	VND			
	Beginning balance	Payable for the year	Payment made in the year	Ending balance
Corporate income tax	8,765,725,280	63,820,741,492	(63,765,997,768)	8,820,469,004
Value-added tax	4,498,473,804	96,279,215,436	(100,165,081,188)	612,608,052
Import tax	2,579,777,498	17,975,974,501	(20,532,703,733)	23,048,266
Personal income tax	983,202,073	22,187,263,801	(20,914,554,063)	2,255,911,811
Others	-	26,388,586	(3,680,000)	22,708,586
<b>TOTAL</b>	<b>16,827,178,655</b>	<b>200,289,583,816</b>	<b>(205,382,016,752)</b>	<b>11,734,745,719</b>

### 14. SHORT-TERM ACCRUED EXPENSES

	VND	
	Ending balance	Beginning balance
13 <sup>th</sup> month salary and bonus	48,910,534,813	21,655,469,209
SAP maintenance fees	1,377,071,993	1,339,235,496
Advertising and promotion expenses	438,169,291	1,382,352,356
Interest expense	316,667,706	477,406,402
Others	2,177,668,814	9,581,228,676
<b>TOTAL</b>	<b>53,220,112,617</b>	<b>34,435,692,139</b>

### 15. OTHER SHORT-TERM PAYABLES

	VND	
	Ending balance	Beginning balance
Trade union fee	1,983,639,420	1,599,529,839
Dividends	80,697,975	29,505,649,225
Others	2,321,685,210	1,966,376,830
<b>TOTAL</b>	<b>4,386,022,605</b>	<b>33,071,555,894</b>
<i>In which:</i>		
• Other payables to other parties	4,386,022,605	17,616,201,894
• Other payables to a related party (Note 26)	-	15,455,354,000

### 16. LOANS

	VND	
	Ending balance	Beginning balance
Short-term		
• Loans from banks (Note 16.1)	166,281,757,849	189,344,483,214
• Current portion of long-term loans (Note 16.2)	5,302,647,600	9,677,647,600
	171,584,405,449	199,022,130,814
Long-term		
• Loans from banks (Note 16.2)	20,808,564,711	43,881,628,801
<b>TOTAL</b>	<b>192,392,970,160</b>	<b>242,903,759,615</b>

**16. LOANS (continued)**  
**16.1 Short-term loans from banks**

Details of the short-term loans from banks are as follows:

Name of bank	Ending balance VND	Original amount USD	Principal repayment term	Interest rate % p.a.	Description of collateral (Notes 5.1, 7, 8, 9, and 10)
Joint Stock Commercial Bank for Investment and Development of Vietnam – West Saigon Branch	40,366,722,905	-	From 7 March 2017 to 7 June 2017	5.20	Land use rights, buildings and structures, machinery and equipment, and office equipment
Vietnam Joint Stock Commercial Bank for Industry and Trade - West Saigon Branch	41,232,045,573	-	From 3 January 2017 to 20 June 2017	5.00	Land use rights, buildings and structures
	17,230,169,221	-	From 23 May 2017 to 25 June 2017	5.00 – 5.20	Land use rights
HSBC Bank (Vietnam) Ltd. – Ho Chi Minh Branch	30,064,622,605	1,317,872	From 11 January 2017 to 14 April 2017	1.80	Trade receivables, inventories, buildings and structures
	13,182,576,604	-	From 13 January 2017 to 5 April 2017	4.00	
	9,503,656,364	-	From 20 March 2017 to 14 April 2017	4.00 – 5.06	Unsecured
United Overseas Bank Vietnam – Ho Chi Minh Branch	6,526,193,729	-	From 19 January 2017 to 28 February 2017	5.25 – 5.60	Unsecured
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Bien Hoa Branch	8,175,770,848	358,382	From 12 March 2017 to 27 March 2017	2.00	Unsecured
<b>TOTAL</b>	<b>166,281,757,849</b>	<b>1,676,254</b>			

The Group obtained these loans to finance for its working capital requirements.

**17. OTHER LONG-TERM PROVISION**

Other long-term provision represents the accrual for severance pay as disclosed in Note 3.11.

The Group obtained these loans to finance for its purchase and installation of tangible fixed assets.

<i>In which:</i>	
• Current portion of long-term loans	5,302,647,600
• Long-term loans	20,808,564,711

Name of bank	Ending balance VND	Principal repayment term	Interest rate % p.a.	Description of collateral (Notes 8 and 9)
Vietnam Joint Stock Commercial Bank for Industry and Trade – West Saigon Branch	13,256,628,801	16 quarterly instalments from 25 September 2015 to 25 June 2019	9.00	Machinery and equipment
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Bien Hoa Branch	12,854,583,510	10 June 2019	7.00	Land use right, machinery and equipment
<b>TOTAL</b>	<b>26,111,212,311</b>			

Details of long-term loans from banks are as follows:

**16. LOANS (continued)**  
**16.2 Long-term loans from banks**

**18. OWNERS' EQUITY****18.1 Increase and decrease in owners' equity**

	VND				
	Share capital	Share premium	Investment and development fund	Undistributed earnings	Total
<b>Previous year</b>					
Beginning balance (*)	267,924,260,000	128,217,023,000	63,550,321,702	272,482,094,694	732,173,699,396
Issuance of new shares	26,790,380,000	-	-	(26,790,380,000)	-
Net profit for the year	-	-	-	187,857,986,325	187,857,986,325
Dividends declared	-	-	-	(69,660,103,000)	(69,660,103,000)
Profit appropriation	-	-	14,739,775,796	(14,739,775,796)	-
Transferred to bonus and welfare fund	-	-	-	(23,688,093,249)	(23,688,093,249)
Allowance for the Board of Directors and Board of Supervision	-	-	-	(5,040,000,000)	(5,040,000,000)
Ending balance	294,714,640,000	128,217,023,000	78,290,097,498	320,421,728,974	821,643,489,472
<b>Current year</b>					
Beginning balance	294,714,640,000	128,217,023,000	78,290,097,498	320,421,728,974	821,643,489,472
Issuance of new shares (**)	88,412,080,000	-	-	(88,412,080,000)	-
Net profit for the year	-	-	-	240,072,899,021	240,072,899,021
Dividends declared	-	-	-	(95,781,680,000)	(95,781,680,000)
Profit appropriation	-	-	18,785,798,000	(18,785,798,000)	-
Transferred to bonus and welfare fund	-	-	-	(35,422,850,384)	(35,422,850,384)
Allowance for the Board of Directors and Board of Supervision	-	-	-	(6,285,399,000)	(6,285,399,000)
Ending balance	383,126,720,000	128,217,023,000	97,075,895,498	315,806,820,611	924,226,459,109

**18. OWNERS' EQUITY (continued)****18.1 Increase and decrease in owners' equity (continued)**

(\*) The Group transferred all the beginning balance of financial reserve fund to investment and development fund in accordance with the guidance of Circular No. 200/2014/TT-BTC providing guidance on enterprise accounting system issued by the Ministry of Finance on 22 December 2014.

(\*\*) On 5 February 2016, the Company issued 8,841,208 shares from undistributed profit to its existing shareholders. The transaction was approved by shareholders under the Shareholders' Resolution No. 01/2016/NQ/DHCD dated 4 January 2016 and the Department of Planning and Investment of Ho Chi Minh City through issuance of the amended Business Registration Certificate on 21 March 2016.

**18.2 Capital transactions with shareholders and distribution of dividends**

	VND	
	Current year	Previous year
Contributed capital		
Beginning balance	294,714,640,000	267,924,260,000
Increase	88,412,080,000	26,790,380,000
Ending balance	383,126,720,000	294,714,640,000
Dividends declared		
- Dividends payable in cash	(95,781,680,000)	(69,660,103,000)
Dividends paid by cash	(125,206,631,250)	(53,577,839,575)

**18.3 Share capital**

	Shares	
	Ending balance	Beginning balance
Authorised shares	38,312,672	29,471,464
Shares issued and fully paid		
- Ordinary shares	38,312,672	29,471,464
Shares in circulation		
- Ordinary shares	38,312,672	29,471,464

## 19. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated as follows:

	Current year	Previous year
Net profit after tax (VND)	240,072,899,021	187,857,986,325
Less: Bonus and welfare fund (VND) (*)	(28,808,747,883)	(18,785,798,633)
<b>Net profit attributable to ordinary shareholders (VND)</b>	<b>211,264,151,138</b>	<b>169,072,187,692</b>
Weighted average number of shares (share) (**)	38,312,672	38,312,672
<b>Basic and diluted earnings per share (VND/share)</b>	<b>5,514</b>	<b>4,413</b>

(\*) Bonus and welfare fund is appropriated at 12% of net profit after tax in accordance with Annual General Meeting 2016's Resolution dated 21 May 2016.

(\*\*) The weighted average number of shares in circulation for the year ended 31 December 2015 was adjusted to reflect the issuances of 8,841,208 shares as dividend on 21 March 2016.

There have been no dilutive potential ordinary shares during the year and up to the date of these consolidated financial statements.

## 20. REVENUES

### 20.1 Revenue from sale of goods

	Current year	Previous year
<b>Gross revenue</b>	<b>2,180,202,835,116</b>	<b>1,914,545,057,539</b>
<i>Of which:</i>		
<i>Sale of finished goods</i>	1,647,244,496,792	1,494,890,300,185
<i>Sale of merchandise goods</i>	532,958,338,324	419,654,757,354
<b>Less</b>	<b>(17,886,928,878)</b>	<b>(30,803,467,082)</b>
<i>Of which:</i>		
<i>Sale returns of finished goods</i>	(15,660,248,067)	(26,506,640,428)
<i>Sale returns of merchandise goods</i>	(2,226,680,811)	(4,296,826,654)
<b>Net revenue</b>	<b>2,162,315,906,238</b>	<b>1,883,741,590,457</b>
<i>Of which:</i>		
<i>Sale of finished goods</i>	1,631,584,248,725	1,468,383,659,757
<i>Sale of merchandise goods</i>	530,731,657,513	415,357,930,700

### 20.2 Finance income

	Current year	Previous year
Interest income	15,237,496,132	13,005,411,877
Realised foreign exchange gains	5,018,478,735	4,488,430,251
Dividends	150,003,000	115,000,000
<b>TOTAL</b>	<b>20,405,977,867</b>	<b>17,608,842,128</b>

## 21. FINANCE EXPENSES

	Current year	Previous year
Loans interest	10,697,412,010	11,131,608,073
Realised foreign exchange losses	4,334,468,291	6,654,478,635
Unrealised foreign exchange losses	547,778,398	313,476,488
Provision for investments	333,927,517	722,001,472
Others	388,648,143	291,761,823
<b>TOTAL</b>	<b>16,302,234,359</b>	<b>19,113,326,491</b>

## 22. SELLING EXPENSE AND GENERAL AND ADMINISTRATIVE EXPENSES

	Current year	Previous year
<b>Selling expenses</b>	<b>309,782,396,478</b>	<b>285,632,790,806</b>
- Labour costs	170,655,537,197	146,217,584,989
- Marketing expenses	64,937,312,601	71,619,521,848
- Depreciation and amortisation expenses	1,315,642,859	1,751,708,893
- Others	72,873,903,821	66,043,975,076
<b>General and administrative expenses</b>	<b>238,920,077,749</b>	<b>188,479,071,476</b>
- Labour costs	153,951,390,657	116,695,422,200
- External services expenses	49,449,916,136	51,943,045,447
- Depreciation and amortisation expenses	16,308,901,725	14,033,984,396
- Others	19,209,869,231	5,806,619,433
<b>TOTAL</b>	<b>548,702,474,227</b>	<b>474,111,862,282</b>

## 23. OTHER INCOME AND EXPENSES

	Current year	Previous year
<b>Other income</b>	<b>6,460,309,364</b>	<b>3,361,401,215</b>
Compensation for damaged materials	1,523,452,260	1,168,995,655
Gain from disposal of fixed assets	766,893,980	-
Others	4,169,963,124	2,192,405,560
<b>Other expenses</b>	<b>(1,821,984,864)</b>	<b>(4,743,951,243)</b>
Loss from disposal of fixed assets	-	(3,808,232,083)
Others	(1,821,984,864)	(935,719,160)
<b>NET</b>	<b>4,638,324,500</b>	<b>(1,382,550,028)</b>

**24. PRODUCTION AND OPERATING COSTS**

	VND	
	Current year	Previous year
Raw materials and merchandises costs	1,043,582,230,027	940,102,916,289
Labour costs	511,497,132,218	416,185,005,477
Depreciation and amortisation expenses	44,931,358,367	39,925,026,065
Expenses for external services and others	274,526,764,267	258,585,327,012
<b>TOTAL</b>	<b>1,874,537,484,879</b>	<b>1,654,798,274,843</b>

**25. CORPORATE INCOME TAX**

The statutory corporate income tax ("CIT") rate applicable to the Company and its subsidiaries is 20% (2015: 22%) of taxable profits except for TLLT as explained in the following paragraph.

TLLT has the obligation to pay CIT at the rate of 15% of taxable profits for first twelve (12) years and normal tax rate for the year thereafter as current regulations. TLLT is entitled to an exemption from CIT for three (3) years from the first taxable profit making year (2010), and a 50% reduction of CIT for the following seven (7) years.

The tax returns filed by the Company and its subsidiaries are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the consolidated financial statements could change at a later date upon final determination by the tax authorities.

**25.1 CIT expenses**

	VND	
	Current year	Previous year
Current CIT expense	63,789,869,862	58,162,710,261
Adjustment for under (over) accrual of tax from prior years	2,093,175,287	(12,773,303)
Deferred tax expense	407,674,877	3,194,734,146
<b>TOTAL</b>	<b>66,290,720,026</b>	<b>61,344,671,104</b>

**25. CORPORATE INCOME TAX (continued)****25.1 CIT expenses (continued)**

Reconciliation between CIT expense and the accounting profit multiplied by CIT rate is presented below:

	Current year	Previous year
Accounting profit before tax	<b>306,363,619,047</b>	<b>249,202,657,429</b>
At CIT rate applicable to companies in the Group	<b>60,902,380,823</b>	<b>54,339,908,257</b>
<i>Adjustments:</i>		
Non-deductible expenses	3,169,145,640	1,577,385,557
Adjustment for under (over) accrual of tax from prior years	2,093,175,287	(12,773,303)
Loss from subsidiaries	1,165,868,704	3,907,823,352
Impact of change in applicable tax rates	-	2,324,326,478
Dividends received	(30,000,600)	(25,300,000)
CIT deduction	(562,035,445)	(521,073,059)
Tax loss carried forward	(447,814,383)	(245,626,178)
<b>CIT expense</b>	<b>66,290,720,026</b>	<b>61,344,671,104</b>

**25.2 Current tax**

The current tax payable is based on taxable profits for the current year. The taxable profits of the Group for the year differs from the profit as reported in the consolidated 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 not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

## 25. CORPORATE INCOME TAX (continued)

### 25.3 Deferred tax

The following are the deferred tax assets and deferred tax liabilities recognised by the Group, and the movements thereon, during the current and previous years:

	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
Unrealised profit	12,804,410,971	11,922,929,343	881,481,628	(5,271,504,490)
Accrued expenses	1,499,163,712	2,777,488,419	(1,278,324,707)	683,734,040
Provision for obsolete inventories	3,279,342,247	4,805,562,860	(1,526,220,613)	416,638,865
Provision for investments	831,287,477	-	831,287,477	-
Accrual for severance pay	4,832,797,722	4,180,325,960	652,471,762	113,550,390
Allocated expenses	971,030,994	862,876,000	108,154,994	862,876,000
Provision for doubtful debt	32,788,944	62,001,191	(29,212,247)	(16,337,055)
Foreign exchange differences	(29,507,460)	17,805,711	(47,313,171)	16,308,104
<b>Deferred tax assets</b>	<b>24,221,314,607</b>	<b>24,628,989,484</b>		
<b>Deferred tax expense</b>			<b>(407,674,877)</b>	<b>(3,194,734,146)</b>

### 25.4 Unrecognised deferred tax for tax loss carried forward

The Group is entitled to carry each individual tax loss forward to offset against taxable profits arising within five consecutive years subsequent to the year in which the loss was incurred. At the balance sheet date, the Group had estimated accumulated tax losses of subsidiaries of VND 19,422,990,119 (31 December 2015: VND 22,451,452,630) available for offset against future taxable profits. Details are as follows:

Originating year	Can be utilised up to	Tax loss amount	Utilised up to 31 December 2016	Forfeited	Unutilised at 31 December 2016
2011	2016 (*)	3,228,362,505	(3,228,362,505)	-	-
2012	2017 (*)	2,254,547,954	(927,635,039)	-	1,326,912,915
2013	2018 (*)	346,827,435	-	-	346,827,435
2015	2020 (*)	11,919,906,250	-	-	11,919,906,250
2016	2021	5,829,343,519	-	-	5,829,343,519
<b>TOTAL</b>		<b>23,578,987,663</b>	<b>(4,155,997,544)</b>	<b>-</b>	<b>19,422,990,119</b>

(\*) Tax loss as per tax assessment minutes.

Estimated accumulated tax loss as subsidiaries' CIT declaration has not been audited by the local tax authorities as of the date of these consolidated financial statements.

No deferred tax assets were recognised in respect of the remaining VND 19,422,990,119 because future taxable profit of subsidiaries cannot be ascertained at this stage.

## 26. TRANSACTIONS WITH RELATED PARTIES

Significant transaction with a related party during the current and previous years was as follows:

Related party	Relationship	Transaction	Current year	Previous year
Thien Long An Think Investment Corporation	Major shareholder	Dividends declared	65,685,254,000	36,530,837,000

Details of remuneration and bonus of the Board of Directors and Board of Supervision during the current and previous years were as follows:

	Current year	Previous year
Remuneration and related expenses	6,285,399,000	5,040,000,000

Amount due to a related party at the balance sheet dates was as follows:

Related party	Relationship	Transaction	Ending balance	Beginning balance
Thien Long An Think Investment Corporation	Major shareholder	Dividends payable	-	15,455,354,000

## 27. OPERATING LEASE COMMITMENT

The Group leases office and warehouse under operating lease arrangements. The minimum lease commitment as at the balance sheet dates under the operating lease agreements is as follows:

	Ending balance	Beginning balance
Less than 1 year	11,114,308,894	10,160,529,640
From 1 to 5 years	20,739,045,364	9,283,857,432
<b>TOTAL</b>	<b>31,853,354,258</b>	<b>19,444,387,072</b>

## 28. EVENTS AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in the consolidated financial statements.

Bui Thi Cam Loan  
Preparer

Tran Phuong Nga  
Chief Accountant



Co Gia Tho  
Chairman

29 March 2017



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