

TNG

DEVELOPMENT EXPANSION



ANNUAL REPORT

2019



COMMITMENT TO HONESTY AND REASONABLENESS OF THE REPORTS

With the commitment to the honesty and reasonableness of the 2019 Annual Report (January 1st, 2019 - December 31st, 2019), the Internal Audit Department of TNG Investment and Trading Joint Stock Company is responsible for ensuring that the critical risks are managed and controlled, minimizing risks in production and business activities, enhancing risk management, improving administration systems and processes, thereby helping the company to operate more productively and efficiently.

In the role and responsibilities of the Internal Audit Subcommittee, we are committed to:

The contents presented in the 2019 Annual Report (01 January 2019 - 31 December 2019) meet the requirements of specific information disclosure as required by the Circular No. 155/2015/TT-BTC on the stock market. We see that the Company is striving towards good practices in the market as well as higher international standards such as:

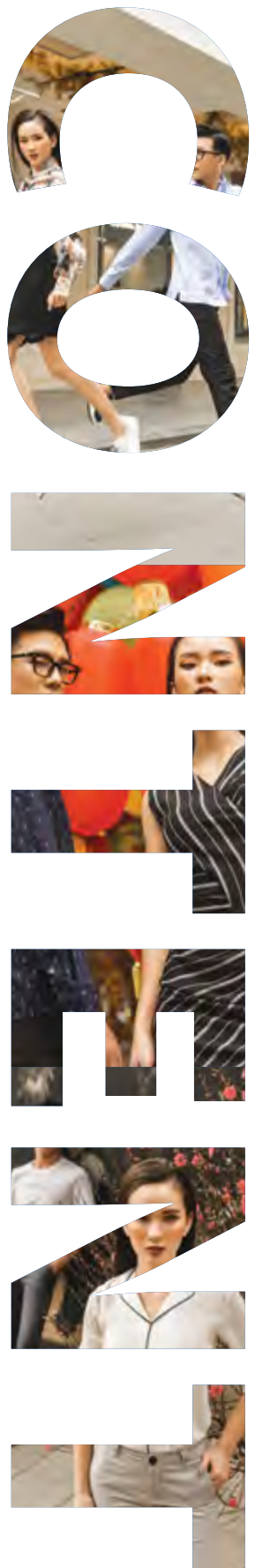
- ▣ Corporate governance rules of the Organization for Economic Co-operation and Development (OECD)
- ▣ International standards for global sustainability reports (GRI)
- ▣ Management points for ASEAN Regional Companies
- ▣ Integrated report according to international standards (International Integrated Reporting Council - IIRC)

The Board of Leaders have established the implementation process and the Internal Audit Subcommittee has conducted control to ensure the rationality and accuracy of the indicators selected and presented in the 2019 Annual Report (01 January 2019 - 31 December 2019).

The Internal Audit Subcommittee finds that the Company's 2019 Annual Report (January 01st, 2019 - December 31st, 2019) was presented honestly and reasonably, reflecting the information on production and business situation in the year with the aim of protecting the interests of Shareholders, Investors and related parties.

DEPUTY CHAIRMAN OF BOD

NGUYEN VAN DUC



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ABBREVIATIONS

TNG	TNG Investment & Trading Joint Stock Company
Company	TNG Investment & Trading Joint Stock Company
BOD	Board of Directors
BOM	Board of Management
OSH	Occupational safety and health

HIGHLIGHT FINANCIAL INDICATORS



2019 OPERATION

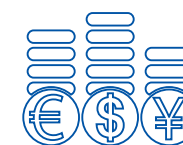
Year 2019 is the year that TNG Investment and Trading Joint Stock Company has obtained the record revenue and profit since TNG stocks were listed on Hanoi Stock Exchange in 2007.



Net revenue 2019

VND **4,617** million

Increased 28% compared to the same period in 2018.



Profit after tax

VND **230** million

Increased 28% compared to the same period in 2018.

HIGHLIGHT OUTCOMES IN 2019

Report business results in 11 months of 2019: Accumulated revenue of VND 4,336 billion, exceeding 31 days of the production and business plan in 2019, corresponding to 4.4%; Post - corporate income tax profit reached VND 216 billion, exceeding 31 days of the production and business plan in 2019, corresponding to 3.8%.



Total asset

VND **3,027** million

Increased 17% compared with that in 2018.



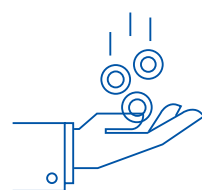
Owner's equity

VND **1,066** million



Return on assets ratio

ROA: **8.2%**



2019 revenue increased

27.7 %



Return on equity ratio

ROE - Increased : **25%**

VISION – MISSION – CORE VALUES COMMITMENT OF TNG



VISION

- A Public Company in TOP most transparent, best management and most sustainable businesses.
- A manufacturing and retailing company in both domestic and international markets with the revenue ranked in the TOP billion-dollar businesses.



MISSION

- Take all responsibility for all products supplied to consumers.
- Bring happiness to employees, customers and residential communities.



CORE VALUES

- **Responsibilities:** Comply with the business ethics at work, ensure all regimes and benefits of employees in accordance with the provisions of laws.
- **Working environment:** A good place to devote and work.
- **Green future development:** For a green TNG, we focus on all activities related to the livelihood of the employees and local communities and follow the motto: "Economic development coupled with environmental protection"
- **Sustainable development:** We undertake to ensure the multi-dimensional long-term benefits while working with our customers and stakeholders



COMMITMENT OF TNG

Customer

- Provide qualified products to customers.
- Have good quality, competitive price and on-time delivery.
- Protect the customers' rights on product and trademark.
- Ensure prestige and respect to customers
- Commit to production time and capacity with customers.
- Commit to delivery time.
- Commit to anti-corruption, anti-bribery in production and business.

Shareholder

- Have public, transparent, fair information related to business activities.
- Maximize values and benefits for shareholders.
- Ensure sustainable development, effective business and prestige in the market.
- Enhance the spirit of joint development cooperation.

Community

- Harmonize business interests with social benefits.
- Participate in community activities, social security.
- Couple production with environmental protection.
- Have responsibility with the community.

Employees

- Not violate the rights as prescribed by law when working at TNG
- Guarantee all rights of employees working at TNG under the Labour Code.

MESSAGE FROM THE CHAIRMAN



YEAR 2019 IS THE FOURTH CONSECUTIVE YEAR THAT TNG HAS OBTAINED THE VIETNAM'S SUSTAINABLE BUSINESS AWARD. PRODUCTION AND BUSINESS RESULTS GO BEYOND OUR EXPECTATIONS, WITH THE HIGHEST REVENUE AND PROFIT FOR THE LAST 40 YEARS. TNG IS THE FIRST VIETNAMESE GARMENT ENTERPRISE TO RECEIVE ECONOMIC DIVIDENDS FOR GENDER EQUALITY (EDGE) CERTIFICATE. WE HAS OPERATED THE FACTORIES DESIGNED IN ACCORDANCE WITH GREEN STANDARDS, CREATING THE NATURE - HUMAN CONNECTION.

TNG HAS BEEN TIRELESSLY ENDEAVOURING TO BUILD AN ECONOMY ASSOCIATED WITH COMMUNITY DEVELOPMENT AND ENVIRONMENT PROTECTION AS A PART OF THE GLOBAL TREND IN BUILDING A SUSTAINABLE ECONOMY.



DEAR SHAREHOLDERS, INVESTORS AND RELATED PARTIES!

Year 2019 is a memorable milestone that TNG has celebrated the 40th anniversary of TNG brand and gained a wide range of achievements from all of ongoing operations. During last 40 years of building and development, consistent with the goal of becoming Vietnam's garment enterprise with the highest export turnover, TNG has made various changes in strategy, operation and organizational structure, but remained the core orientation as sustainable development, balancing the economic, social, and environmental factors.

Year 2019 is the fourth consecutive year that TNG has obtained the Vietnam's Sustainable Business award. Production and business results go beyond our expectations, with the highest revenue and profit for the last 40 years. TNG is the first Vietnamese garment enterprise to receive Economic Dividends for Gender Equality (EDGE) certificate. We has operated the factories designed in accordance with green standards, creating the nature - human connection. Many projects on community and local investment and development have been carried out on the basis of "bringing the happiness" to everyone.

Follow the motto: "Economic development coupled with environmental protection", TNG undertakes to provide customers with high quality products as well as work with related parties to develop "circular economy mindset" to become a "waste-free" place, bringing more competitive advantages, reducing energy consumption, enhancing supply chain and preserving nature. TNG is ready to innovate and improve to meet the development trend of the era also.

With the vision of becoming a Public Company in TOP most sustainable businesses, entering the 41st year of building brand, TNG will continuously implement our selected core orientation, bringing the highest values of sustainable development to Shareholders, Investors, Customers, Labor collectives and Community.

On behalf of Board of Leaders, I truly appreciate your all support and companion during the past time. I believe that with your support and our internal solidarity, TNG will keep moving forward on the path of sustainable development, bringing Vietnam's garment industry further in the international arena.

Sincerely thank!

CHAIRMAN OF BOD

NGUYEN VAN THOI

SET THE GOAL TO BECOME THE MANUFACTURING AND RETAILING GIANT IN DOMESTIC AND INTERNATIONAL MARKETS. TNG HAS SUPPLIED THE MARKET WITH A WIDE RANGE OF HIGH QUALITY PRODUCTS WHICH HAVE BEEN RECEIVED POSITIVELY BY DOMESTIC AND FOREIGN CONSUMERS. TNG'S PRODUCTS FOR INDUSTRIAL PRODUCTION ALSO CONTRIBUTED A LARGE PART TO THE REVENUE STRUCTURE OF THE ENTERPRISE, AND PROMOTE THE DEVELOPMENT OF INDUSTRY IN THAI NGUYEN PROVINCE IN PARTICULAR AND THE COUNTRY IN GENERAL.

”

GENERAL INFORMATION





TNG INTRODUCTION

Stock code : TNG

Company name : CÔNG TY CỔ PHẦN ĐẦU TƯ VÀ THƯƠNG MẠI TNG

International business name : TNG INVESTMENT AND TRADING JOINT STOCK COMPANY

Charter capital : 652,114,760,000 VND

Business registration certificate and tax code: 4600305723 issued for the first time on January 2nd, 2003 by Thai Nguyen Authority for Planning and Investment, registered for the 29th amendment on January 9th, 2020.

Headquarters : No 434/1 Bac Kan Street, Hoang Van Thu Ward, Thai Nguyen City, Thai Nguyen Province

Tel : 02083.858.508

Email : info@tng.vn

Website : <http://tng.vn>, <http://tngfashion.vn>

REPRESENTATIVE OFFICE IN NEW YORK

Address: : No 79 Madison Street, New York City, NY 10016, America

Telephone : +1.732.406.4006

Email : linh@tng.vn

COMPANY HISTORY

1979

From 1979 to 2003:
Period of State-owned enterprise.

November 22nd, 1979: Bac Thai Garment Enterprise, established under the Decision No. 488/QD-UB by Bac Thai People's Committee with 02 production lines supported by the German Democratic Republic.

1997

The enterprise was renamed as Thai Nguyen Garment Company under the Decision No. 676/QD-UB by Thai Nguyen People's Committee.

Joint venture with Duc Giang Garment Company of Vietnam National Textile and Garment Corporation to establish Viet Thai Joint Venture Garment Company.

2003

From 2003 to 2007: In the post-equitization stage, the Company was preparing to list on the stock exchange.

The Company changed its name into Thai Nguyen Garment Export Joint Stock Company.

2006

The Company started constructing TNG Song Cong Factory.

2007

The Company changed its name into TNG Investment and Trading Joint Stock Company.

TNG stocks were listed on Hanoi Stock Exchange with stock code TNG.



From 2008 to 2018: The Company invested in technology, brand affirmation and development.

This was a period of innovation, strong investment in automation technology. It also was the phase of developing and asserting brands, focusing on the development and application of ERP in production and business management, investing in improving all TNG factories in line with the green factory model.

2010

The Company started constructing TNG Phu Binh factory.

2013

The Company started constructing TNG Dai Tu factory.

2016

The Company inaugurated and put into operation TNG Fashion Design Center and head office of the Company.

2018

- » The Company started constructing TNG Village commercial building.
- » The Company acquired DG Garment Factory, changed its name into TNG Dong Hy Garment Branch and invested in increasing the factory capacity to 35 production lines.
- » The Company successfully issued convertible bonds of VND 200 billion to foreign investors.
- » The project **"Research and application of non-thread sewing technology on shirt products"** was approved by Thai Nguyen People's Committee, and issued Copyright registration certificate No. 2773/2008/QTG dated June 4th, 2018 by the Copyright Office of Vietnam.

2019

From 2019 to 2024: The Company improved corporation administration and sustainable business development.



PRINCIPAL BUSINESS ACTIVITIES BUSINESS AND MANUFACTURE NETWORK



WITH THE SLOGAN “TNG - MY CHOICE”, TNG AIMS AT BEAUTIFUL GARMENTS AND PRODUCT QUALITY.



- TNG is an export garment enterprise. Its key products include cotton jackets, feather jackets, seamless clothing, all types of shorts, skirts, children’s wearsuit, felt clothing, knitwear; cotton sheets, stitching cotton, industrial embroidery, carton boxes, all types of PE bags, industrial laundry.
- Domestic products under TNG trademark: TNG is in the process of penetrating the domestic market. Every year, TNG launches unique collections with various colour and style that catch up with fashion trends in the world.



Business and manufacture network

VIET DUC GARMENT FACTORY

- Established in 1979
- Address: No 166 Minh Cau Street, Thai Nguyen City, Thai Nguyen Province

VIET THAI GARMENT FACTORY

- Established in 1979
- Address: No 221 Thong Nhat Street, Thai Nguyen City, Thai Nguyen Province

SONG CONG GARMENT FACTORY 1, 2, 3

- Established in 2006
- Address: Song Cong Industrial Park, Song Cong City, Thai Nguyen Province

PHU BINH GARMENT FACTORY 1, 2, 3, 4

- Established in 2010
- Address: Kha Son Commune, Phu Binh District, Thai Nguyen Province

DAI TU GARMENT FACTORY

- Established in 2015
- Address: Tien Hoi Commune, Dai Tu District, Thai Nguyen Province

DONG HY GARMENT FACTORY

- Established in 2018
- Address: Ngoi Cheo Hamlet, Nam Hoa Commune, Dong Hy District, Thai Nguyen Province

AUXILIARY FACTORIES (PACKAGING FACTORY, COTTON FACTORY)

- Established in 2006
- Address: Zone B, Song Cong Industrial Park, Song Cong City, Thai Nguyen Province

FASHION DESIGN CENTER

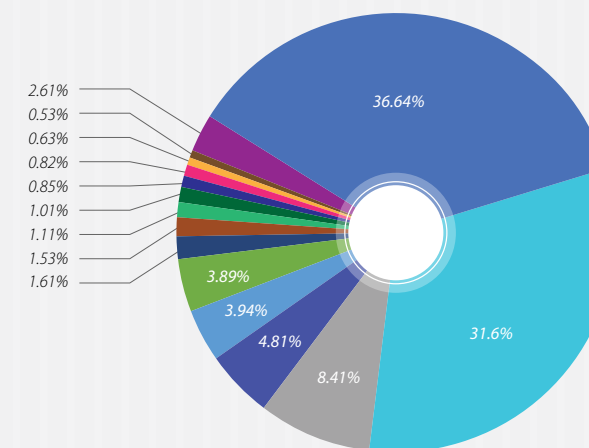
- Established in 2016
- Address: No 434/1, Bac Kan Street, Hoang Van Thu Ward, Thai Nguyen City, Thai Nguyen Province
- As the heart of the fashion division, the fashion centre is home to thousands of shops for stylish workwear across cities and provinces of the country.

ASSOCIATED COMPANIES

BAC THAI ELECTRICAL CONSTRUCTION JOINT STOCK COMPANY

Address: Hoang Van Thu Ward, Thai Nguyen City, Thai Nguyen Province

TNG'S MAJOR EXPORT MARKETS



- ◆ America
- ◆ France
- ◆ Canada
- ◆ Russia
- ◆ China
- ◆ Germany
- ◆ Netherlands
- ◆ Korea
- ◆ Brazil
- ◆ India
- ◆ Spain
- ◆ Malaysia
- ◆ Turkey
- ◆ Columbia
- ◆ Other

JOINT VENTURES AND ASSOCIATES

TNG'S HEADQUARTERS IS AT IN NO 434/1, BAC KAN STREET, THAI NGUYEN CITY; HAS 11 EXPORT GARMENT FACTORIES ARE AT IN THAI NGUYEN PROVINCE AREA, 01 DOMESTIC FASHION GARMENT FACTORY, 02 AUXILIARY FACTORIES, 01 REPRESENTATIVE OFFICE IN NEW YORK – THE UNITED STATES AND 32 FASHION STORES ARE OPERATING ACROSS THE COUNTRY.



ACCOUNTING FACTORIES UNDER TNG



VIET DUC GARMENT FACTORY

Established in 1979
 Add: No 166 Minh Cau Street, Thai Nguyen City, Thai Nguyen Province
 Factory area: 9,847 m²
 Sewing: 25
 Employees: 1,350 persons
 Production capacity: 1.8 million jackets/year



VIET THAI GARMENT FACTORY

Established in 1979
 Address: No 221 Thong Nhat Street, Thai Nguyen City, Thai Nguyen Province
 Factory area: 12,691 m²
 Production line: 20
 Employees: 1,080 persons
 Production capacity: 1.8 million jackets/year



SONG CONG GARMENT FACTORY 1, 2, 3

Established in 2006
 Address: Song Cong Industrial Park, Song Cong City, Thai Nguyen Province
 Factory area: 14,000 m²
 Production line: 88
 Employees: 4,288 persons
 Production capacity: 7.7 million jackets/year
 Main products: Padding jacket, seam sealing jacket, cargo pants, bottom, leather jacket, kid items



PHU BINH GARMENT FACTORY 1, 2, 3, 4

Established in 2010
 Address: Kha Son Commune, Phu Binh District, Thai Nguyen Province
 Factory area: 93,131 m²
 Production line: 52
 Employees: 3,780 persons
 Production capacity: 4.5 million jackets/year
 Main products: Padding jacket, down jacket, bottom, denim pants, wool jacket, jumpsuit, dress



DAI TU GARMENT FACTORY

Established in 2015
 Address: Tien Hoi Commune, Dai Tu District, Thai Nguyen Province
 Factory area: 13,388 m²
 Production line: 35
 Employees: 1,890 persons
 Production capacity: 03 million jackets/year
 Main products: Padding jacket, down jacket, bottom, denim pants, wool jacket, jumpsuit, dress



DONG HY GARMENT FACTORY

Established in 2018
 Address: Ngoi Cheo Hamlet, Nam Hoa Commune, Dong Hy District, Thai Nguyen Province
 Factory area: 12,760 m²
 Production line: 9
 Employees: 486 persons
 Production capacity: 783 thousand jackets/year
 Main products: Padding jacket, down jacket, bottom, denim pants, wool jacket, jumpsuit, dress

JOINT VENTURES AND ASSOCIATES (continued)

ACCOUNTING FACTORIES UNDER TNG (continued)



FASHION DESIGN CENTER TNGF

Established in 2012

Address: No 434/1, Bac Kan Street, Hoang Van Thu Ward, Thai Nguyen City, Thai Nguyen Province



AUXILIARY FACTORIES

Established in 2006

Address: Zone B, Song Cong Industrial Park, Song Cong City, Thai Nguyen Province

Packaging branch

Main manufactured: Production of packaging from paper and plastic, laundry, printing, embroidery

Capacity: 16,000 m² carton/day,
600 kg PE bags/ 1 day

Cotton branch

Main manufactured: Cotton production

Capacity: 20,000 yards cotton/day



ASSOCIATED COMPANIES

SUBSIDIARIES



TNG FASHION COMPANY LIMITED

Charter capital: 50,000,000,000 VND

Value of capital contributions: 50,000,000,000 VND

Ownership ratio: 100%

Main business lines: Fashion business



TNG ECO GREEN COMPANY LIMITED

Charter capital: 50,000,000,000 VND

Value of capital contributions: 50,000,000,000 VND

Ownership ratio: 100%

Main business lines: Real estate business

ASSOCIATED COMPANIES



TNG YEN BINH GOLF COMPANY LIMITED

Charter capital: 300,000,000,000 VND

Value of capital contributions: 147,000,000,000 VND

Ownership ratio: 49%

Main business lines: Golf business



BAC THAI ELECTRICAL CONSTRUCTION JOINT STOCK COMPANY

Address: Hoang Van Thu Ward, Thai Nguyen City, Thai Nguyen Province

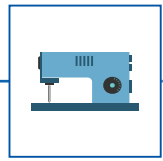
Value of capital contributions: 771,150,000 VND

Ownership ratio: TNG contributes 49% of charter capital

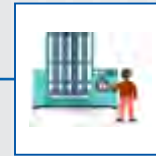
Main business lines: Construction and installation of works about the grid TNG has been currently involved in the process of restructuring and improving the system and business strategy.

TYPICAL PRODUCTS

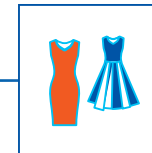
AFTER MORE THAN 40 YEARS OF DEVELOPMENT, TNG HAS SUPPLIED THE MARKET WITH A WIDE RANGE OF FASHION PRODUCTS WITH GUARANTEED QUALITY, VARIOUS TYPES WHICH HAVE BEEN RECEIVED POSITIVELY BY DOMESTIC AND FOREIGN CONSUMERS. TNG'S PRODUCTS FOR INDUSTRIAL PRODUCTION ALSO CONTRIBUTED A LARGE PART TO THE REVENUE STRUCTURE OF THE ENTERPRISE, AND PROMOTE THE DEVELOPMENT OF INDUSTRY IN THAI NGUYEN PROVINCE IN PARTICULAR AND THE COUNTRY IN GENERAL.



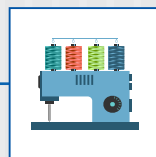
Industrial garment for export:
cotton jackets, feather jackets,
seamless clothes, shorts, dresses,
children's wears, knitwear, etc.



**Carton boxes, all types
of PE bags, industrial
laundry, etc.**



**Making office fashion
products with TNG
trademark, etc.**



**Cotton sheets,
stitching cotton,
industrial embroidery,
industrial printing, etc.**

HIGHLIGHT EVENTS

TNG IS THE FIRST GARMENT COMPANY IN VIETNAM TO BE GRANTED ECONOMIC DIVIDENDS FOR GENDER EQUALITY (EDGE) CERTIFICATE AT ASSESS LEVEL BY EDGE CERTIFIED FOUNDATION (SWITZERLAND).



Construct TNG Vo Nhai on the area of

10 ha

under LEED & LOTUS standard

- TNG was honored to be awarded the Certificate in the best financial management capacity in 2018, at the Announcing and Awarding Ceremony of Best Corporate Governance - Finance Index to listed companies- jointly organized by the Vietnam Chamber of Commerce and Industry (VCCI), with the cooperation of Vietnam Business Forum magazine, Institute for Business Research and Development (INBUS) and Vietnam Association of Accountants and Auditors (VAA).
- Applying standards according to the ASEAN Capital Markets Forum (ACMF) to assess corporation administration situation in 2019.
- Using the GRI standard in the preparation and presentation content of sustainable development in 2019 Annual Report.
- TNG successfully issued VND 136 billion of inconvertible bonds without collaterals and warrants to Asam Vietnam Corporate Bond Hedge Fund 1.
- TNG has invented Dowlike product and received copyright certificate issued by Copyright Office of Vietnam Ministry of Culture, Sports and Tourism.
- In September 2019, the cotton production factory, which was completely invested according to new modern technology, and met the green factory standards on the total area of 12,600 m², officially came into operation.
- Revenue reached VND 4,617 billion, profit after tax reached VND 230 billion, which are the largest level since TNG stocks were listed on Hanoi Stock Exchange in 2007.



INVENTED PRODUCT - DOWLIKE
COPYRIGHT CERTIFICATE - COPYRIK
ISSUED BY COPYRIK OFFICE OF VIETNAM
MINISTRY OF CULTURE, SPORTS AND
TOURISM.

- Positive cash flow of VND 410 billion from business operations – the record has been recognized since TNG stocks were listed on Hanoi Stock Exchange in 2007
- The Company commenced to construct TNG Vo Nhai garment factory - on the area of 10 ha at Cay Bong Hamlet, La Hien Commune, making the total investment of up to VND 290 billion. Includes 2 garment factories of 27,000 m² in total, shift-based cafeterias, offices, auxiliary buildings, parking lots. The project consists of 32 industrial sewing lines, providing stable jobs for 2,000 local workers - Green factory is oriented to meet Leed standard for office area, Lotus standard for the production area. The orientation of all factories built by TNG since 2018 will meet green factory standards and become a link in the entire global supply chain, not only to attract large orders from well-known brands such as Nike, Adidas, etc., but also ensure balance between environmental protection and social responsibility, thereby helping the Company develop sustainably in the long term.
- TNG has officially expanded its operations to real estate sector by launching TNG Village commercial housing project in October, 2019.
- TNG Village was built on the purpose of “happiness for employees” which in turn brings TNG labor collectives the most complete life. The project is a part of utility project series that TNG desires to improve the quality of worker's life.

Notes

LEED (Leadership in Energy & Environmental Design) is a certificate for green construction projects issued by the US Green Building Council established in 1995 in the United States. This is the initial international standard about the construction of energy-saving works and the protection of human living environment.

LOTUS is a green building certification system developed by Vietnam Green Building Council (VGBC) – an international non-profit organization and a member of the World Green Building Council (WorldGBC)



Top 5

BEST ENTERPRISES IN THE BUSINESS
ADMINISTRATION MEDIUM - CAP COMPANIES
IN 2019

Vietnam Listed Company Award 2018



2019 AWARD



On 6 January 2020: TNG was honored to receive the Certificate of Merit for many contribution in hosting “**Peak week of Tet holiday for the poor in 2020**” program under the Decision No. 3087/QĐ-TU on 06 January 2020.

November 18th, 2019: TNG was honored to receive the **Sustainable enterprises for 2019** awarded by the Vietnam Chamber of Commerce and Industry under the Decision No. 2733/QĐ-PTM date November 20th, 2019.

November 27th, 2019: Ho Chi Minh City Stock Exchange and Investment Newspaper: TNG was honored to receive “**Top 5 best enterprises in the business administration Medium - cap companies in 2019**” in Vietnam Listed Company Award 2019.

On 17 May 2019: TNG was honored to receive the Certificate of Merit for outstanding achievements during 10 years of running “**Vietnamese people prioritizes using Vietnamese goods**” campaign awarded by Chairman of Thai Nguyen Province People’s Committee under the Decision No. 1299/QĐ-UBND on 17 May 2019.

On 15 July 2019: TNG was honored to receive the Certificate of “**Enterprise for laborers**” in 2019 awarded by the Labor Confederation of Thai Nguyen province under the Decision No. 295/QĐ-LDLD on 15 July 2019.

On 13 November 2019: TNG was honored to receive **Labor Medal First Class** awarded by President of the Socialist Republic of Vietnam under the Decision No. 1980/QĐ-CTN on 13 November 2019.

On 30 December 2019: TNG was honored to receive the **Award of Merit for achievements in the entire population movements in performing fire fighting and protection in 2019** awarded by the Director of Thai Nguyen Provincial Public Security under the Decision No. 2852/QĐ-CAT-PX03 on 30 December 2019.

STRENGTHS

- ▣ Being in top 10 comprehensively typical enterprises of Vietnam garment and textile industry.
- ▣ Taking huge advantages of the entire industry; owning the international processing contracts by well-known brands such as Adidas, Nike, Zara, etc. towards directly selling to the world's leading retailers to increase profits.
- ▣ Utilizing strengths, exploiting and consolidating its position in the domestic fashion market.
- ▣ Building up the long-term partnerships with well-known brands, increasing competitiveness, expanding the export markets.
- ▣ Taking the initiative in production, building a supply chain to the customers, avoiding making an order from other places.
- ▣ Running the system of Modern factories being regularly invested, ready to meet the requirements about quantity and quality of finished products.
- ▣ Having large-scale production capacity.
- ▣ Having good relationship with the local government and residents.
- ▣ Hiring highly skilled and experienced employees.

WEAKNESS

- ▣ Goods shipped at FOB destination are handled according to FOB conversion (Supply of materials and accessories is specified by the customer)
- ▣ CMPT orders are subject to the synchronous goods, resulting in the unexpected change in production plan.
- ▣ There are some limits in the competitive capacity while the major foreign brands have owned various models, superior quality, advanced production line and the constant update on seasonal trends.
 - ▣ The role of the domestic market has not been used to expand TNG's market share while the demand on textiles and garments, ready-made clothes in Vietnam's sale market is very high and continuously increasing.

OPPORTUNITIES

- ▣ Domestic market has many potentials to expand and develop.
- ▣ The Government sets forth the mechanisms and policies to support and accelerate the textile and garment industry.
- ▣ The Company's support, information sharing as well as business opportunities from other associations and industries are very essential.
- ▣ TNG's factories are installed at the labour-intensive regions.
- ▣ The transfer of the order from China and other countries to Vietnam creates many benefits.

THREATS

- ▣ Samsung Thai Nguyen Factory project has drawn the human resources in the area.
 - ▣ Units with the same product line have competed to gain the best labour cost.
- ▣ There are the inherent challenges relating to the area and sources of raw materials.
- ▣ Movements of global and domestic textile and garment markets has changed frequently.
- ▣ Competition in the market is more and more fierce, especially from countries such as China, India, etc.
- ▣ Requirements of major markets such as EU, USA, Japan, etc. are higher and more complicated.

GOVERNANCE MODEL AND ORGANIZATIONAL STRUCTURE



GOVERNANCE MODEL

TNG is currently applying the administration model in line with point b, clause 1, article 134 of the Law on Enterprise No. 68/2014/QH13 dated November 26th, 2014 of the National Assembly of the Socialist Republic of Vietnam, including the General Meeting of Shareholders, Board of Directors and Director or General Director. In this case, at least 20% of total number of BOD members must be independent and have an internal Audit Committee under the BOD. Independent members shall monitor and control the management and administration of the Company.

In addition, the good practices shall be put in use by the Company in line with the principles of corporate governance G20/OECD, in which the BOD's specialized sub-committees include: Audit sub-committee, Development policy sub-committee, Salary and personnel sub-committee. The sub-committee on sustainable development is responsible for orienting and monitoring the operations of the executive board, making sure that the Company not only has developed its finance but also ensure the harmonization of benefits for environmental protection and compliance with social responsibility.



ORGANIZATIONAL STRUCTURE

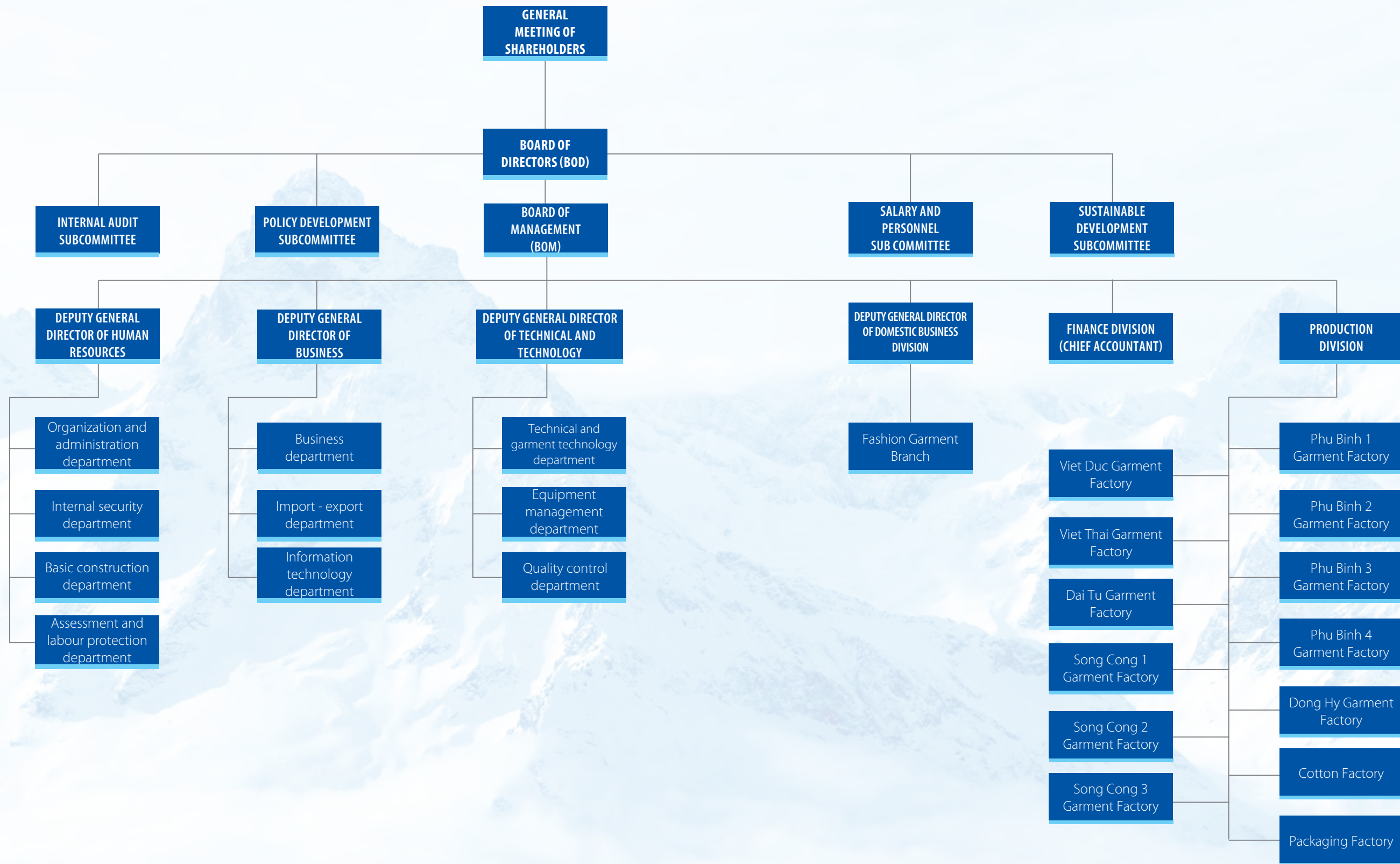
- TNG's Board of Directors consists of 09 members, 01 Chairman cum General Director; 03 independent members of the BOD.
- BOD's specialized subcommittees are: Audit sub-committee, Development policy sub-committee, Salary and personnel sub-committee and Sustainable development sub-committee.
- The Board of Management consists of 01 General Director and 03 Deputy General Directors in charge of certain fields.
- Chief accountant: 01 person.

And the production units and branches are as follows:

- Export garment unit or factories: 11 factories
- Domestic garment unit or factories: 1 factory
- Subsidiary factories: 2 factories.



ORGANIZATIONAL CHART



INFORMATION OF SHAREHOLDERS AND SHAREHOLDER STRUCTURE

INFORMATION OF SHAREHOLDERS

Market capitalization value on December 31, 2019	: 971,650,992,400 VND
Charter capital of the Company	: 652,114,760,000 VND
Face value per share	: 10,000 VND
Number of outstanding shares	: 65,211,476 share
Total number of shares	: 65,211,476 share
Number of restricted share	: 4,685,272 share
Market value of share	: 14,900 VND (closing price on December 31, 2019)
Overseas trading securities	: No

OTHER SECURITIES

Bond name	: Convertible bond of TNG Investment and Trading Joint Stock Company in 2019.
Bond type	: Convertible bonds, no collateral, no warrant.
Investor	: Asam Vietnam Corporate Bond Hedge Fund.
Form	: Private issuance.
Issuance time	: October 25 th , 2019.
Total value of bonds issued	: VND 136 billion (One hundred thirty - six billion Vietnamese dong)
Bond term	: 3 years from the issued date



CHARTER CAPITAL

VND **652,114,760,000**

LIST OF INTERNAL SHAREHOLDERS

NO.	NAME OF INDIVIDUALS/ ORGANIZATIONS	POSITION AT TNG	NUMBER OF OWNING SHARES	PERCENTAGE OF OWNING SHARES (%)
BOARD OF DIRECTOR				
1	Nguyen Van Thoi	Chairman of BOD	12,580,711	19.29%
2	Nguyen Duc Manh	Deputy Chairman of BOD cum Deputy General Director	5,002,723	7.67%
3	Nguyen Van Duc	Deputy Chairman of BOD non executive	145,989	0.22%
4	Nguyen Manh Linh	BOD member	2,622,968	4.02%
5	Do Thi Ha	BOD member	1,493,578	2.29%
6	Luong Thi Thuy Ha	BOD member	477,914	0.73%
7	Le Quang vinh	Independent member of BOD non executive	-	0.00%
8	Dinh Le Hang	Independent member of BOD non executive	-	0.00%
9	Hwan Kyoon Kim	Independent member of BOD non executive	14,400	0.02%
BOARD OF MANAGEMENT				
1	Nguyen Van Thoi	General Director		
2	Doan Thi Thu	Deputy General Director	169,928	0.26%
3	Tran Minh Hieu	Deputy General Director	59,945	0.09%
4	Luong Thi Thuy Ha	Deputy General Director	477,914	0.73%
5	Luu Duc Huy	Deputy General Director	132,120	0.20%
CHIEF ACCOUNTANT				
1	Tran Thi Thu Ha	Chief Accountant	69,296	0.11%

INFORMATION OF SHAREHOLDERS AND SHAREHOLDER STRUCTURE (continued)

LIST OF SHAREHOLDERS HOLDING FROM 5% OF SHARE CAPITAL AND ABOVE

No.	MAJOR SHAREHOLDERS	OWNERSHIP REGISTRATION NUMBER	ADDRESS	NUMBER OF HOLDING SHARES	PERCENTAGE (%)
1	Nguyen Van Thoi	090117808	Phan Dinh Phung Ward, Thai Nguyen City, Thai Nguyen Province	12,580,711	19.29%
2	Nguyen Duc Manh	013680931	Phan Dinh Phung Ward, Thai Nguyen City, Thai Nguyen Province	5,002,723	7.67%

LIST OF SHARES OWNED BY RELATED PEOPLE

No.	RELATED PERSON(S)	OWNERSHIP REGISTRATION NUMBER	RELATIONSHIP	NUMBER OF HOLDING SHARES	PERCENTAGE (%)
1	Nguyen Thi Nhuan	091928825	The sister of the BOD	217,897	0.33%
2	Nguyen Thi Mien	091902622	The sister of the BOD	242,107	0.37%
3	Nguyen Thi Mien	090688967	The sister of the BOD	81,076	0.12%
4	Nguyen Van Thoi	090784558	The brother of the BOD	566	0.00%



SHAREHOLDER STRUCTURE AND OWNERSHIP RATIO AS AT JUNE 26TH 2019

No.	SHAREHOLDERS	QUANTITY (INDIVIDUAL/ ORGANIZATION)	NUMBER OF SHARES			PERCENTAGE (%)
			ALREADY DEPOSITED	NOT YET DEPOSITED	TOTAL	
I	Domestic shareholders	4,131	48,959,490	3,053,992	52,013,482	83.67%
1	Shareholders which are organizations	28	170,638		170,638	0.27%
2	Shareholders which are individuals	4,103	48,788,852	3,053,992	51,842,844	83.39%
2.1	In which major shareholder: Nguyen Van Thoi		11,405,061	575,650	11,980,711	19.27%
2.2	In which major shareholder: Nguyen Duc Manh		3,218,370	1,579,353	4,797,723	7.72%
II	Foreign shareholders	68	10,154,516	0	10,154,516	16.33%
1	Shareholders which are Individuals	18	8,884,261		8,884,261	14.29%
2	Shareholders which are Individuals	50	1,270,255		1,270,255	2.04%
	Total	4,199	59,114,006	3,053,992	62,167,998	100%

AS AT FEBRUARY 26TH 2020

No.	SHAREHOLDERS	QUANTITY (INDIVIDUAL/ ORGANIZATION)	NUMBER OF SHARES			PERCENTAGE (%)
			ALREADY DEPOSITED	NOT YET DEPOSITED	TOTAL	
I	Domestic shareholders	4,719	51,794,755	2,714,485	54,509,240	83.59%
1	Shareholders which are organizations	29	297,651		297,651	0.46%
2	Shareholders which are individuals	4,690	51,497,104	2,714,485	54,211,589	83.13%
2.1	In which major shareholder: Nguyen Van Thoi		12,005,061	575,650	12,580,711	19.29%
2.2	In which major shareholder: Nguyen Duc Manh		3,423,370	1,579,353	5,002,723	7.67%
II	Foreign shareholders	77	10,702,236	0	10,702,236	16.41%
1	Shareholders which are Individuals	18	9,150,781		9,150,781	14.03%
2	Shareholders which are Individuals	59	1,551,455		1,551,455	2.38%
	Total	4,796	62,496,991	2,714,485	65,211,476	100%

INFORMATION OF SHAREHOLDERS AND SHAREHOLDER STRUCTURE (continued)



CHANGE OF OWNERS' INVESTMENT CAPITAL IN 2019

- Treasury stock transaction in 2019: No
- Treasury stock: 0 share

In 2019, TNG has 3 capital increases

- On 12 March 2019, State Securities Commission of Vietnam received Share issue report 2018 under Employee Stock Ownership Plan program no. 426/CV-TNG dated 07 March 2019 of TNG Investment and Trading Joint Stock Company (Stock code: TNG). Accordingly, TNG successfully issued 2,467,009 shares. Increasing the capital from VND 493 billion up to VND 518 billion.
- On 24 June 2019, State Securities Commission of Vietnam (SSC) received Share issue report for dividend payment no. 1346/CV-TNG dated 20 June 2019 of TNG Investment and Trading Joint Stock Company (Stock code: TNG). Accordingly, TNG successfully issued 10,360,809 shares. Increasing the capital from VND 518 billion up to VND 621 billion.
- On 13 December 2019, State Securities Commission of Vietnam received Bond conversion report for converting bonds into shares (1st phase) no. 2823CV/TNG dated 12 December 2019 of TNG Investment and Trading Joint Stock Company (TNG). Accordingly, TNG successfully converted 35 bonds into 3,043,478 shares. Increasing the capital from VND 621 billion up to VND 652 billion.



OWNERSHIP LIMITATION FOR FOREIGNERS

- The maximum ownership rate for the foreigners is 49%.
- As of February 26, 2019, Foreign investors' ownership rate at TNG is 18.94%.
- Pursuant to Clause 2, Article 1 of the Decree No. 60/2015/ND-CP dated June 26, 2015 by the Government stipulating the foreign ownership rate in Vietnam's stock market, the foreign ownership rate is not limited, unless otherwise stipulated in the company's Charter or under the circumstances stipulated in the Decree 60/2015/ND-CP. Currently, the Company has a number of activities in conditional business lines applied to the foreign investors without specific regulations on foreign ownership. Thus, the maximum foreign ownership rate is still 49%.
- On March 11, 2016, the Board of Directors issued the Resolution No. 03/NQ-HDQT approving the policy of raising the foreign ownership rate to 100% of charter capital and merging TNG Fashion Joint Stock Company into TNG Investment and Trading Joint Stock Company.
- Approving the policy of increasing the maximum ownership rate, the foreign investors' share ownership rate is increased to 100% of charter capital.
- After consulting the consulting units and the Head of the Securities Offering Management Department, TNG has a number of industry codes that coincide with 267 conditional business lines. TNG is waiting for the Ministry of Planning and Investment to revise conditional business lines for completion of increasing the maximum ownership rate.



TNG'S DIVIDEND PAYMENT HISTORY OVER THE YEARS

LAST REGISTRATION DATE	REASONS AND PURPOSES	EXERCISE RATIO
21/02/2020	Interim dividend in cash in the 1 st phase of 2019	Exercise ratio of 8%/share (01 share equals to VND 800)
14/06/2019	Dividend payment by share in 2018	Exercise ratio: 5:1 (the shareholder holding 05 shares will receive 01 new share)
26/06/2018	Dividend payment by share in 2017	Exercise ratio 5:1 (the shareholder holding 05 shares will receive 01 new share)
30/06/2017	Dividend payment by share in 2016	Exercise ratio 5:1 (the shareholder holding 05 shares will receive 01 new share)
16/08/2016	Dividend payment by share in the 2 nd phase of 2015	Exercise ratio 10:1 (the shareholder holding 10 shares will receive 01 new share)
11/11/2015	Interim dividend in cash in the 1 st phase of 2015	Exercise ratio 10:1 (the shareholder holding 10 shares will receive 01 new share)
12/02/2015	Dividend payment by cash in the 2 nd phase of 2014	Exercise ratio of 6%/share (01 share equals to VND 600)
18/12/2014	Dividend payment by share in the 1 st phase of 2014	Exercise ratio 10:1 (the shareholder holding 10 shares will receive 01 new share)
04/06/2014	Dividend payment by share in 2013	Exercise ratio 10:1 (the shareholder holding 10 shares will receive 01 new share)
05/04/2013	Interim dividend in cash in 2012	Exercise ratio of 10%/share (01 share equals to VND 1,000)
28/12/2011	Interim dividend in cash in the 1 st phase of 2011	Exercise ratio of 10%/share (01 share equals to VND 1,000)
07/01/2011	Interim dividend in cash in the 1 st phase of 2010	Exercise ratio of 10%/share (01 share equals to VND 1,000)
24/11/2010	Shared dividend in cash in the 2 nd phase of 2009	Exercise ratio of 6%/share (01 share equals to VND 600)
27/01/2010	Interim dividend by share in the 1 st phase of 2009	Exercise ratio 10:1 (the shareholder holding 10 shares will receive 01 new share)
06/03/2009	Dividend payment by cash in 2008	Exercise ratio of 16%/share (01 share equals to VND 1,600)
20/03/2008	Dividend payment by cash in 2007	Exercise ratio of 16%/share (01 share equals to VND 1,600)

INFORMATION OF SHAREHOLDERS AND SHAREHOLDER STRUCTURE (continued)



TNG'S HISTORY OF CAPITAL INCREASE OVER THE YEARS

DATE	NO.	CHARTER CAPITAL AFTER INCREASE (VND)	NUMBER OF OUTSTANDING SHARES	NUMBER OF INCREASING SHARES	INCREASING CAPITAL (VND)	CONTENT
18/03/2007	1 st phase	54,300,000,000	5,430,000	3,630,000	36,300,000,000	Public offering
27/01/2010	2 st phase	86,875,500,000	8,687,550	3,257,550	32,575,500,000	Interim dividend by share in the 1 st phase of 2009 at the exercise ratio: 10% (the shareholder holding 10 shares will receive 1 new share) Issuing more shares to existing shareholders at the exercise ratio of 2:1 (the shareholder holding 02 shares will have the right to purchase 1 new share)
10/12/2010	3 st phase	134,613,250,000	13,461,325	4,773,775	47,737,750,000	On 10 December 2010, Chairman of State Securities Commission of Vietnam issued the Certificate of public securities offering no. 759/UBCK-GCN to TNG Investment and Trading Joint Stock Company for 4,773,775 shares at face value of VND 10.000/share, including: 4,343,775 shares offered to existing shareholders; 430,000 shares offered to managers of the Company.
12/06/2014	4 st phase	148,074,150,000	14,807,415	1,346,090	13,460,900,000	On 12 June 2014, State Securities Commission of Vietnam (SSC) received the results of share issuance for dividend payment under Share issue report no. 541/TNG-BC dated 11 June 2014 of TNG Investment and Trading Joint Stock Company. Accordingly, TNG Investment and Trading Joint Stock Company successfully issued 1,346,090 stocks, accounting for 99.996% of total authorized stocks.
26/12/2014	5 st phase	162,879,460,000	16,287,946	1,480,531	14,805,310,000	On 26 December 2014, State Securities Commission of Vietnam (SSC) received the results of share issuance for dividend payment (under Share issue report no. 800/TNG-BC dated 23 December 2014) of TNG Investment and Trading Joint Stock Company. Accordingly, TNG Investment and Trading Joint Stock Company successfully issued 1,480,531 stocks (accounting for 99.98% of total authorized stocks).
09/02/2015	6 st phase	219,425,690,000	21,942,569	5,654,623	56,546,230,000	On 09 February 2015: Issue Employee Stock Ownership Plan ("ESOP") shares for employees: 718,813 stocks On 09 February 2015: Issue shares to existing shareholders with the number of: 4,935,819 stocks.
20/11/2015	7 st phase	241,364,850,000	24,136,485	2,193,916	21,939,160,000	On 20 November 2015, State Securities Commission of Vietnam received the Share issue report for interim dividend 2015 (under Share issue report no. 1703/TNG-BC dated 16 November 2015) of TNG Investment and Trading Joint Stock Company. Accordingly, TNG Investment and Trading Joint Stock Company successfully issued 2,193,916 stocks (accounting for 99.98% of total authorized shares).
15/01/2016	8 st phase	296,221,270,000	29,622,127	5,485,642	54,856,420,000	On 15 January 2016, State Securities Commission of Vietnam received the results of public offering (under Share issue report dated 07 January 2016) of TNG Investment and Trading Joint Stock Company. Accordingly, TNG Investment and Trading Joint Stock Company successfully issued 5,485,642 stocks (accounting for 100% of total authorized shares).

INFORMATION OF SHAREHOLDERS AND SHAREHOLDER STRUCTURE (continued)



TNG'S HISTORY OF CAPITAL INCREASE OVER THE YEARS (continued)

DATE	NO.	CHARTER CAPITAL AFTER INCREASE (VND)	NUMBER OF OUTSTANDING SHARES	NUMBER OF INCREASING SHARES	INCREASING CAPITAL (VND)	CONTENT
06/09/2016	9 st phase	342,649,780,000	34,264,978	4,642,851	46,428,510,000	On 06 September 2016, State Securities Commission of Vietnam received Share issue report for dividend payment no. 9051-TNG dated 05 September 2016, Share issue report under Employee Stock Ownership Plan program no. 826A-TNG dated 26 August 2016, Share issue report for exchange with TNG Fashion Joint Stock Company no. 9052-TNG dated 05 September 2016 of TNG Investment and Trading Joint Stock Company. Thereby, the issuance result of the Company is shown as follows: Number of shares for dividend payment to existing shareholders: 2,961,745 shares. Number of shares issued under Employee Stock Ownership Plan program: 1,481,106 shares. Number of shares issued to exchange with TNG Fashion Joint Stock Company: 200,000 shares.
12/07/2017	10 st phase	411,172,910,000	41,117,291	6,852,313	68,523,130,000	On 12 July 2017, State Securities Commission of Vietnam (SSC) received share issue report for dividend payment 2016 No. 1607/TNG-CBTT dated 10 July 2017 of TNG Investment and Trading Joint Stock Company (Stock code: TNG). Accordingly, TNG Investment and Trading Joint Stock Company successfully issued 6,852,313 shares.
03/07/2018	11 st phase	493,401,800,000	49,340,180	8,222,889	82,228,890,000	On 03 th July 2017, State Securities Commission of Vietnam (SSC) received share issue report for dividend payment in 2016 no. 1462/CV-TNG dated 2 nd July 2018 of TNG Investment and Trading Joint Stock Company (Stock code: TNG). Accordingly, TNG successfully issued 8,222,889 shares.
12/03/2019	12 st phase	518,071,890,000	51,807,189	2,467,009	24,670,090,000	On 12 March 2019, State Securities Commission of Vietnam received Share issue report 2018 under Employee Stock Ownership Plan program no. 426/CV-TNG dated 07 March 2019 of TNG Investment and Trading Joint Stock Company (Stock code: TNG). Accordingly, TNG successfully issued 2,467,009 shares
24/06/2019	13 st phase	621,679,980,000	62,167,998	10,360,809	103,608,090,000	On 24 June 2019, State Securities Commission of Vietnam (SSC) received share issue report for dividend payment no. 1346/CV-TNG dated 20 June 2019 of TNG Investment and Trading Joint Stock Company (Stock code: TNG). Accordingly, TNG successfully issued 10,360,809 shares.
13/12/2019	14 st phase	652,114,760,000	65,211,476	3,043,478	30,434,780,000	On 13 December 2019, State Securities Commission of Vietnam received bond conversion report for converting bonds into shares (1 st phase) no. 2823CV/TNG dated 12 December 2019 of TNG Investment and Trading Joint Stock Company (TNG). Accordingly, TNG successfully converted 35 bonds into 3,043,478 shares.

ORGANIZATION AND HUMAN RESOURCES

POLICY FOR HUMAN RESOURCES

As a textile company with 15,760 employees, TNG has built up a very specific personnel and salary policy in the "Policy for human resources"; accordingly: "Employees working at TNG are fully entitled to all regimes/benefits according to the provisions of the Labour Code, the Law on Health Insurance, Unemployment Insurance and regulations of the State related to the regimes and benefits of employees". The salary, allowance and bonus policies are clearly defined, specifically:



Policies for salary, bonuses and allowances

"EMPLOYEES WORKING AT TNG ARE FULLY ENTITLED TO ALL REGIMES/BENEFITS ACCORDING TO THE PROVISIONS OF THE LABOUR CODE, THE LAW ON HEALTH INSURANCE, UNEMPLOYMENT INSURANCE AND REGULATIONS OF THE STATE RELATED TO THE REGIMES AND BENEFITS OF EMPLOYEES". THE SALARY, ALLOWANCE AND BONUS POLICIES ARE CLEARLY DEFINED, SPECIFICALLY:



15,670
employees



3,883
employees are males



11,787
employees are female

SALARY, BONUSES AND ALLOWANCES

Salary: Subject to job title, salary is calculated according to the coefficient multiplied by the minimum salary. (The minimum salary applied to employees in TNG increases by 13% compared to the regulation of the State). Product-based salaries: Calculated by unit price multiplied by the quantity of product. Wage over time under the regime: Pay for holidays, leaves, study, paid private leave, leave due to labour accidents, periodical health check and labour regime for women.

Allowances: Allowance for raising the under-6-year child, responsibility allowance, attendance, shift meal allowance.

Bonuses (based on the Company's regulation on emulation and reward): Monthly rewards, emulation achievements, 13th-month salary, performance bonus for month accumulation, Lunar New Year and division of annual remainder of salary. Besides, the working time as well as the regime for leave, public holidays are



complied with the provisions of the law. Working at TNG, employees will have promotion opportunities and be appointed to managerial positions according to personal capacity. The Company also encourages and offer the grants for employees to learn and improve professional skills in the domestic and foreign environment.

PERSONAL BENEFITS

- Having 100% body insurance per year
- Having the domestic and foreign travels.
- Having collective buildings for employees at preferential prices.
- Giving the scholarships to the students who want to work at TNG after graduation, families in difficult circumstances.
- Supporting the construction of gratitude houses for employees with special difficulties.
- Equipping with vehicles (with free parking lots) and kindergartens within the collective buildings for the employees' children.
- Giving VND 300,000/birth to female employees.
- Having the maternity regime for fathers: If employees are male, but both husband and wife are TNG's employees, when the wife gives birth, the husband is given paid leave to take care of his wife and children. The duration is 5 days for spontaneous delivery, 07 days for caesarean birth and is paid 100% of the salary.
- Constructing and developing the green areas within the Company campus to create a green and clean environment.
- Organizing the annual training courses for employees to improve their skills; training on occupational safety and occupational health as well as fire protection and fighting, ensuring absolute safety during production and operation.



ORGANIZATION AND HUMAN RESOURCES (continued)

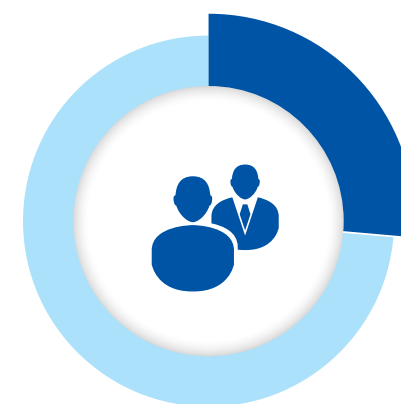
ORGANIZATION AND HUMAN RESOURCES STRUCTURE

Total of employees: 15,670 (as at December 31st, 2019)



STRUCTURE BY GARMENT FACTORY

Viet Duc	1,592	10.16%	Phu Binh 2	1,138	7.26%
Viet Thai	1,204	7.68%	Phu Binh 3	1,116	7.12%
Dai Tu	2,230	14.23%	Phu Binh 4	1,138	7.26%
Song Cong 1	1,084	6.92%	Dong Hy	601	3.83%
Song Cong 2	1,926	12.29%	TNG offices	128	0.82%
Song Cong 3	1,770	11.30%	TNG Fashion Center TNGF	627	4.00%
Phu Binh 1	1,116	7.12%			



STRUCTURE BY GENDER

Male	3,883	26.44%
Female	11,787	73.56%



STRUCTURE BY AGE

18 to 20	1,363	8.70%
21 to 25	3,579	22.84%
26 to 35	7,489	47.79%
36 to 45	2,860	18.25%
Above 45	379	2.42%



STRUCTURE BY TERM OF LABOR CONTRACT

Short-term contract - less than 1 year	1,967	12.55%
Fixed-term contract - from 1 years to 3 years	7,878	50.28%
Indefinite contract	5,825	37.17%



STRUCTURE BY QUANLIFICATION

Postgraduate	53	0.34%
University	2,178	13.90%
College	1,739	11.10%
Vocational employees	11,700	74.66%



STRUCTURE BY MANAGEMENT LEVEL

Senior manager	18	0.11%
Intermediate managers	50	0.32%
Branch-level management	116	0.74%
Specialist	15,486	98.83%



STRUCTURE BY FUNTION DIVISION

Business	140	0.89%
Production	14,584	93.07%
Production Support	946	6.04%

ORGANIZATION AND HUMAN RESOURCES (continued)

WORK FOR PERSONNEL

- Appoint Mr. Luu Duc Huy to hold the position of Deputy General Director since January 11th, 2019.
- Appoint Mrs. Luong Thi Thuy Ha to hold the position of Head of Internal Audit Subcommittee since April 2nd, 2019.
- Appoint Mrs. Luong Thi Thuy Ha to hold the position of BOD member since April 21st, 2019.
- Appoint Mrs. Dinh Thi Hang to hold the position of BOD member since April 21st, 2019.
- Appoint Mr. Nguyen Manh Linh to hold the position of BOD member since April 21st, 2019.
- Appoint Mr. Hwan Kyoon Kim to hold the position of BOD member since April 21st, 2019.
- Discharge Mrs. Ha Thi Tuyet from the position of BOD member since April 21st, 2019.
- Discharge Mr. Rusdy Pranata from the position of BOD member since April 21st, 2019.

TRAINING

It is said that education and training is the most solid path leading to success. A healthy economy consists of strong enterprises. A strong enterprise must have a skilled workforce. And to do that, education and training are the key, orienting the Enterprises to follow.

TNG has imbrued this thought. "Education and training" is considered as the key for human and enterprise development because only education and training can meet the changes and advancement of Technology, especially in the 4.0 industrial revolution, the increasing standards of our partners as well as bring the Company closer to International standards.

TRAINING FORMS

- Orientation training
- Periodic training
- Vocational training
- Development training
- Resource training
- Thematic training
- OSH training



Moreover, there were seminars, talkshows in related fields. The Company shall pay all expenses for training classes. Employees were not only trained for free but also entitled to salary for the training and coaching time. Total expenses for training, coaching, propaganda training: VND 8,5 billion.

Detailed figures are as follows:

ORGANIZATIONS/ INDIVIDUALS	NUMBER OF CLASSES	NUMBER OF PARTICIPANTS
Orientation training	190	9,810
Periodic training	16	16,722
Vocational training	39	1,915
DEVELOPMENT TRAINING		
Line design training	1	16
Leadership training	2	89
QA, QC training	1	14
Lab staff training	1	11
Internal auditor training	2	9
OSH TRAINING		
Training on fire prevention and fighting and rescue	9	705
OSH training group 1	2	174
OSH training group 2	1	33
OSH training group 3	3	116
OSH training group 4	16	14,061
OSH training group 6		359
Training on risk assessment, Occupational safety and fire prevention	1	33
SKILL TRAINING		
Training on prevention of sexual harassment and abuse	2	334
Propaganda about gynaecological diseases and prevention methods	16	13,378
Planning skill training	1	33

Evaluation on effectiveness of the training courses is an important step after each training program. This helps the Enterprises to comprehensively assess the appropriateness of the Training contents, Lecturers, Training programs, and the grasp of knowledge of trainees after being trained and applied in practical production.

In addition, the Company also issued a tuition support policy for the employees' children studying at Textile and Garment schools at the support level of 100% during the study time and job creation after graduation. This was not only an education support policy for career orientation, sharing of financial burdens, but also a policy of early training human resources, helping to create a future workforce in order to meet TNG's development plans and strategies

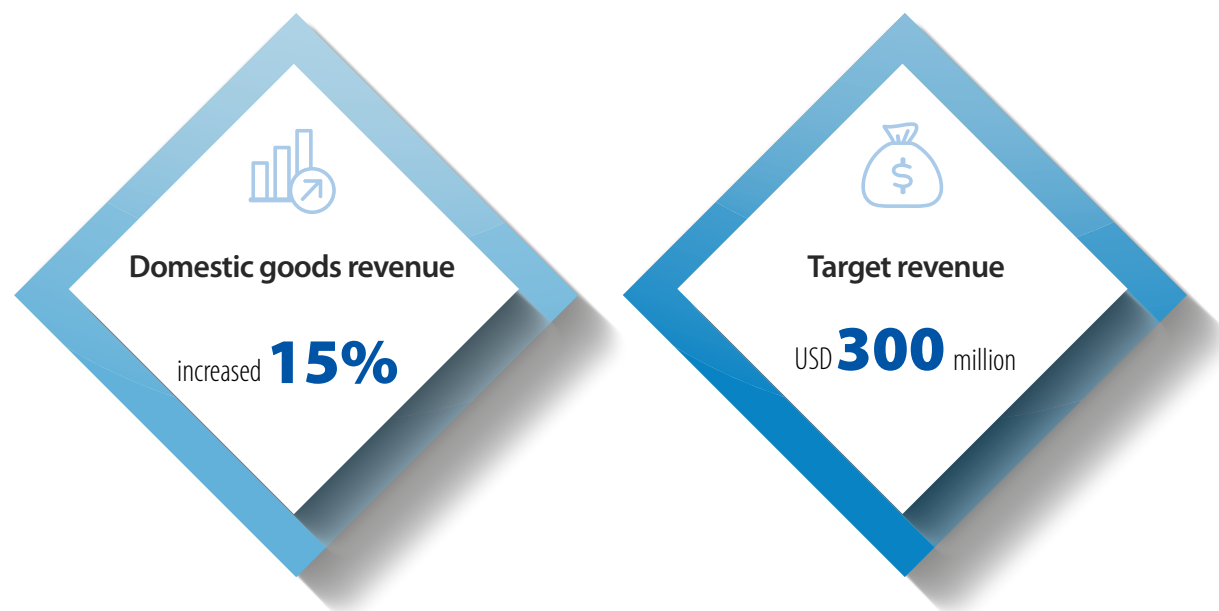
IN 2019, GARMENT INDUSTRY IS QUITE QUIET, HOWEVER, TNG HAS STILL OBTAINED MANY ACHIEVEMENTS IN PRODUCTION AND BUSINESS, HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT, ETC. IN 2019, TNG HAS BEEN CONSTRUCTING TWO FACTORIES: DONG HY AND VO NHAI TO MEET THE DEMANDS OF EXPANDING PRODUCTION SCALE IN THE NEXT PERIOD.

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REPORT ON BUSINESS ACTIVITIES



PERIOD OF 2020 - 2025

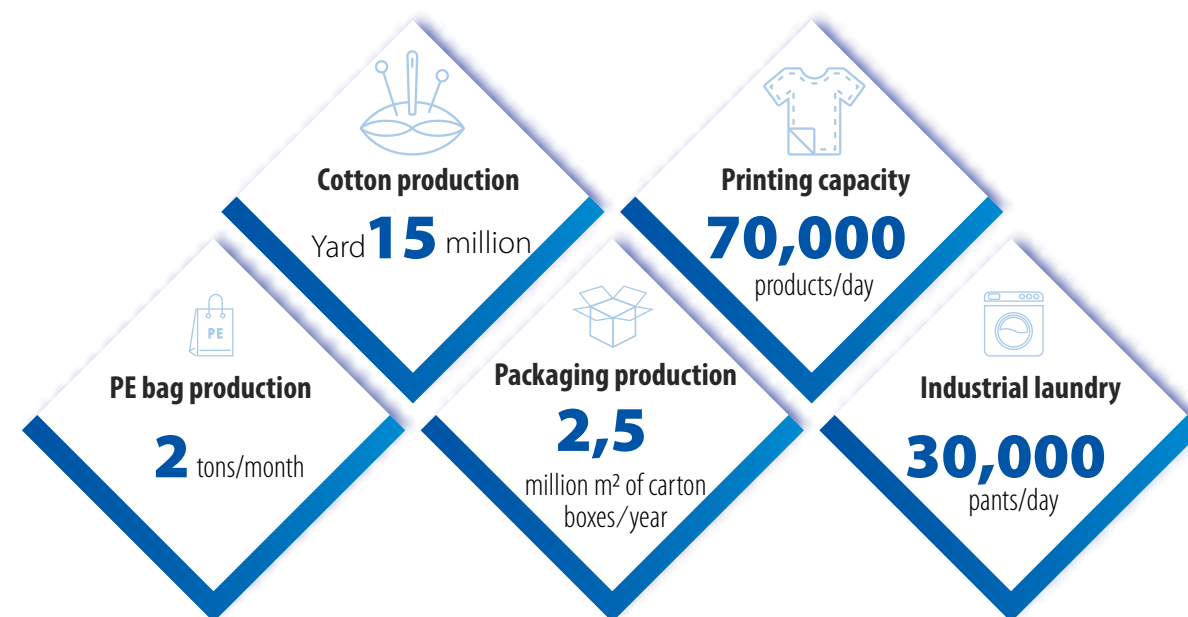


The general development strategy in the period of 2020 - 2025

- Develop, seek new production and business sectors; garment still keeps the leading role to directly serve its internal activities including laundry, packaging, printing, embroidery and then real estate, etc.
- Define the export market as a main target. Moreover, revenue from domestic goods will gradually increase to 10-15% by the end of 2019.
- Strengthen and promote the relationships with new customers, expand the market and avoid being depended.
- Develop the business activities continuously in both intensive and extensive ways, maximize the design capacity to increase labour productivity.
- Add and innovate new machines and technology regularly to serve production.
- Concentrate on the production capacity of textiles and garments: Grasp the opportunities arising from the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTTP) and the EU-Vietnam Free Trade Agreement (VN-EU FTA).
- Prioritize the sustainable development goals: Being Public and Transparent; improving and investing in the construction of advanced production plants, reducing the emissions into the environment and accelerating the revenue and profit growth; improving the welfare of the employees, accompanying with local and community development; prioritizing the implementation of green factory projects.

YEAR 2021

YEAR 2025



The following are the details in each year:

Year 2020 - 2021

- In 2019, invest in the stage 1 of TNG Dong Hy Garment Factory with 16 production lines. In 2020, further invest in the stage 2 with 20 specialized production lines.
- In 2020, invest in the stage 1 of TNG Vo Nhai Garment Factory with 18 production lines. In 2021, further invest in the stage 2 with 18 production lines.
- In 2020, TNG has invested in Auxiliary factory with 02 cotton production lines; its capacity is 15 million yards/year (1 yard = 0.9144 m); Printing: 64 lines with the capacity of 70,000 products/day; Packaging production: 2.5 million m² of carton boxes/year, 2 tons of PE bags/month; Industrial laundry: 7,000 jackets/day or 30,000 pants/day.
- Prepare to invest and move Viet Duc Garment Factory and Viet Thai Garment Factory to Son Cam Industrial Cluster.
- Prepare and invest in 70-ha Son Cam industrial cluster and the 20-ha area of resettlement and commercial houses in Son Cam Commune, Thai Nguyen City.

Year 2021 - 2025

- Further invest and operate 70-ha Son Cam industrial cluster and the 20-ha area of resettlement and commercial houses in Son Cam Commune, Thai Nguyen City

- Complete TNG Viet Duc Garment Factories and TNG Viet Thai Garment Factories in Son Cam industrial zone.
- Invest and trade in real estate within Viet Duc and Viet Thai land plot.
- Improve the business administration by ERP technology.
- Invest in renovating all of the TNG factories according to the standards for green factory and sustainable business development.
- Invest in the application of new technologies to the business activities in order to improve investment performance.
- Continuously open the stores in which TNG fashion products are sold at all provinces/cities throughout the country and towards the export activities.
- Continuously research and apply new technologies to: Smart warehouse management, ERP software to manage the productivity of production line, performance of all machinery and equipment; utilization of the up-to-date machines in production such as automatic fabric cutting machine, programming machine, cotton stitching, sewing zipper, automatic cutting, etc.
- Specifically aim at reaching the revenue of USD 300 million and profit after tax of about USD 25 million in the next 5 years.

ORIENTATION DEVELOPMENT (continued)

THE FOLLOWING ARE THE OBJECTIVES AND SOLUTIONS FOR EACH CRITICAL ISSUE GIVEN BY TNG

Issues	Objectives	Solutions
Growth	<ul style="list-style-type: none"> ▫ Average growth of net revenue > 20% per year ▫ Effectively improve and ensure financial indicators: ROE > 20%; ROA > 10% ▫ Focus on developing the core business lines. 	<ul style="list-style-type: none"> ▫ Focus on developing the core business line: Garments ▫ Develop the internal auditing system of the Company ▫ Strengthen the function of capital and investment management ▫ Build the relationships with customers, maintain good quality
Market	<ul style="list-style-type: none"> ▫ Expand export markets, increase market share in emerging markets ▫ Expand the domestic market, set up sales channels across the country 	<ul style="list-style-type: none"> ▫ Organize market research, directly work with foreign customers. ▫ Evaluate overseas suppliers ▫ Set up 20 more sales channels per year on the domestic market
Governance	<ul style="list-style-type: none"> ▫ Gradually complete administration model to approach the world good practices 	<ul style="list-style-type: none"> ▫ Study, research the administration method of Thailand, USA, etc. ▫ Build an administration model towards good internal control

Issues	Objectives	Solutions
Environment	<ul style="list-style-type: none"> ▫ Towards a green, environment-friendly TNG ▫ Minimize adverse impacts on the environment and pollution ▫ Build the Leed-certified factories (Leed Leadership in Energy& Environmental Design), a certificate for green buildings issued by the US Green Building Council 	<ul style="list-style-type: none"> ▫ Invest in the construction of the best wastewater treatment projects for the factories ▫ Carry out training and improving the employee awareness ▫ Organize the day for the environment every year
Community and society	<ul style="list-style-type: none"> ▫ Accompany with the development of local economy ▫ Complete the corporate responsibility for the local environment in production ▫ Ensure transparency in information disclosure and business activities 	<ul style="list-style-type: none"> ▫ Bring charity programs to the community ▫ Engage in economic development activities together with local people ▫ Implement anti-corruption and anti-bribery policies in order to clarify information and build trust in the investors
Employee	<ul style="list-style-type: none"> ▫ Maintain health check-ups, living conditions for employees ▫ Implement and improve the policies on occupational safety and health 	<ul style="list-style-type: none"> ▫ Build up the policies on occupational safety and health ▫ Invest in safe and modern machinery and equipment to ensure the health of employees ▫ Carry out a periodic assessment on the working environment, ensure a clean and green workplace

SITUATION OF PROJECT INVESTMENT AND IMPLEMENTATION



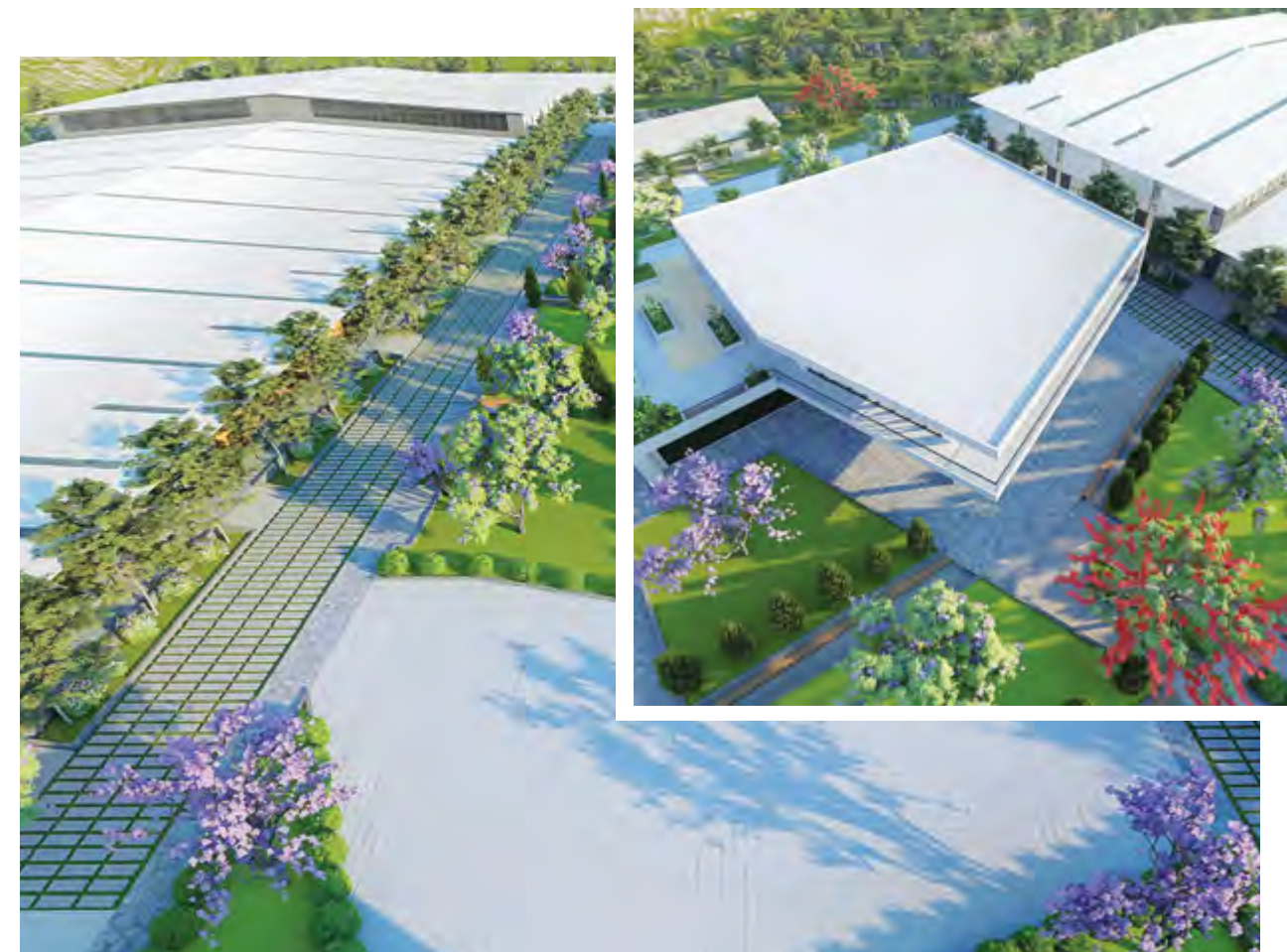
PROJECT OF TNG DONG HY GARMENT FACTORY

Project name	: Investment and construction of TNG Dong Hy Garment Factory
Investor	: TNG Investment and Trading Joint Stock Company
Investment form	: 100% investment capital of domestic enterprise
Objective	: To invest in building a garment factory in order to enhance the ability of producing products, increasing the competitiveness of the Company in the market under the socio-economic development strategy of Dong Hy district, Thai Nguyen province.
Project scale	: Investment and construction of a garment factory with about 30 sewing lines on a total area of about 4.58ha in Ngoi Cheo village, Nam Hoa commune, Dong Hy district.
Location	: Ngoi Cheo Hamlet, Nam Hoa Commune, Dong Hy District, Thai Nguyen Province.
Used land area	: 4.58ha.
Total investment capital	: VND 250 billion.
Time and progress of project	<ul style="list-style-type: none"> □ Quarter III/2018 to Quarter IV/2018: Preparing. □ Quarter I/2019 to Quarter III/2019: Constructing and putting the factory into operation.

PROJECT OF TNG VO NHAI FACTORY

The factory is built towards green factory standards

Project name	: Investment and construction of TNG Vo Nhai Garment Factory.
Investor	: TNG Investment and Trading Joint Stock Company.
Investment form	: 100% investment capital of domestic enterprise
Objective	: To increase the competitiveness of the Company in the market and in line with the socio-economic development strategy of Thai Nguyen province as well as Vo Nhai district
Project scale	: 32 sewing lines, capacity of 6 million products/year.
Location	: Lot CN1, Cay Bong Industrial Complex, La Hien Commune, Vo Nhai District, Thai Nguyen Province
Used area	: 10 ha.
Total investment capital	: VND 290 billion.
Time and progress of project	<ul style="list-style-type: none"> □ From Quarter II/2018: Completing the procedures for investment preparation. □ From Quarter III/2018 to Quarter I/2019: Constructing items and putting the factory into operation.



SITUATION OF PROJECT INVESTMENT AND IMPLEMENTATION (continued)



PROJECT OF SON CAM INDUSTRIAL CLUSTER

Project name	: Son Cam Industrial Cluster, Son Cam Commune, Thai Nguyen City, Thai Nguyen province.
Investor	: TNG Investment and Trading Joint Stock Company.
Location	: Son Cam Commune, Thai Nguyen City, Thai Nguyen province, bordering on National Highway 3 bypass.
Used area	: 70.53 ha.
Characteristics of production and business lines in the industrial cluster	: Attracting enterprises to produce supporting industries (mechanical and metal manufacture, casting, electronic components, etc.), packaging production, textile, pharmaceutical production, mineral processing, construction material production, etc.
Total estimated investment capital:	: VND 500 billion.
Project progress	: <ul style="list-style-type: none"> □ From Quarter II/2017 to Quarter II/ 2018: Completing the procedures for investment preparation; □ From Quarter III/2018 to Quarter II/ 2019: Implementing the first phase with an area of 17.99 ha. □ From Quarter III/2019 to Quarter I/2023: Investing in the remaining items of the project.



TNG VILLAGE COMMERCIAL HOUSING PROJECT

TNG VILLAGE COMMERCIAL HOUSING AREA.

Area	: 2841 m ² , structure: 1 basement, 17 storeys, 1 roof floor, construction area of about 1,117 m ² .
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LOW-RISE COMMERCIAL HOUSING

Area	: 848 m ² .
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Total investment capital	: VND 170 billion.
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The project is adapted from the TNG Social Housing Project due to changing in investment objectives.

Project progress:	: Completed and ongoing sales since October 2019.
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TNG SONG CONG AUXILIARY FACTORY PROJECT

Project name	: TNG Song Cong Auxiliary Factory
Investor	: TNG Investment and Trading Joint Stock Company
Investment form	: 100% investment capital of domestic enterprise
Location	: Zone B, Song Cong Industrial Zone, Song Cong City, Thai Nguyen Province
Used area	: 26,400 m ² .
Total investment capital	: VND 274 billion.
Purposed	: <ul style="list-style-type: none"> □ Manufacture of cotton and other related products. □ Manufacture of packaging and other related items. □ Laundry factory and other related activities. □ Printing factory and other related activities.

BOARD OF DIRECTORS



Mr. NGUYEN VAN THOI
Chairman cum General Director

Year of birth: 1958
Nationality: Vietnam
Appointment time: 2003

Qualifications

- Mechanical and Electrical Engineering, Bachelor of Economics, Political Science
- Having more than 20 years of experience as CEO and more than 13 years of experience as Chairman of the BOD.

Working experience

- **1982 – 1992:** Leader of Materials Team of Bac Thai electric construction joint stock company
- **1993:** Deputy Director of Bac Thai Garment Factory
- **1993 – 2002:** Director of Thai Nguyen Garment Company
- **2003 – current:** Chairman of the Board of Directors cum General Directors of TNG

Other

- Chairman of Thai Nguyen Business Association
- Deputy Chairman of Thai Nguyen City Business Association

Typical achievement

- Typical entrepreneur award
- Labor Medal Third Class 2007

Responsibility

- Determine business development plans and annual budgets.
- Identify operational objectives based on strategic objectives approved by the General Meeting of Shareholders.
- Decide the organizational structure and internal administration regulations of the Company.



Mr. NGUYEN DUC MANH
Deputy Chairman of BOD

Year of birth: 1983
Nationality: Vietnam
Appointment time: 2017

Qualifications

- Bachelor of IT – USA; Bachelor of foreign languages: Shanghai, China
- Business management experience at TNG since 2007

Working experience

- **1995:** He works at Thai Nguyen Garment Company
- **2010 – 2011:** Head of Business department of TNG Investment and Trading Joint Stock Company
- **2011 – current:** Deputy Chairman of BOD, Deputy General Director of TNG

Other: General Director of TNG Fashion Branch

Responsibility

- Supervise TNG branded goods in the domestic market.
- On behalf of TNG to work with the well-known corporations, brands of the United States, EU and Japan.



Mr. NGUYEN VAN DUC
Deputy Chairman of BOD

Year of birth: 1977
Nationality: Vietnam
Appointment time: 2017

Qualifications

- Master of Business Administration, Bachelor of Accounting, Bachelor of Foreign Languages
- 20 years of experience in the management of textile and garment sector

Working experience

- **1999 – 2007:** Officer - Thai Nguyen garment joint stock company
- **2008 – 2016:** Chief of BOS of TNG
- **2017- current:** Deputy Chairman of BOD

Responsibility

- Propose to select an independent auditing company, audit fees and all activities related to the withdrawal or dismissal of the independent auditing company.
- Check annual, six-month and quarterly financial statements before submitting to the BOD
- Review management letter of independent auditors and feedback of the Company's management board



Ms. LUONG THI THUY HA
BOD member

Deputy General Director of Human Resources
Head of Internal Audit Subcommittee

Year of birth: 1969
Nationality: Vietnam
Appointment time: 2016

Qualifications

- Bachelor of accountancy

Working experience

- **1992-2012:** Officials of TNG Investment and Trading Joint Stock Company
- **2013 – 4/2016:** Chief accountant of TNG
- **04/2016 – 2017:** Member of the Board of Directors, Chief accountant of TNG
- **2018:** Deputy General Director of Human Resources

Responsibility

- Check and supervise emulation, reward and discipline, personnel organization, labour safety, fire protection and fighting, basic construction projects.

BOARD OF DIRECTORS (continued)



Ms. DO THI HA
BOD member

Year of birth: 1960
Nationality: Vietnam
Appointment time: 2017

Qualifications

- Bachelor of education, Bachelor of finance and accounting.

Working experience

- **2017 – current:** Member of the BOD of TNG Investment and Trading Joint Stock Company

Responsibility

- Negotiate, check and supervise the purchases and sales.



Mr. HWAN KYOON KIM
Non executive independent member of BOD

Year of birth: 1961
Nationality: Korea
Appointment time: 2019

Qualifications: B.A., Economics, Sogang University in Korea

Working experience

- **1986 – 1994:** Fixed-income product development and fund management - Tong Yang Securities, Korea
- **1994 – 1996:** Institutional sales and client development - Tong Yang Securities, New York
- **1996 – current:** CEO – Asam Asset Management
- **2004 – current:** JSP Advisers/ASAM Plus Investment Advisory CEO in Thailand



MR. LE QUANG VINH
Independent member of BOD

Year of birth: 1969
Nationality: Vietnam
Appointment time: 2017

Qualifications

- Bachelor of Law, Lawyer
- Law practice certificate

Working experience

- **1995 – 2010:** Director of An Vinh Trading Company Limited
- **2011 – current:** Director of Tich Thien Limited Law Company, Chairman of the BOD of Hai Au Tourism Development Joint Stock Company
- **2017 – current:** BOD member of TNG

Responsibility

- Legally control, follow the Law on Securities, the Law on Investment, the Law on Enterprise
- Monitor the issuance of TNG shares and bonds
- Analyze TNG stocks, orient the time of issuance to get the achievements



Mr. NGUYEN MANH LINH
Member of BOD

Year of birth: 1987
Nationality: Vietnam
Appointment time: 2019

Qualifications

- Bachelor of Science - Fashion Institute of Technology, New York, NY
- Bachelor of Science, International Business - Pacific University, Forest Grove, Oregon

Working experience

- **2010 – 2011:** Assistant Production Manager - Amerex Group LLC, New York, NY
- **2011 – 2012:** Assistant Production Manager - Kenneth Cole Production, New York, NY
- **2013 – current:** Head of TNG's Representative Office in New York.
- **2019 – current:** BOD member of BOD



Ms. DINH LE HANG
Non executive independent member of BOD

Year of birth: 1973
Nationality: Vietnam
Appointment time: 2019

Qualifications

- Master of Accounting - Swinburne University of Technology, CPA Australia, CPA Vietnam

Working experience

- **1995 – 2013:** In charge of Accounting Department, consultants, manager of Hanoi International Technology Centre, Ernst & Young Vietnam, HSBC Vietnam; in charge of financial control of Vina Capital and Standard Chartered Bank Indochina.
- **2013 – 2016:** Senior Finance Officer – Ensign Group
- 2016 -2018 : Senior Consultant – CGS Co.,Ltd
- **2018 – current:** Deputy Chief Executive Officer cum CFO at Vinsmart Research And Manufacture JSC.

BOAR OF MANAGEMENT



Mr. NGUYEN VAN THOI
Chairman cum General Director

Year of birth: 1958
Nationality: Vietnam
Appointment time: 2003

Qualifications

- Mechanical and Electrical Engineering, Bachelor of Economics, Political Science
- Having more than 20 years of experience as CEO and more than 14 years of experience as Chairman of the BOD.

Working experience

- **1982 – 1992:** Leader of Materials Team of Bac Thai electric construction joint stock company
- **1993:** Deputy Director of Bac Thai Garment Factory
- **1993 – 2002:** Director of Thai Nguyen Garment Company
- **2003 – current:** Chairman of the Board of Directors cum General Directors of TNG

Other

- Chairman of Thai Nguyen Business Association
- Deputy Chairman of Thai Nguyen City Business Association

Typical achievement

- Typical entrepreneur award
- Labor Medal Third Class 2007

Responsibility

- Determine business development plans and annual budgets.
- Identify operational objectives based on strategic objectives approved by the General Meeting of Shareholders.
- Decide the organizational structure and internal administration regulations of the Company.



Mr. TRAN MINH HIEU
Deputy General Director of Business

Year of birth: 1979
Nationality: Vietnam

Qualifications

- MBA
- Bachelor of Economics
- Nearly 20 years of experience in management of textile and garment trading

Working experience

- **2009 – 2011:** Head of Material Planning Department of Viet Thai Branch under TNG Investment and Trading Joint Stock Company
- **2011-2013:** Director of Business of TNG Trading and Investment Joint Stock Company
- **2013 – 2017:** Assistant to the General Director of TNG Investment and Trading Joint Stock Company
- **2017 – current:** Deputy General Directors of TNG

Responsibility

- Supervise the trading in export and import goods
- Bring revenue and profit of TNG to higher levels



Ms. DOAN THI THU
Deputy General Director of Technical and Technology

Year of birth: 1972
Nationality: Vietnam
Appointment time: 2017

Qualifications

- Master of Business Administration, clothing engineer

Working experience

- **1994-1997:** Former officer of Bac Thai Garment Enterprise
- **1998-2002:** Former officer of Thai Nguyen Garment Company
- **2003-2007:** Officer of Thai Nguyen Export Garment Joint Stock Company
- **2007-2011:** Director of Viet Duc Garment Factory
- **2011-2014:** Deputy General Directors of TNG
- **2015-2016:** Director of Viet Duc Garment Factory
- **2017- current:** Deputy General Directors of TNG

Responsibility

- Supervise and operate technical and quality activities



Ms. LUONG THI THUY HA
BOD member
Deputy General Director of Human Resources
Head of Internal Audit Subcommittee

Year of birth: 1969
Nationality: Vietnam
Appointment time: 2016

Qualifications

- Bachelor of accountancy

Working experience

- **1992-2012:** Officials of TNG Investment and Trading Joint Stock Company
- **2013 – 4/2016:** Chief accountant of TNG
- **04/2016 – 2017:** Member of the Board of Directors, Chief accountant of TNG
- **2018:** Deputy General Director of Human Resources

Responsibility

- Check and supervise emulation, reward and discipline, personnel organization, labour safety, fire protection and fighting, basic construction projects.

BOAR OF MANAGEMENT (continued)



Mr. NGUYEN DUC MANH

Deputy Chairman of BOD

Year of birth: 1983

Nationality: Vietnam

Appointment time : 2017

Qualifications

- Bachelor of IT – USA; Bachelor of foreign languages: Shanghai, China
- Business management experience at TNG since 2007

Working experience

- **1995:** He works at Thai Nguyen Garment Company
- **2010 – 2011:** Head of Business department of TNG Investment and Trading Joint Stock Company
- **2011 – current:** Deputy Chairman of BOD, Deputy General Director of TNG

Other: General Director of TNG Fashion Branch

Responsibility

- Supervise TNG branded goods in the domestic market.
- On behalf of TNG to work with the well-known corporations, brands of the United States, EU and Japan.



Mr. LUU DUC HUY

Deputy General Direction of manufacturing

Year of birth: 1970

Nationality: Vietnam

Appointment time: 2019

Qualifications

- Bachelor of Business Administration

Working experience

- **1997 - 1998:** Deputy Manager of M&E Workshop - Thai Nguyen Garment Company
- **1998 -2003:** Deputy Planning Manager - Thai Nguyen Export Garment JSC
- **2007 - 2010 :** Director Of Washing Factory - TNG
- **2010 - 2014:** Director of Viet Duc Garment Factory - TNG
- **2015:** Director of Viet Thai Garment Factory – TNG
- **2016 - 2019:** Director of Dai Tu Garment Factory - TNG
- **2019 - current:** Deputy General Director Of Manufacturing - TNG

Responsibility

- Supervision of production activities, investment in machinery and equipment, labor safety.



Ms. TRAN THU HA

Chief accountant

Nationality: Vietnam

Year of birth: 1973

Appointment time: 2018

Qualifications

- Bachelor of accounting
- Nearly 20 years of experience in accounting of export and manufacture enterprise

Working experience

- **2009 – 2016:** She has worked at TNG Investment and Trading Joint Stock Company at the following positions: Deputy Head of Accounting Department, Chief Accountant of the Branch, Head of Accounting Department.
- **2016-2017:** Deputy Director of TNGF fashion branch under TNG Investment and Trading Joint Stock Company
- **2018:** Chief Accountant of TNG Investment and Trading Joint Stock Company

Responsibility

- Set up the accounting department of the Company and its branches
- Train chief accountants of the branches
- Implement the provisions of law on financial accounting, capital and assets management
- Develop credit limits, investment plans.



INTERNAL AUDIT SUBCOMMITTEE



Ms. LUONG THI THUY HA

Head of Internal Audit Subcommittee
BOD member
Deputy General Director of Human Resources

Year of birth: 1969
Nationality: Vietnam
Appointment time: 2019

Qualifications

- Bachelor of accountancy

Working experience

- **1992-2012:** Officials of TNG Investment and Trading Joint Stock Company
- **2013 – 4/2016:** Chief accountant of TNG
- **04/2016 – 2017:** Member of the Board of Directors, Chief accountant of TNG
- **2018:** Deputy General Director of Human Resources

Responsibility

- Check and supervise emulation, reward and discipline, personnel organization, labour safety, fire protection and fighting, basic construction projects.



Mr. NGUYEN VAN DUC

Member of Internal Audit Subcommittee
Deputy Chairman of BOD

Year of birth: 1977
Nationality: Vietnam
Appointment time: 2017

Qualifications

- Master of Business Administration, Bachelor of Accounting, Bachelor of Foreign Languages
- 20 years of experience in the management of textile and garment sector

Working experience

- **1999 – 2007:** Officer - Thai Nguyen garment joint stock company
- **2008 – 2016:** Chief of BOS of TNG
- **2017- current:** Deputy Chairman of BOD

Responsibility

- Propose to select an independent auditing company, audit fees and all activities related to the withdrawal or dismissal of the independent auditing company.
- Check annual, six-month and quarterly financial statements before submitting to the BOD
- Review management letter of independent auditors and feedback of the Company's management board



Mr. TRAN MINH HIEU

Member of Internal Audit Subcommittee
Deputy General Director of Business

Year of birth: 1979
Nationality: Vietnam

Qualifications

- MBA
- Bachelor of Economics
- Nearly 20 years of experience in management of textile and garment trading

Working experience

- **2009 – 2011:** Head of Material Planning Department of Viet Thai Branch under TNG Investment and Trading Joint Stock Company
- **2011-2013:** Director of Business of TNG Trading and Investment Joint Stock Company
- **2013 – 2017:** Assistant to the General Director of TNG Investment and Trading Joint Stock Company
- **2017 – current:** Deputy General Directors of TNG

Responsibility

- Supervise the trading in export and import goods
- Bring revenue and profit of TNG to higher levels



REPORT OF THE BOARD OF MANAGEMENT

PERCENTAGE OF SHARES OWNED BY BOM AS AT 31ST DECEMBER 2019

NO	NAME	POSITION	NUMBER OF SHARES OWNED	PERCENTAGE	REMARK
1	Nguyen Van Thoi	General Director	12,580,711	19.292%	Cum Chairman of BOD
2	Nguyen Duc Manh	Deputy General Director	5,002,723	7.672%	Cum Deputy Chairman of BOD
3	Luu Duc Huy	Deputy General Director of Production	132,120	0.203%	
4	Luong Thi Thuy Ha	Deputy General Director of Human Resource	477,914	0.733%	Cum the member of BOD, Head of Internal Audit Subcommittee
5	Tran Minh Hieu	Deputy General Director of Business	59,945	0.092%	
6	Doan Thi Thu	Deputy General Director of Quality, Technical & Technology	170,128	0.261%	

CHANGES IN MEMBER OF BOM IN 2019

January 11th, 2019: Appoint Mr. Luu Duc Huy to hold the position of Deputy General Director.

GENERAL ASSESSMENT

Objective factors

- Good sale market (the US)
- CP TPP approved by the National Assembly of Vietnam
- US - China trade war
- Controlling the mobile limit of factories
- Applying the international automatic electronic payment for customers such as Decathlon, TCP, Adidas, A&F
- New customers: Adidas, Puma in 2019
- Strengthening a set of corporate governance indicators

Subjective factors

- Organizing training courses for TNG's garment factory directors
- Establishing a council to negotiate export prices
- Recruiting a great number of employees
- Investing in automatic machine systems: automatic fabric spreading machines, automatic cutting machines, etc. towards gradually using artificial intelligence in operating machines during production.

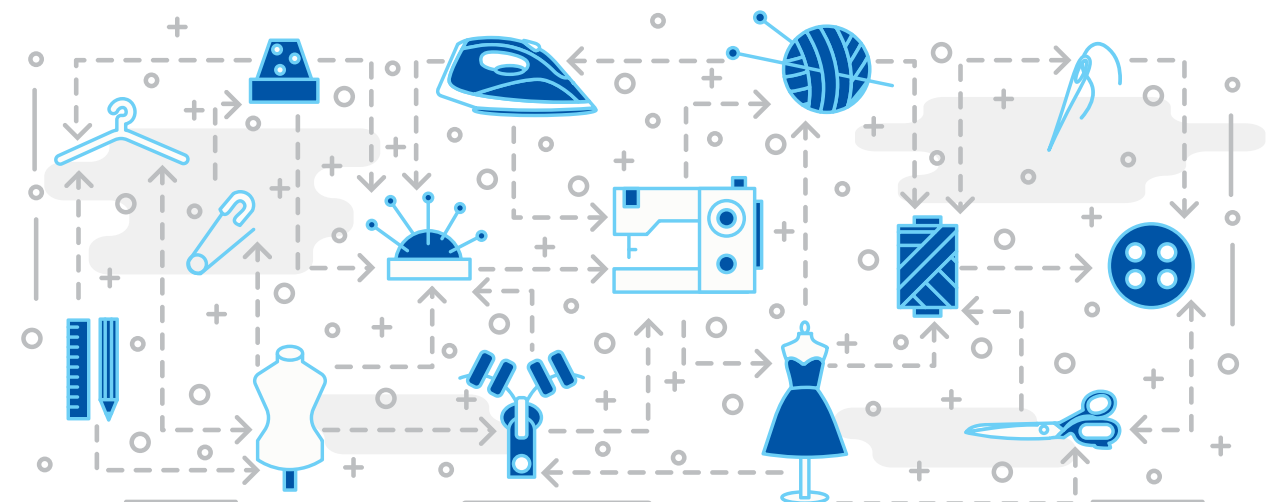
BUSINESS REPORT AND PERFORMANCE ASSESSMENT IN 2019

IMPLEMENTATION RESULTS OF BUSINESS TARGETS

NO,	ITEM	UNIT	IMPLEMENTED IN 2018	2019		COMPARISON (%)	
				PLAN	IMPLEMENTED	4=3/2	5=3/1
A	B	C	1	2	3	4=3/2	5=3/1
1	Total export turnover	Million dollars	207	238	251	105%	121%
2	Total import turnover	Million dollars	108	124	119	96%	110%
3	Total revenue	Million VND	3,612	4,154	4,617	111%	128%
4	Profit before tax	Million VND	214	246	288	117%	135%
5	Profit after tax	Million VND	180	208	230	111%	128%
6	Profit after tax / Total revenue	%	5.00%	5.70%	4.98%	87%	100%
7	Contribution to the State Budget	Billion VND	47,382	54,489	70,963	130%	150%
8	Value of investment and procurement of machinery and equipment	Million VND	211	243	260	107%	123%
9	Average number employee	Person	14,199	16,329	14,863	91%	105%
10	Number of product lines	Production line	253	253	253	100%	100%
11	Number of products consumed	Product	30,044,797	34,551,517	37,055,730	107%	123%

Year 2019 is the year that TNG has obtained the record revenue and profit since TNG stocks were listed on Hanoi Stock Exchange in 2007, details:

- Net revenue 2019: VND 4,617 billion, increased by 28% compared with that in 2018
- Profit after tax 2019: VND 230 billion, increased by 28% compared with that in 2018

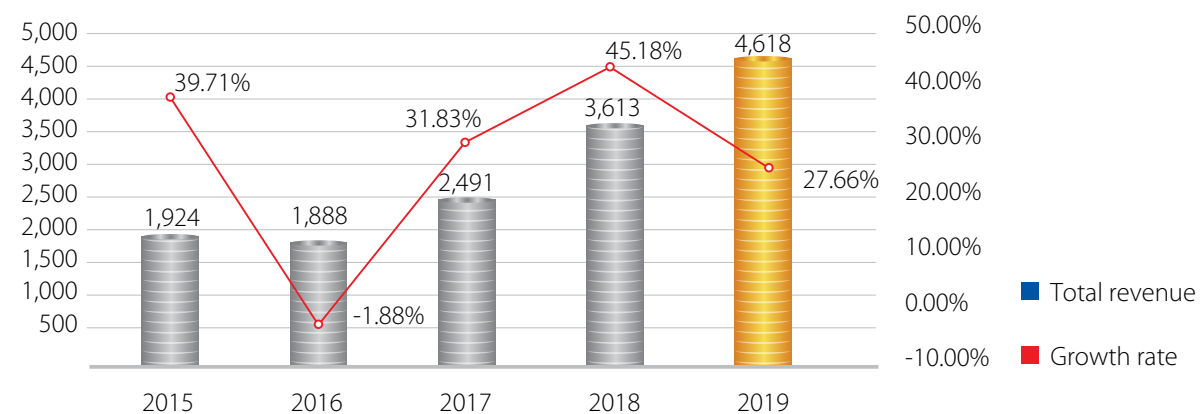


REPORT OF THE BOARD OF MANAGEMENT(continued)

IMPLEMENTATION RESULTS OF BUSINESS TARGETS (continued)

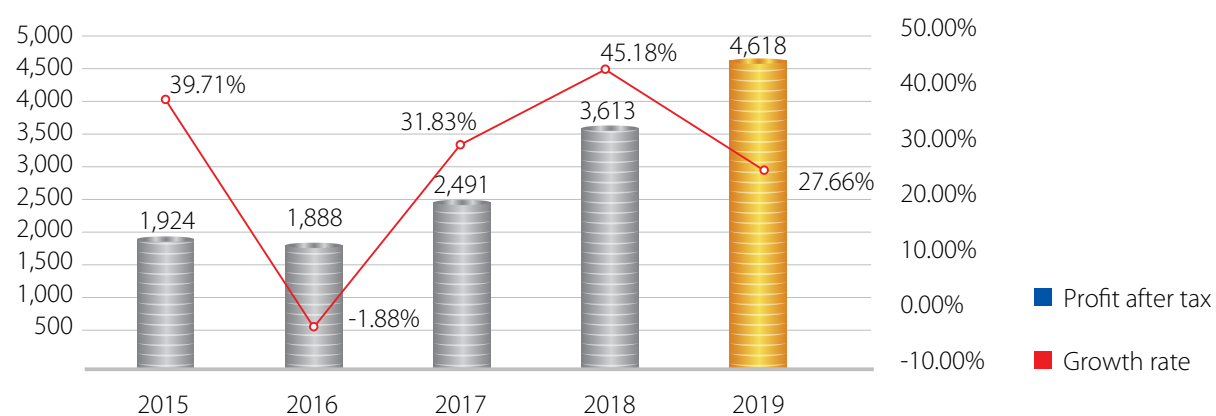
	2015	2016	2017	2018	2019
Total revenue	1,924	1,888	2,491	3,613	4,618
Growth rate	39.71%	-1.88%	31.83%	45.18%	27.66%

Total revenue

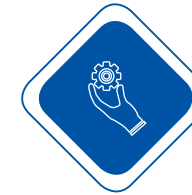


	2015	2016	2017	2018	2019
Profit after tax	71	81	115	180	230
Growth rate	34,13%	13,86%	41,85%	56,54%	27,65%

Profit after tax



Report business results in 11 months of 2019: Accumulated revenue of VND 4,336 billion, exceeding 31 days of the production and business plan in 2019, corresponding to 4.4%; Post - corporate income tax profit reached VND 216 billion, exceeding 31 days of the production and business plan in 2019, corresponding to 3.8%.



PRODUCTION OPERATIONS

- TNG factories operate more than 290 days in the year, making an important contribution to completing the production plan in 2019 31 days earlier than the plan (Under the report of 11 - month production and business results, TNG has surpassed business and production plan assigned by the Board of Directors and the General Meeting of Shareholders). The number of products consumed reached 37,055,730 products, reaching 121% compared with that at the same period in 2018.
- Average consumption of input materials for production decreased from 1.89% to 1.69%.
- Consumption of electricity, water and coal per unit of products is reduced, contributing to saving general production costs and increasing profits.
- Automatic machines, as well as manual transport machines, are regularly maintained, inspected and monitored. Damaged or erroneous tools are fixed and replaced in time to ensure production activities.



EQUITY INVESTMENT ACTIVITIES

In 2019, TNG took several actions to establish new company and complete the equity investment:

- On 25 January 2019, TNG established the Branch of Vo Nhai Garment Factory, specializing in manufacture and trading in garment products
- On 14 February 2019, TNG established TNG Eco Green One Member Limited Liability Company, with estimated charter capital of VND 30 billion, specializing in real estate. TNG committed to invest 100% charter capital.
- TNG established TNG Fashion One Member Limited Liability Company, with estimated charter capital of VND 30 billion, specializing in: Making cloth, retailing of garments, footwear, leather goods and imitation leather in specialized stores, etc. TNG committed to invest 100% charter capital.
- TNG invested to establish TNG Golf Yen Binh Company Limited, with estimated charter capital of VND 30 billion, specializing in golf. TNG committed to invest 47% charter capital, or equivalent to VND 147 billion.



BUSINESS - MARKETING COMMUNICATION

- Continuing to affirm the brand of TNG factories through cooperation with major customers such as Wakiki, Zhiwa trading, Led Vina, etc.
- Maintaining business cooperation with traditional customer brands such as Nike, Mango, Zara, Decathlon, Jordan, Tom Tailor, C&A, TCP, Adidas, Columbia, Carhatt.
- Communication on domestic fashion products through channels such as Facebook, Google +, Youtube, the company's website or through newspaper channels such as Cafef, Securities Investment Newspaper, etc.



BASIC INVESTMENT AND CONSTRUCTION ACTIVITIES

- Starting to construct TNG Vo Nhai Factory according to green factory standards (Leed and Lotus) with 32 sewing lines, its capacity is expected to reach 6 million products/ year.
- TNG completed and put Cotton Factory into operation, consisting of 02 cotton production lines with highest capacity in Northern Vietnam (15 million yards/1 year, 1 yard = 0.9144 m)
- TNG completed and started to put nearly 190 luxury apartments of TNG Village project in use since October 2019.

REPORT OF THE BOARD OF MANAGEMENT(continued)

IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE AND MANAGEMENT

MANAGEMENT

- Integrating warning systems as well as risk assessment and management systems with the built - in ERP management system.
- Improving, upgrading, and connecting all modules on ERP management software, Bravo accounting software, sales tracking software, debt monitoring software between TNG and customers. This is to ensure that the data will be cross - compared at any given time, helping to discover errors quickly and reducing risks for the company.
- Documenting the processes, assessing the construction of risk - minimizing workflows of each controlled process at an acceptable level according to the Coso ERM risk management framework.
- Promoting inspection activities according to 5S method and streamline production at the factories.

ORGANIZATION AND MANAGEMENT, CORPORATE CULTURE

Corporate culture is always maintained and behaved in accordance with the company's code of conduct, including:

- **Culture of human resources:** Enthusiastic, happy; caring, helpful, guiding and implementing integration for new employees; creating a friendly and sociable environment.
- **Culture about receiving guests:** Punctual, polite, attentive and enthusiastic, hospitable, proactive in greetings.
- **Culture of common space use:** Walking gently; not making noise; not affecting the general working environment.
- **Working culture:** Specific tasks, right people, right jobs, no overlapping work.
- **Labor recruitment culture:** Dedicated to guide applicants on recruitment documents, recruitment processes; advise and clearly explain policies, regimes and benefits to employees; openness and transparency in recruiting personnel.
- **Culture of income distribution:** Stable, transparent, democratic; making timely and full payment; notifying employees one month before implementation.
- **Culture on implementing labor regulations:** Labor regulations are disseminated to each employee. Labor regulations are performed strictly, proactively and self - consciously.
- **Business culture:** Compliance with law, openness and transparency.
- **Culture of phone use:** Brief, clear and specific content exchange; speaking on the phone slowly with a moderate volume. At the end of the talks by the phone, say thanks and send greetings.
- **Culture of using the common property of the Company:** All of the staff must be responsible for preserving, protecting, saving and using the common property of the Company for the right purpose. Do not bring property, vehicles out of the workplace without permission of the senior managers.
- **Culture of safety of labor protection:** Checking and using personal protective equipment allocated at work; checking the status of machines before use; implementing the processes and doing the work correctly and safely; disconnecting the power devices before leaving the office. Do not allow goods to cover, encroach fire - fighting equipment, medicine cabinets, and exits. Do not bring banned or dangerous substances into the Company.
- **Anti-corruption culture:** Publicizing the bidding information through websites, newspapers; identifying corrupt behaviors.

RESEARCH AND DEVELOPMENT

- Establishing a Sample Research Department to research and develop new products for the highest profit margin, convenience for users, expansion of potential consumption markets, and use of environment - friendly materials.
- In 2019, the sample sewing team of TNG has researched and successfully developed the "Tourist Tent" sample helping diversify TNG's products, contributing to increasing competitiveness as well as revenue.
- The new product development team has created a Cotton Dowlike. The Certificate of Copyright by the Ministry of Culture, Sports and Tourism to this product.

COST MANAGEMENT, SAVINGS

- In 2018, TNG saved VND 18,472,586,305 (the money saved from raw materials and energy was VND 12,376,632,824; the money saved from management and good sale was VND 6,095,953,481).
- By the beginning of the fiscal year, the departments in TNG Company agreed to develop a detailed delivery plan of the cost rate as well as the accompanying KPIs. Accordingly, during the production process in 2019, each department was responsible for completing its own plan on self - administration of costs incurred.

TRAINING AND DEVELOPMENT OF HUMAN RESOURCES

- The company identifies human resources as one of the most important assets, contributing to creating a competitive advantage for the company. Therefore, the development of human resources is really focused on through training in skills, knowledge, and especially attitudes to ensure that available human resources are sufficient in quantity and meet qualification requirements to achieve the objectives of the Company.
- 10,675 people were trained, reaching 106% of the plan in 2019.
- Employees at TNG are always trained and provided with new knowledge directly related to the work that they are in charge. At TNG, employees, at all positions, are tested both knowledge and work experience every year, whereby the supervisor will have specific assessments to develop training plans, improve qualifications and create the most favorable conditions for production and business activities.



REPORT OF THE BOARD OF MANAGEMENT(continued)

FINANCIAL SITUATION

ASSET AND DEBT STRUCTURE

	01/01/2019 (VND)	PRO- POR- TION	31/12/2019 (VND)	PRO- POR- TION	INCREASE/DECREASE (VND)	PRO- POR- TION
I - CURRENT ASSET	1,374,586,811,751	53%	1,594,121,719,742	53%	219,534,907,991	16%
1. Cash and cash equivalents	12,701,137,291	0%	292,672,045,402	10%	279,970,908,111	22%
2. Short-term investments		0%		0%	-	
3. Short-term receivables	478,042,278,651	18%	364,142,583,991	12%	(113,899,694,660)	-24%
4. Inventories	822,431,006,423	32%	860,401,903,483	28%	37,970,897,060	5%
5. Other short-term assets	61,412,389,386	2%	76,905,186,866	3%	15,492,797,480	25%
II - NON-CURRENT ASSETS	1,220,848,391,443	47%	1,433,288,606,205	47%	212,440,214,762	17%
1. Long-term receivables	18,829,818,987	1%	15,605,193,707	1%	(3,224,625,280)	-17%
2. Fixed assets	979,180,489,301	38%	1,115,764,762,310	37%	136,584,273,009	14%
3. Real estate investment	-	0%	34,573,863,793	1%	34,573,863,793	
4. Long-term assets in progress	131,895,136,874	5%	169,197,150,221	6%	37,302,013,347	28%
5. Long-term financial investments		0%		0%	-	
6. Other long-term assets	90,942,946,281	4%	98,147,636,174	3%	7,204,689,893	8%
Total asset	2,595,435,203,194	100%	3,027,410,325,947	100%	431,975,122,753	17%
I - LIABILITIES	1,801,370,803,699	69%	1,960,689,468,846	65%	159,318,665,147	9%
1. Current liabilities	1,372,729,685,399	53%	1,414,614,342,278	47%	41,884,656,879	3%
1.1. Short-term loans and debts	1,030,865,689,212	40%	1,050,792,460,988	35%	19,926,771,776	2%
Long-term liabilities	428,641,118,300	17%	546,075,126,568	18%	117,434,008,268	27%
2.1. Loan and long-term liabilities	228,641,118,300	9%	381,075,126,568	13%	152,434,008,268	67%
II - EQUITY	794,064,399,495	31%	1,066,720,857,101	35%	272,656,457,606	34%
I. Owner's equity	794,064,399,495	31%	1,066,720,857,101	35%	272,656,457,606	34%
1. Contributed capital	493,401,800,000	19%	652,114,760,000	22%	158,712,960,000	32%
2. Owner's contributed capital	180,260,470,141	7%	230,129,918,270	8%	49,869,448,129	28%
3. Other expenditure and funds		0%		0%	-	
III - BENEFITS OF MINORITY SHAREHOLDERS	0%	0%	0%	0%	-	-
Total resources	2,595,435,203,194	100%	3,027,410,325,947	100%	431,975,122,753	17%



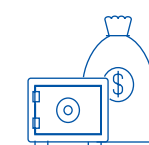
Total

VND **3,027** billion
As of 31 December 2019



Cash and cash equivalents

VND **292** billion
increasing 22 times higher than
stats at the beginning period



Owner's equity

VND **1,066** billion

- As of 31 December 2019, total assets reached VND 3,027 billion, increasing by VND 432 billion compared to the beginning period, or 17%; in which short-term assets account for 53%, long-term assets account for 47%
- As of 31 December 2019, inventories account for 28.42% of total assets, equivalent to VND 860 billion, increasing by 5% compared to the beginning period.
- Short-term receivables account for 12% of total assets, equivalent to VND 364 billion, decreasing by VND 113 billion or 24% compared to the beginning period
- Cash and cash equivalents worth VND 292 billion, equivalent to 10% of total assets, increasing 22 times higher than stats at the beginning period
- Throughout the year, the Company wrote off the Provision for short-term debts which was recognized in expenses from previous years with the value of VND 5 billion
- Most of long-term assets was fixed assets with the total value of VND 1,115 billion, accounting for 37% of total value of assets, increasing by VND 137 billion compared to the beginning period.
- Investment property under TNG Village project's total asset used for lease, reached VND 34 billion.
- Total assets of VND 3,027 billion consisted of 65% account payables and 35% owner's equity. In which short-term debts was VND 1,414 billion, equivalent to 47% of capital resources. Short-term debts at the ending period increased by 47% compared to the beginning period; however, the proportion of short-term debts and assets decreased from 53% to 47%. Long-term loans and debts reached VND 546 billion, accounting for 18% of total assets. In 2019, the Company successfully issued VND 136 billion of inconvertible bonds without collaterals and warrants to Asam Vietnam Corporate Bond Hedge Fund of Korea, which increased long-term loans up to VND 136 billion. In addition, the Company successfully fulfilled the requirements of converting convertible bonds in 2018 into common stock, reducing total value of convertible bonds by VND 35 billion, thus decreasing long-term loans by VND 35 billion.
- Short-term debts of VND 228 billion witnessed the slight rise of VND 9 billion compared to the beginning period, having no significant impact on debt-to-total-assets structure of the Company.
- Owner's equity is VND 1,066 billion, including Contributed capital of VND 652 billion, Investment and development fund of over VND 107 billion, Undistributed after-tax profit of VND 230 billion, as well as other items such as share premium of VND 35 billion and Other funds of VND 42 billion. Contributed capital at the ending period increased by VND 158 billion compared to the beginning period.



REPORT OF THE BOARD OF MANAGEMENT(continued)

FINANCIAL RESULTS OF PRODUCTION AND BUSINESS ACTIVITIES

ITEMS	2018 (VND)	PERCENT-AGE	2019 (VND)	PERCENT-AGE	INCREASE/DECREASE	PERCENT-AGE
1. Gross revenue from goods sold and services rendered	3,612,896,996,945		4,617,541,777,109		1,004,644,780,164	27.8%
2. Deductions			5,318,041,517		5,318,041,517	
3. Net revenue from goods sold and services rendered	3,612,896,996,945		4,612,223,735,592		999,326,738,647	27.7%
4. Cost of sales	2,971,920,362,309	82.3%	3,825,317,518,490	82.8%	853,397,156,181	28.7%
5. Gross profit from goods sold and services rendered	640,976,634,636		786,906,217,102		145,929,582,466	22.8%
6. Financial income	27,707,563,015		21,074,741,162		(6,632,821,853)	-23.9%
7. Financial expenses	136,193,181,773	3.8%	136,400,434,805	3.0%	207,253,032	0.2%
- In which: Interest expense	91,500,188,015	2.5%	101,227,715,040	2.2%	9,727,527,025	10.6%
8. Selling expenses	101,799,838,830	2.8%	130,112,095,994	2.8%	28,312,257,164	27.8%
9. General and administration expenses	211,464,161,901	5.9%	249,327,669,254	5.4%	37,863,507,353	17.9%
10. Operating profit	219,227,015,147		292,140,758,211		72,913,743,064	33.3%
11. Other income	580,054,552		3,648,015,656		3,067,961,104	52.8%
12. Other expenses	5,500,050,380		7,180,662,833		1,680,612,453	30.6%
13. Other earnings	(4,919,995,828)		(3,532,647,177)		1,387,348,651	-28.2%
14. Other expenses	214,307,019,319		288,608,111,034		74,301,091,715	34.7%
15. Accounting profit before tax	34,046,549,178		58,496,998,765		24,450,449,587	71.8%
16. Net profit after corporate income tax	180,260,470,141	5.0%	230,111,112,269	5.0%	49,850,642,128	27.7%
17. Basic earnings per share	2,733		3,717		985	36.0%

- Ratio of cost of sales to total revenue in 2019 remained at 82% as in 2018
- Ratio of financial expenses to total revenue in 2019 accounted for 2.2%, lower than that of 2018 (2.5%)
- Ratio of selling and administration expenses to total revenue in 2019 is well managed with 2.8% and 5.4% respectively and lower than that of 2018

- In 2019, the Company's interest cost reached VND 101 billion, account for 44% of profit after tax. If the Company had spent less interest cost for loans, profit after tax would increase significantly.
- In 2019, interest cost accounted for 2.2% of total revenue, compared to 2.5% in 2018. Or the Company saved 0.3%.
- Basic earnings per share reached VND 3,727/share, increasing by 36% compared to VND 2,733/share on 31 December 2018
- Ratio of profit after tax to total revenue remained at 5%

CASH FLOW RESULTS STATEMENT

ITEMS	2019 (VND)	2018 (VND)
Net cash generated in operating activities	410,377,636,411	115,506,156,694
Net cash used in investing activities	(336,886,049,547)	(208,045,904,701)
Net cash generated by financing activities	206,400,142,908	94,400,225,966
Net cash generated in 2019	279,891,729,772	1,860,477,959

- Positive net cash flow from production and business activities in 2019 is VND 410 billion. This is the record since TNG stocks were listed on Hanoi Stock Exchange in 2007. It was due to efforts of the Board of Leaders in strictly controlling the payment progress of customers through ERP platforms, and B2B software between TNG and customers. Moreover, this also resulted from TNG completely switching to faster payment methods for almost all customers of Decathlon, TCP, Comtextile, and Asmara with the support of multinational banks such as Standard Chartered, HSBC.

Summary table of financial indicators of TNG over the years (data from the Audited financial statements over the years):

	2011	2012	2013	2014	2015	2016	2017	2018	2019
COST MANAGEMENT COEFFICIENT									
Cost of goods sold/Net revenue	83.7%	80.5%	81.5%	81.0%	81.9%	82.3%	82.4%	82.3%	82.9%
Interest expense/Net revenue	4.5%	6.4%	6.3%	4.5%	3.0%	3.6%	3.0%	2.5%	2.2%
Selling expenses/Net revenue	1.7%	2.2%	2.3%	2.0%	1.9%	1.5%	2.7%	2.8%	2.8%
Enterprise management costs/Net revenue	7.0%	9.2%	8.7%	7.8%	7.6%	7.4%	6.0%	5.9%	5.4%

REPORT OF THE BOARD OF MANAGEMENT(continued)

FINANCIAL RESULTS OF PRODUCTION AND BUSINESS ACTIVITIES (continued)

	2011	2012	2013	2014	2015	2016	2017	2018	2019
PROFITABILITY									
Revenue increase	84.1%	5.5%	-2.4%	16.7%	39.7%	-1.9%	31.8%	45.2%	27.7%
Gross profit rate	16.3%	19.5%	18.5%	19.0%	18.1%	17.7%	17.6%	17.7%	17.1%
ROS	2.1%	1.8%	1.2%	3.9%	3.7%	4.3%	4.6%	5.0%	5.0%
ROE	14%	10%	7%	22%	21%	17%	20%	25%	25%
ROA	3.7%	2.5%	1.5%	4.9%	5.1%	4.7%	5.7%	7.5%	8.2%
DEBT STRUCTURE RATIO									
Bank loan/Equity	1.80	2.39	3.08	3.08	2.53	2.20	2.17	1.83	1.45
Total liabilities/Total asset	72.74%	75.88%	77.80%	78.06%	75.45%	72.57%	71.75%	70.48%	66.91%
Total liabilities/ Total asset	2.67	3.15	3.50	3.56	3.07	2.65	2.54	2.38	2.02
INVESTMENT EFFECTS									
Revenue/ Total asset	1.72	1.36	1.23	1.28	1.37	1.09	1.22	1.50	1.64
Production capacity of fixed asset	7.31%	5.38%	4.29%	2.39%	7.72%	8.72%	8.97%	12.20%	17.21%
SOLVENCY									
Loan interest solvency	2.01	1.35	1.25	2.11	3.27	2.73	3.07	3.83	4.20
General solvency	1.37	1.32	1.29	1.28	1.33	1.38	1.39	1.42	1.49
Short - term solvency	0.79	0.78	0.75	0.72	0.75	0.77	0.81	0.92	1.07
Fast solvency	0.40	0.37	0.30	0.27	0.34	0.35	0.35	0.39	0.46

	2011	2012	2013	2014	2015	2016	2017	2018	2019
OPERATIONAL CAPACITY									
Inventory turnover	5.98	4.44	3.72	3.78	4.68	3.92	3.88	4.15	4.55
Receivable turnover	14.80	10.31	9.01	9.99	9.19	7.47	7.57	8.39	12.16
Payable turnover	17.44	16.35	15.03	16.59	11.69	10.50	15.14	16.13	17.23
ABILITY TO GENERATE MONEY									
Inventory transfer period	60	81	97	95	77	92	93	87	79
Receivable transfer period	24	35	40	36	39	48	48	43	30
Payable transfer period	21	22	24	22	31	34	24	22	21
Cash transfer period	64	94	113	110	85	106	117	107	88

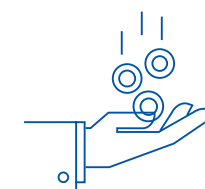
- Ratio of profit after tax to total revenue remained at 5%, equivalent to that of 2018
- Return on equity ratio (Profit after tax/equity) in 2019 remained at 25%, equivalent to that of 2018
- Return on assets ratio (Profit after tax/total assets) in 2019 is 8.2%, increasing by nearly 1% compared to the ratio of 2018 (7.5%)
- Profitability of fixed assets shows that the Company has been effectively investing in fixed assets. The ratio in 2018 was 12.2%, and increased to 17.21% in 2019
- Inventory turnover increased from 4.15 turns/year (2018) to 4.55 turns/year (2019)
- Receivable turnover increased from 8.39 turns/year (2018) to 12.16 turns/year (2019)
- Average time from the materials import to receipt of payments of customers reduced from 117 days (2018) to 107 days (2019). This is also in line with cash flow from main activities reaching VND 410 billion in 2019 – the record has been recognized during over the last 10 years.
- Solvency ratios in 2019 were all improved in comparison with those of 2018. Interest coverage ratio increased from 3.83 to 4.2 times; current ratio increased from 0.92 to 1.07 times; quick ratio increased from 0.39 to 0.46 times. This showed that TNG's finance health changed in a better way from time to time.

REPORT OF THE BOARD OF MANAGEMENT(continued)

PROFITABILITY FINANCIAL RESULTS OF PRODUCTION AND BUSINESS ACTIVITIES (continued)

Comparison table of financial indicators of TNG compared with other companies in the garment industry in 2019 (Data of VGT and GMC are pre-audit data; data of the remaining companies are post-audit data)

SHARE CODE	VGT	TDT	GMC	TCM	MSH	TNG	AVERAGE
	1	2	3	4	5	6	(1+2+3+4+5+6)/6
COST MANAGEMENT COEFFICIENT							
Cost of goods sold/Net revenue	91.89%	77.95%	83.18%	84.12%	78.95%	82.94%	83.17%
Interest expense/Net revenue	2.80%	1.53%	0.45%	1.36%	0.51%	2.19%	1.47%
Selling expenses/Net revenue	2.93%	2.46%	1.31%	3.67%	4.09%	2.82%	2.88%
Enterprise management costs/Net revenue	4.30%	9.62%	7.46%	4.20%	5.34%	5.41%	6.05%
PROFITABILITY							
Revenue/ Total asset	-3.49%	27.83%	-14.28%	-0.49%	11.65%	27.66%	8.15%
Production capacity of fixed asset	8.11%	22.05%	16.82%	15.88%	21.05%	17.06%	16.83%
ROS	3.41%	7.17%	5.92%	5.95%	10.20%	4.99%	6.27%
ROE	8.00%	20.09%	23.97%	16.05%	41.47%	24.73%	22.39%
ROA	3.02%	8.85%	10.23%	7.03%	17.62%	8.18%	9.16%
DEBT STRUCTURE RATIO							
Bank loan/Equity	1.21	1.03	0.68	0.88	0.59	1.45	0.97
Total liabilities/Total asset	62.21%	55.95%	58.21%	56.21%	57.52%	66.91%	59.50%
Total liabilities/ Total asset	1.65	1.27	1.36	1.28	1.35	2.02	1.49
INVESTMENT EFFECTS							
Revenue/ Total asset	0.89	1.24	1.73	1.18	1.73	1.64	1.40
Production capacity of fixed asset	9.92%	26.72%	71.75%	23.70%	62.45%	17.21%	35.29%
SOLVENCY							
Loan interest solvency	1.14	6.74	18.80	6.72	25.50	4.20	10.52
General solvency	1.61	1.79	1.72	1.78	1.74	1.49	1.69
Short - term solvency	1.24	1.29	1.40	1.16	1.38	1.07	1.26
Fast solvency	0.72	0.46	0.85	0.49	0.90	0.46	0.65
OPERATIONAL CAPACITY							
Inventory turnover	4.05	2.33	4.68	3.02	5.20	4.55	3.97
Receivable turnover	8.25	16.13	6.46	10.85	10.07	12.16	10.65
Payable turnover	12.31	14.82	9.87	11.58	19.82	17.23	14.27
ABILITY TO GENERATE MONEY							
Inventory transfer period	89	154	77	119	69	79	98
Receivable transfer period	44	22	56	33	36	30	37
Payable transfer period	29	24	36	31	18	21	27
Cash transfer period	103	152	96	121	87	88	108



Average income

VND **9,521,345**

/01 employee /01 month

HUMAN RESOURCE, WAGES AND POLICIES

- Average number of working employees reaches 14,863 people, accounting for 91% of the 2018 plan, 105% compared to the same period in 2018.
- Average Income: VND 9,521,345/employee/month, increasing by 2.8% compared to 2018 (VND 9,257,305/ employee).
- Wages: The Company continues to review and improve policies for employees. The company always creates a dynamic and equal working environment, and well implements policies on labor safety, salary, bonuses, insurance and other policies in consistence with the provisions of law and the company regulations.

LABOR SAFETY AND FIRE PREVENTION

- Identifying and assessing risks for 298 production stages to find out hazards and propose preventive and management measures.
- Providing specialized trainings for workers in Groups 1, 2, 3, 5 (512 people); providing regular trainings for more than 13,000 workers in Group 4 working at the Company.
- Preparing records, books to monitor and verify 158 machines and equipment under strict requirements on labor safety and health.
- Monitoring 1,981 samples in the working environment of workers to assess the working environment. The monitoring indicators are within the permitted limits of the law.
- Providing the personal protective equipment and work clothes for all workers with a budget of more than VND 3.7 billion.
- Implementing the periodic health check twice a year for workers with a budget of more than VND 1.5 billion.
- In 2019, the Company implemented two fire fighting and rescue rehearsals, with a total of 1506 turns of participants. In which, the Company implemented an internal rehearsal and a rehearsal with the local fire prevention fighting police. Besides, the Company implemented a rehearsal on seven basic fire fighting plans.

ANALYSIS OF PRODUCTION AND BUSINESS RESULTS

- The number of products consumed reached 37,055,730 products, accounting for 105% of the 2018 plan and 123% of the 2018 plan.
- Total revenue reached VND 3,612 billion, accounting for 131% of the 2018 plan, 145% of the 2018 plan.
- Export turnover reached USD 251 million, accounting for 105% of the 2019 plan, 121% of the 2018 plan.
- State budget remittance reached VND 70,963 million, accounting for 143% of the 2019 plan, 150% of the 2018 implemented.
- Profit before tax reached VND 288 billion, accounting for 111% of the plan 2019, 135% of the 2018 implemented.
- Profit after tax reached VND 230 billion, accounting for 111% of the plan 2019, 128% of the 2018 implemented.
- The value of investment in procurement of equipment and other assets was VND 260 billion, accounting for 107% of the plan 2019, 123% of the 2018 implemented.
- All indicators of production, consumption, revenue, profit, number of employees, investment value for machinery and equipment in TNG in 2019 were completed exceeding the plan. The growth is considerable compared to the same period in 2018.

REPORT OF THE BOARD OF MANAGEMENT(continued)

ASSESSMENT REPORT ABOUT THE COMPANY'S ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Leaders of the Company always uphold the sense of responsibility. The Company requires employees to strictly abide by regulations on the environment and social responsibilities as well as all environmental legal requirements in order to avoid penalties or compensation for environmental issues.

The standards of social responsibilities that TNG garment factories achieve are as follows:

- ❑ TNG Viet Duc, TNG Viet Thai, TNG Dai Tu and TNG Song Cong 1 factories: Meeting WRAP and Better Work standards.
- ❑ TNG Song Cong 2 Factory, TNG Song Cong 3 Factory, and TNG Dong Hy Factory: Meeting Wrap standards.
- ❑ TNG Phu Binh 1 Factory: Wrap, BSCI. TNG Phu Binh 4 Factory: Wrap, BSCI.
- ❑ TNG Phu Binh 2 Factory and TNG Phu Binh 3 Factory: Wrap, Better Work and BSCI standards



2020 BUSINESS AND PRODUCTION PLAN

2019 is a year with a remarkable growth rate over the last 4 years. The revenue growth was up to 45%. In order to continue to develop and overcome difficulties, challenges in the coming time, TNG has set out the following goals, tasks and solutions in 2020:

- ❑ Continuing to build the Company's culture and create a working environment and motivation for sustainable development.
- ❑ Reviewing, amending, supplementing and perfecting the system of internal regulations in accordance with the Laws, Decrees and new legal documents.
- ❑ Applying the technology to reduce software input operations.
- ❑ Applying the Internet of Things technology (IoT) to connect smart storages, synchronize mobile devices, and connect the data of production equipment.
- ❑ Constantly improving the application of streamlined VSM value chain into the production system.
- ❑ TNG Vo Nhai Garment Factory (capacity: 06 million products/year).
- ❑ Promoting research on new products to bring high added value and meet the market demands in accordance with the competitive advantage of the Company.
- ❑ Promoting customer development in other markets, balancing the proportion of customers in different markets appropriately.
- ❑ Continuing to monitor and upgrade control processes, evaluate product quality.
- ❑ Improving, upgrading and developing the ERP management software system.

REPORT OF THE BOARD OF MANAGEMENT(continued)

OUTPUT TARGETS AND MAIN SOLUTIONS FINANCIAL PLAN FOR THE WHOLE COMPANY

NO.	ITEM	UNIT	2019 PLAN
1	Total export turnover	Billion USD	251
2	Total import turnover	Billion USD	119
3	Total revenue	Million VND	4,617
4	Profit before tax	Million VND	288
5	Profit after tax	Million VND	230
6	Profit after tax/revenue	%	4.98%
7	Contribution to the State Budget	Million VND	70,963
8	Investment value for machinery and equipment	Million VND	260
9	Average number of workers Person	Person	14,863
10	Number of sewing lines	Line	253
11	Number of products consumed	Product	37,055,730



LONG-TERM INVESTMENT AND DEVELOPMENT PLAN

In addition to major projects in 2019 such as TNG Dong Hy Garment Factory with up to 30 sewing lines (capacity: 2.6 million jackets/year, up 300% compared to 2018), TNG Vo Nhai Garment Factory with 32 sewing lines (capacity: 06 million products/year), TNG also promotes the long-term research and development:

- ▣ Printing: 64 lines with the capacity of 70,000 products/day
- ▣ Packaging production: 2.5 million m² of carton boxes/year, 2 tons of PE bags/month
- ▣ Laundry: 7,000 jackets/day or 30,000 pants/day
- ▣ New TNG Vo Nhai factory with 32 sewing lines (Production capacity: 06 million products/01 year),
- ▣ Developing quality control and monitoring systems until products are delivered to consumers.
- ▣ Putting TNG Village housing area into use at No. 3, Phan Dinh Phung Ward, Tp. Thai Nguyen.
- ▣ Continuing to invest and put Son Cam industrial cluster and commercial housing resettlement area into operation in Son Cam commune, Thai Nguyen City.
- ▣ Completing the investment and relocating Viet Duc and Viet Thai garment factories to Son Cam Industrial Park.
- ▣ Investing in real estates in two areas of Viet Duc and Viet Thai.
- ▣ Continuing to improve corporate management.
- ▣ Continuing to invest in renovating all TNG factories according to green factory standards and sustainable development.
- ▣ Continuing to expand TNG fashion stores to all provinces and cities nationwide and proceed to overseas.





MAIN SOLUTIONS

Corporate management

- ▣ Developing a non-executive independent HR structure in Board of Directors; ensuring to make independent, objective and effective decisions.
- ▣ Strengthening the internal audit system according to the standards stipulated in the Decree 05/2019/ND-CP dated January 1, 2019 on internal audit activities.
- ▣ Operating the risk management and control system according to COSO standards; continuing to upgrade the ERP system.

Production operation

- ▣ Increasing investment in machines and automated systems to help improve labor productivity, towards applying Technology 4.0.
- ▣ Deploying the project of “Smart Warehouse”.

- ▣ Continuing to improve and apply Value Stream Mapping in the production system of the factory.

Business and market development

- ▣ Promoting the strength of TNG’s Representative Office in New York; seeking new and potential customers.
- ▣ Taking advantage of trade agreements CT TPP, EVFTA to find more customers in potential markets.
- ▣ Building a system of factories in accordance with green standards (Leed, Lotus), ensuring to meet the requirements of customers for factory standards in the green supply chain, thereby contributing to increase the volume of orders.

Human resources and trainings

- ▣ Completing the dictionary to assess human capacity; assigning Kpis indicators to each of the smallest links in the chain of production and business activities; ensuring benefits of income, labor progress and productivity.
- ▣ Developing long-term training plans for senior and key personnel positions.
- ▣ Conducting the annual supervision and assessment of the human resources; implementing the annual training courses to ensure that personnel have sufficient capacity to meet the necessary positions.

Scientific and technological researches

- ▣ Continuing to promote researches on a variety of new product lines, efficient and environment-friendly profit margins in line with the strategic orientation.
- ▣ Developing a reward mechanism in accordance with inventions that have an effective or indirect effect on the Company.

Capital, asset and investment management

- ▣ Developing a cash flow plan from the beginning of the fiscal year; keeping track of production and business activities; updating and changing the cash flow plan when business and production activities change.
- ▣ Developing and closely following the plan to mobilize capital sources to ensure production and business activities.
- ▣ Controlling the progress of the project and complying with the law

Environment, safety and health

- ▣ Strictly complying with the provisions of the law related to environment, labor safety and health.
- ▣ Complying with the requirements of customer evaluation standards.

TO ACHIEVE THE SET GOAL AS A PUBLIC COMPANY IN TOP MOST TRANSPARENT, BEST MANAGEMENT WITH THE MOST ADVANCED MANAGEMENT MODEL IN THE WORLD, TNG HAS NOW APPLIED MANAGEMENT MODEL IN WHICH INDEPENDENT MEMBERS SHALL MONITOR AND CONTROL THE MANAGEMENT AND ADMINISTRATION OF THE COMPANY. IN ADDITION, THE GOOD PRACTICES SHALL BE PUT IN USE BY THE COMPANY IN LINE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE G20/OECD.

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CORPORATE GOVERNANCE



REPORT OF THE BOARD OF DIRECTORS



SUPERVISIONS OF THE BOARD OF DIRECTORS WITH THE BOARD OF MANAGEMENT

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

Supervision and control strategy

- ❑ Making decisions on strategy and medium-term development plan, annual business plan.
- ❑ Making decisions on plans and investment projects in competence.
- ❑ Making decisions on solutions to expand markets, marketing, and technology.
- ❑ Implementing the appointment, dismissal, signing and termination of contracts with the General Director and key managers of the Company.
- ❑ Supervising and directing the General Director and other managers.
- ❑ Making decisions on organizational structure of the Company.
- ❑ Establishing committees under the Board of Directors.
- ❑ Appointing or dismissing the Company Secretary.
- ❑ Through internal management documents and corporate governance Rules.

Information publishing control and transparency

- ❑ Submitting annual financial statements to the General Meeting of Shareholders.
- ❑ Making and submitting proposals through financial statements, management reports, audit reports (and corporate governance reports) to the General Meeting of Shareholders.
- ❑ Developing internal control and risk management mechanisms.

Interests of shareholders

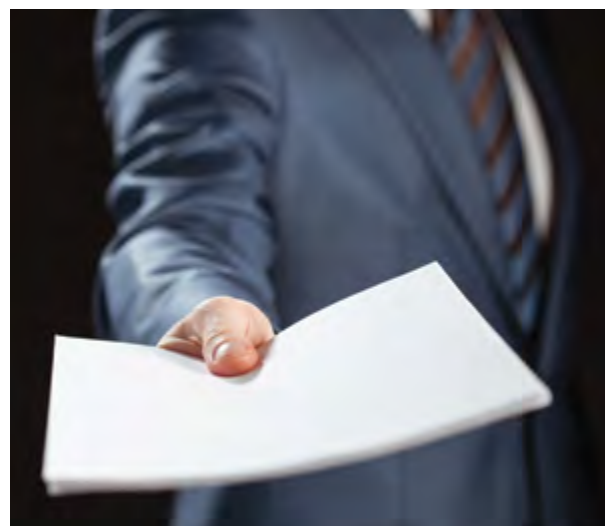
- ❑ Advising the General Meeting of Shareholders on dividend payment, time limit and dividend payment procedures.
- ❑ Resolving conflicts in the Company.
- ❑ Organizing the meetings of the General Meeting of Shareholders.
- ❑ Consulting shareholders so that the General Meeting of Shareholders can approve decisions.

Charter capital and assets

- ❑ Making proposals on types of shares and the total number of shares for each class to be offered.
- ❑ Making decisions on release of new shares in the limit of total shares for each type that can be offered.
- ❑ Making decisions on additional capital mobilization in other forms.
- ❑ Making decisions on offering prices of shares and bonds of the Company.

SUPERVISION METHOD

- ❑ Monitoring the process of production and business planning in 2019 and the implementation process to achieve the plan assigned by the General Meeting of Shareholders in 2019.
- ❑ Closely coordinating with the activities of the Internal Audit Subcommittee - an extended arm of the Board of Directors in helping to bring value to the Company by providing advice and assurance services by evaluating effectiveness of risk management, control and management systems.
- ❑ Participating in regular meetings (weekly, monthly) of the General Management, thereby grasping issues arising immediately upon the occurrence and having timely supervision instructions to help the General Management operate most effectively and complete the plans assigned by the General Meeting of Shareholders in line with the development strategies of the Company.



DEVELOPMENT PLANS AND STRATEGIES OF THE BOARD OF DIRECTORS

PLANS AND STRATEGIES

- ❑ The Chairman of the Board of Directors does not hold the position of General Director. The minimum proportion of independent members of the Board of Directors must be at least 1/3. The heads of the subcommittees under the Board of Directors are independent members of the Board of Directors. The ratio of male and female members in the Board of Directors is 50:50.
- ❑ Supervising the implementation of production and business plans in 2019 and develop business and production plans in 2020; ensuring effective production and business activities with the most economical costs.
- ❑ Supervising the implementation of construction of factories of TNG to ensure green factory standards (Leed, Lotus).
- ❑ Encouraging and creating conditions for independent directors to promote their advantages as an independent member of the Board of Directors.
- ❑ Sustainable development is associated with 17 sustainable development criteria of the UN.
- ❑ Promoting R&D activities and developing new products to bring high profit margins.
- ❑ Continuing to improve the corporate culture; creating an open, dynamic and creative cultural environment; ensuring to meet the requirements of the 4th industrial revolution.
- ❑ Supervising the deployment and expansion of customers in other markets other than traditional markets such as Japan, Korea, Russia and South America.
- ❑ Supervising and evaluating production line improvement to help reduce production time, improve productivity, thereby reducing unnecessary steps.

MANAGEMENT

- ❑ Continuing to improve and improve the operational capacity of the internal audit department; helping the internal audit department to promote capacity enhancement as an internal part of the enterprise; making independent, objective recommendations to create added value for the company.
- ❑ Continuing to improve and re-evaluate the Kpis indicators in accordance with the work of each production and business unit, considering this as a key to control many operating links of the risk management system.
- ❑ Upgrading and perfecting the ERP system to meet the changes of the business environment, associated with the development of the 4.0 industrial revolution; connecting all production and business activities in the enterprise to create a unified reporting channel.
- ❑ Managing all activities associated with assessing the benefits to be achieved as well as costs and risks as well as measures to control risks in an acceptable region.



REPORT OF THE BOARD OF DIRECTORS (continued)

MEMBERSHIP AND STRUCTURE

As of 31 December 2019, TNG's Board of Directors consists of 09 members, including Chairman cum General Director; 06 full-time members and 03 independent non-executive members.

NO.	BOARD OF DIRECTORS	POSITION	NUMBER OF SHARES OWNED	PERCENTAGE	REMARK
1	Mr. Nguyen Van Thoi	Chairman of BOD	12,580,711	19.29%	Chairman of BOD cum General Director
2	Mr. Nguyen Duc Manh	Member of BOD	5,002,723	7.67%	Member of BOD cum Deputy General Director
3	Mr. Nguyen Manh Linh	Member of BOD	2,622,968	4.02%	
4	Mr. Nguyen Van Duc	Member of BOD	146,011	0.22%	Deputy Chairman of BOD
5	Mrs. Luong Thi Thuy Ha	Member of BOD	477,914	0.73%	Member of BOD cum Deputy General Director, Head of Internal Audit Subcommittee
6	Mrs. Dinh Le Hang	Member of BOD		0.00%	Independent member of BOD, non - executive
7	Mrs. Do Thi Ha	Member of BOD	1,493,578	2.29%	Non executive member of BOD
8	Mr. Hwan Kyoon Kim	Member of BOD	14,400	0.02%	Independent member of BOD, non - executive
9	Mr. Le Quang Vinh	Member of BOD		0.00%	Independent member of BOD, non - executive



REPORT ON IMPLEMENTATION OF SOME MAIN CONTENTS OF THE RESOLUTION NO. 859/2019/NQ-DHDCD DATED 21 APRIL 2019

NO.	MAIN CONTENTS OF THE RESOLUTION NO. 859/2019/NQ-DHDCD DATED 21 APRIL 2019	RESULTS
Profit distribution in 2018		
1	Appropriation for development investment fund: VND 50,508,323,971	Fulfilled, referring to Note 21. Consolidated financial statements' equity was audited for financial year ending at 31 December 2019
2	Appropriation for reserve fund to supplement working capital: VND 9,013,023,507	Fulfilled, referring to Note 21. Consolidated financial statements' equity was audited for financial year ending at 31 December 2019
3	Appropriation for bonus and welfare fund: VND 9,012,023,507	Fulfilled, referring to Note 21. Consolidated financial statements' equity was audited for financial year ending at 31 December 2019
Payment of remuneration for the Board of Directors in 2018		
4	4.5% of profit after tax in 2018 in cash, equivalent to VND 8,111,721,156	Fulfilled, referring to Note 21. Consolidated financial statements' equity was audited for financial year ending at 31 December 2019
Dividend payment to shareholders in 2018		
5	Payment of stock dividends at the rate of 20%: VND 103,614,378,000	Fulfilled, referring to Note 21. Consolidated financial statements' equity was audited for financial year ending at 31 December 2019
Approval of the 2019 business and production plan		
6	Revenue: VND 4,617 billion	2019 revenue reached VND 4,617 billion, exceeding 11% of the plan.
7	Profit after tax: VND 208 billion	2019 profit after tax reached VND 230 million, exceeding 10.6% of the plan.
Other issues		
8	Selecting Deloitte Vietnam Co., Ltd. to be the auditing organization for auditing the 2019 financial statements	Referring to Consolidated financial statements audited for financial year ending at December 31 2019
9	Approving Mr. Nguyen Van Thoi, Chairman of the Board of Directors to concurrently hold the General Director of the Company	
10	Changing Member of BOD	
	<ul style="list-style-type: none"> □ Discharge Mrs. Ha Thi Tuyet and Mr. Rusdy Pranata from the position of BOD member. □ Appoint Mrs. Luong Thi Thuy Ha, Mr. Nguyen Manh Linh, Mrs Dinh Le Hang and Mr. Hwan Kyoon Kim to hold the position of BOD member for term 2019 – 2024 	
Issuance plan		
11	Issuing shares for dividend payment in 2018 at the exercise ratio is 20%	In 2019, the Company paid dividends in 2018 by shares at the rate of 5:1, which in turn increased the company's charter capital by VND 103,608,090,000
12	Issuing shares for TNG's employees at the rate of 5%	Unfulfilled
13	Offering shares to existing shareholders at the rate of 10%	Unfulfilled
14	Converting bonds into shares at the bond holders' request	Fulfilled the conversion requirement of bond holders, converting VND 35 billion of convertible bonds, and in turn increasing the Company's charter capital by VND 30,343,780,000

REPORT OF THE BOARD OF DIRECTORS (continued)

THE SITUATION OF ATTENDING THE OFFICIAL MEETINGS OF THE BOARD OF DIRECTORS IN 2019

In 2019, the Board of Directors held 18 official meetings with the full participation of members of the Board of Directors for important issues in monitoring the implementation of production and business plans in 2019. The Board of Directors complies with the provisions of law and the Charter of the Company. At the same time, according to the assigned areas, the members carry out the direction, supervision and urge the Executive Board to implement the resolutions and decisions of the Board of Directors, ensuring efficiency in the management.

NO.	BOD	POSITION	NUMBER OF MEETING ATTENDED	PERCENTAGE	REMARK
1	Mr. Nguyen Van Thoi	Chairman of BOD	18	100.00%	Chairman of BOD
2	Mr. Nguyen Duc Manh	Member of BOD	18	100.00%	Member of BOD cum Deputy General Director
3	Mr. Nguyen Manh Linh	Member of BOD	18	100.00%	
4	Mr. Nguyen Van Duc	Member of BOD	18	100.00%	Deputy Chairman of BOD
5	Mrs. Luong Thi Thuy Ha	Member of BOD	18	100.00%	Member of BOD cum Deputy General Director, Head of Internal Audit Subcommittee
6	Mrs. Dinh Le Hang	Member of BOD	-	0.00%	Independent member of BOD, non-executive
7	Mrs. Do Thi Ha	Member of BOD	18	100.00%	Non - executive member of BOD
8	Mr. Hwan Kyoon Kim	Member of BOD	18	100.00%	Independent member of BOD, non-executive
9	Mr. Le Quang Vinh	Member of BOD	18	100.00%	Independent member of BOD, non-executive

SUMMARY OF SOME MAIN CONTENTS OF MEETINGS OF THE BOARD OF DIRECTORS IN 2019

NO.	RESOLUTION	DATE	MAIN CONTENT
1	51/NQ-HĐQT	11/01/2019	Appoint the position of Deputy General Director: Mr. Luu Duc Huy
2	70/NQ-HĐQT-TNG	15/01/2019	Amending the content of Rules on share issuance for TNG's employees
3	155/NQ-HĐQT-TNG	24/01/2019	Approving the list of TNG's employees eligible for Esop in 2018
4	159/NQ-HĐQT-TNG	25/01/2019	Established Vo Nhai Garment Branch
5	245/NQ-HĐQT-TNG	14/02/2019	Established TNG Eco Green One Member Limited Liability Company- TNG owns 100%

NO.	RESOLUTION	DATE	MAIN CONTENT
6	344/NQ-HĐQT-TNG	27/02/2019	Approving the principles of handling the case which does not sell out shares to TNG's employees
7	581/NQ-HĐQT-TNG	27/03/2019	Amending the Charter of the Company - changing charter capital: VND 518,071,890,000
8	680/NQ-HĐQT-TNG	02/04/2019	Discharge Mrs. Ha Thi Tuyet from the position of Head of Internal Audit subcommittee Appoint Mrs. Luong Thi Thuy Ha to hold the position of Head of Internal Audit Subcommittee.
9	861/NQ-HĐQT-TNG	21/04/2019	Established TNG Fashion Company Limited – TNG owns 100%
10	933/NQ-HĐQT-TNG	03/05/2019	Approving the plan to pay dividend in 2018 by share at the rate of 5:1
11	1034/NQ-HĐQT-TNG	14/05/2019	Correcting the content of BOD's Resolution No. 933/NQ-HĐQT-TNG
12	1358/NQ-HĐQT-TNG	21/06/2019	Approving the capital contribution to establish TNG Golf Yen Binh Company Limited
13	1410/NQ-HĐQT	28/06/2019	Amending the Charter of the Company - changing charter capital: VND 621,679,980,000
14	2181/TNG-NQHĐQT	03/10/2019	Approving the issuance plan of individual, non-convertible bonds without collaterals and warrants
15	2433/TNG-NQHĐQT	30/10/2019	Approving the plan for converting VND 35 billion of convertible bonds in 2018 into shares
16	2892/NQ-HĐQT	18/12/2019	Approving the purchase of 6,200,000 treasury shares, equivalent to 9.97% of charter capital
17	2937/NQHĐQT-TNG	23/12/2019	Convening the 2020 Annual General Meeting
18	3992/NQ-HĐQT	30/12/2019	Amending the Charter of the Company - changing charter capital: VND 652,114,760,000

EVALUATION OF THE INDEPENDENT MEMBER OF THE BOARD OF DIRECTORS FOR THE MEMBERS OF THE BOARD OF DIRECTORS

- ▣ Members understand and operate the work proactively.
- ▣ Planning specific, clear and transparent strategies.
- ▣ The Board of Directors coordinates with the internal audit department and executive agencies in the risk management and control process.
- ▣ Complying with the provisions of law, the Company's charter, and the Board of Directors' charter

REPORT OF THE BOARD OF DIRECTORS (continued)

ACTIVITIES OF SUBCOMMITTEES UNDER THE BOARD OF DIRECTORS

INTERNAL AUDIT SUBCOMMITTEE

Member

NO.	INTERNAL AUDIT SUBCOMMITTEE	POSITION	NUMBER OF SHARES OWNED	PERCENTAGE
1	Mrs. Luong Thi Thuy Ha	Head of Internal Audit Subcommittee	447,914	0.73%
2	Mr. Nguyen Van Duc	Member	146,011	0.22%
3	Mr. Tran Minh Hieu	Member	59,945	0.09%

All members have sufficient capacity and experience to perform the tasks assigned by the Board of Directors and specified in the operation regulations of the Internal Audit Subcommittee.

Responsibilities of Internal Audit Subcommittee

- Proposing or drafting a proposal submitted to the Board of Directors regarding the appointment, reappointment or dismissal of internal audit members.
- Giving comments on candidates for the position of independent auditors.
- Giving comments on the draft contract that will be signed with the Independent Auditor.
- Monitoring the application of accounting standards in the preparation of financial statements.
- Evaluating the accuracy and completeness of financial information before publication.
- Evaluating the independence of the Independent Auditor.
- Monitoring internal audit functions and independent auditing.
- Reviewing conditions that may lead to the dismissal of the Independent Auditor, and suggesting ideas in such cases.
- Implementing other tasks related to audit functions in the Company entrusted by the Board of Directors.



Operations in 2019

In the fiscal year ended on December 31, 2019, the Internal Audit Subcommittee held 04 meetings with the direct participation of all 03 members (in March, June, September and December 2019). There were also many other meetings on separate topics with the participation of relevant members. After each meeting as well as at the end of the fiscal year 2018, the Internal Audit Subcommittee has compiled and reported the performance results to the Board of Directors. The results of the Internal Audit Subcommittee can be summarized as follows:

SUPERVISING ACTIVITIES OF THE INTERNAL AUDIT SUBCOMMITTEE

The Internal Audit is subject to the independent supervision of the Internal Audit Subcommittee through the approval of the annual audit plan, review of the operation charter and the Internal Audit method. The Internal Audit Subcommittee evaluates the Internal Audit function through its effective performance and ability to bring significant values to the Company. The specific information is as follows:

- The internal audit apparatus is quite compact but operates based on best practices, ensuring the independence and quality of the audit.
- The Internal Audit Charter, the Internal Audit Handbook as well as the actual internal audit activities show that the Internal Audit of TNG has met the basic requirements of the Internal Audit when compared with the Internal Audit Handbook issued by the Ministry of Finance and the World Bank ("WB").

- The coordination between the Board of Directors and the Internal Audit Subcommittee in the management of Internal Audit functions helps the Internal Audit promote its role not only in the requirements of compliance, but also supporting the units in risk management and internal control both before, during and after each operation arises.
- Although there are still difficulties in personnel, the 2018 Internal Audit plan was completed ahead of time. The results of the internal audit show that the compliance with the process in the audited units is very well done. The transition from compliance audit to supporting units in risk management and internal control has achieved good results and will be a priority in the coming years.
- The role of Internal Audit in the Company is increasingly recognized and enhanced through positive feedback from audited units.

COMPLIANCE MONITORING AND ANTI-FRAUD

The Internal Audit Subcommittee supervises the effectiveness of fraud prevention activities and measures, detects internal rule violations and law violations, and control professional ethics. Currently, the Company has set up a mechanism to direct and implement fraud prevention measures.

REPORT OF THE BOARD OF DIRECTORS (continued)

ACTIVITIES OF SUBCOMMITTEES UNDER THE BOARD OF DIRECTORS (continued)

SUPERVISION OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Quarterly, the Internal Audit Subcommittee supervises the internal control system and risk management system through reports of Internal Audit, Independent Auditor, Internal Audit and Risk Management Department. The monitoring results show that TNG Investment and Trading Joint Stock Company has an effective management and risk control framework:

- ▣ Integrating the management and risk control system directly on ERP software system to help detect risks and timely control, ensuring that risks are always at an acceptable level.
- ▣ There is a specialized apparatus for risk management and internal control.
- ▣ There are processes and methods of risk management.
- ▣ Risks are always monitored and updated to take appropriate measures. Employees of the Company are aware of and responsible for risk management. Self-assessment system of internal control contributes positively to raise awareness of staff for risk management and internal control.
- ▣ Business processes are issued, updated and managed by the specialized department. The results of the Internal Audit show that compliance with the current processes is well done.

SUPERVISING FINANCIAL STATEMENTS

The Internal Audit Subcommittee supervises the financial statements on the monthly, quarterly and annual basis or every six months before the financial statements are submitted by the Board of Directors to the Board of Directors, the General Meeting of Shareholders or announced to the public in accordance with the law. The Internal Audit Subcommittee gives comments on the truthfulness, completeness, timeliness and appropriateness of the financial statements with the regime, accounting standards and current legal regulations. Monitoring results show that:

- ▣ Quarterly and annual financial statements are prepared and published in accordance with accounting standards and current laws.
- ▣ In the year, there was no change in accounting regime, accounting standards, tax policy significantly impacting the financial situation and the published financial statements.
- ▣ No unusual record for related party transactions is done.



SUPERVISING INDEPENDENT AUDIT SERVICES

The monitoring results show that the proposed plan and the implementation of the auditing plan in 2018 by the Independent Auditor are in line with the Company's requirements on scope, object, method, time and quality assurance requirements, independence, no conflict of interests of independent auditors. For selecting an Independent Auditor in the fiscal year 2019, the Board of Directors will propose to submit to the General Meeting of Shareholders for voting and selecting.

ORIENTATION OF THE INTERNAL AUDIT SUBCOMMITTEE IN 2019

- ▣ Maintaining and promoting the activities available to ensure effective operations, as well as giving objective, independent opinions. The personnel structure of the Internal Audit Subcommittee will change towards selecting the Head of Internal Audit Subcommittee among independent members of the Board of Directors to ensure adequate professional and ethical capacity and successfully fulfill the duties of the Board of Directors.

- ▣ Communicating the importance and effectiveness to apply risk management framework to the smallest functional units in the process of operating the business, helping functional units have a different perspective on how to operate the system through risk management and control.
- ▣ Building integrated tools on ERP management software to help the Internal Audit Subcommittee in activities: Supervising the internal audit activities, compliance and fraud prevention, risk management and internal audit, financial statements associated with strategic development goals and objectives.
- ▣ Strategic monitoring in the development and training of internal audit resources.



REPORT OF THE BOARD OF DIRECTORS (continued)

ACTIVITIES OF SUBCOMMITTEES UNDER THE BOARD OF DIRECTORS (continued)

DEVELOPMENT POLICY SUBCOMMITTEE

In 2019, the subcommittee conducted 12 meetings with full participation of members

Members

NO.	DEVELOPMENT POLICY SUBCOMMITTEE	POSITION	NUMBER OF SHARES OWNED	PERCENTAGE	REMARK
1	Mr. Nguyen Van Thoi	Head of Development Policy Subcommittee	12,580,711	19.29%	Chairman of BOD
2	Mr. Nguyen Duc Manh	Member	5,002,723	7.67%	Deputy Chairman of BOD
3	Mr. Tran Minh Hieu	Member	59,945	0.09%	Deputy General Director

Responsibilities of the subcommittee

- Identifying development strategies, goals and plans, as well as basic performance indicators of the Company.
- Identifying operational priorities.
- Developing organizational policies.
- Evaluating the long-term productivity in the Company's activities.

Operations in 2019

- Supervising the operation of the Board of Directors to ensure the business plan of the General Meeting of Shareholders 2018 assigned and in accordance with the development strategy of the Company.
- Updating information on changes and fluctuations in the market to ensure the development strategy of the Company catches up with the changing pace of the environment, especially the industrial revolution 4.0.



PERSONNEL AND REMUNERATION SUBCOMMITTEE

In 2019, the Subcommittee conducted 06 meetings related to the contents of the subcommittee's responsibilities with full participation of members of the subcommittee.

Members

NO.	PERSONNEL AND REMUNERATION SUBCOMMITTEE	POSITION	NUMBER OF SHARES OWNED	PERCENTAGE	REMARK
1	Mrs. Luong Thi Thuy Ha	Head of Personnel & Remuneration subcommittee	477,914	0.73%	Deputy General Director
2	Le Quang Vinh	Member	0	0%	Independent member of BOD
3	Do Thi Ha	Thành viên	1,493,578	2.29%	Independent member of BOD, non-executive

Responsibilities

- Preparing the draft proposal on remuneration policy to submit to the Board of Directors or comment on the proposal of remuneration policy offered by the Board of Directors.
- Preparing a proposal for remuneration for members of the Board of Directors, General Management and the Independent Auditor; suggesting the content of the proposal of the Board. The proposal will propose remuneration and compensation structure.
- Periodically (at least twice a year), the subcommittee will assess the size and remuneration structure of each member of the Board of Directors and the Executive Board, as well as the Independent Auditor and make recommendations related to the necessary changes and then submit to the General Meeting of Shareholders in the next meeting.
- Implementing other tasks related to remuneration policy of the Company entrusted by the Board.

Operations in 2019

- Providing a strategy to attract employees to work by changing the contents of the income distribution regulations.
- Consulting and developing human resources with high technical skills.
- Supervising how to evaluate each employee's capacity; implementing the automatic evaluation system of each individual's software for work.
- Orienting mechanisms and policies to motivate employees through rewarding mechanism, rewarding initiatives, etc.

REPORT OF THE BOARD OF DIRECTORS (continued)

ACTIVITIES OF SUBCOMMITTEES UNDER THE BOARD OF DIRECTORS (continued)

SUSTAINABLE DEVELOPMENT SUBCOMMITTEE

In the year, the subcommittee conducted 04 meetings with full participation of members. The subcommittee exchanged issues within the scope of the subcommittee's rights.

Members

NO.	SUSTAINABLE DEVELOPMENT SUBCOMMITTEE	POSITION	NUMBER OF SHARES OWNED	PERCENTAGE	REMARK
1	Mr. Nguyen Van Duc	Head of Sustainable Development Subcommittee	146,011	0.22%	Deputy Chairman of BOD
2	Mr. Nguyen Manh Linh	Member	2,622,968	4.02%	Member of BOD
3	Mr. Hwan Kyoon Kim	Member	0	0%	Independent member of BOD, non-executive

Responsibilities

- Developing a long-term sustainable development plan.
- Inspecting and supervising all production, business, finance, human resources and environment, etc. in order to control the Company's sustainable production, business and financial activities, staff sustainability, and improved working environment.
- Monitoring and evaluating activities of making annual Sustainable Enterprise Report according to GRI standards.
- Supervising and evaluating the implementation of Enterprise assessment according to the CSI Sustainable Enterprise Index of VCCI.

Operations in 2019

- Planning strategies for the company's sustainable development program according to regulations.
- Supervising the implementation of policies for employees, reducing energy waste, contributing positively to environmental protection.

ACTIVITIES OF INDEPENDENT MEMBERS OF BOD

In addition to the responsibilities assigned in the subcommittees, the independent members of the Board of Directors also have the following responsibilities:

Mr. Hwan Kyoon Kim

Responsibility: Participating in the process of negotiation of share prices; supporting corporate governance in accordance with international practices; analyzing the situation of the textile industry in the world as well as Vietnam to have appropriate policies.

Results: Joining the Board of Directors to negotiate with domestic and foreign investors. Promoting meeting customers in Japan and Korea. Proposing issues of bond issuance. Evaluating the business market expansion.

Mr. Le Quang Vinh

Responsibilities: Monitoring IR-related activities.

Results: Resolving all inquiries, complaints about guidelines and policies related to TNG's activities or related rights of Shareholders arising from the Charter or any rights and obligations that are allowed by law.

Mrs. Dinh Le Hang

Responsibility: Monitoring information presented in Financial Statement Report; Monitoring internal audit system and risk management system.

Results: Ensuring the integration of the Risk Management and Internal Control system directly on ERP software system to help detect risks and timely control, ensuring that risks are always at an acceptable level. Risks are always monitored and updated to take appropriate measures.

CHANGES IN MEMBERS OF THE BOARD OF DIRECTORS IN 2019

- Discharge Mrs. Ha Thi Tuyet from the position of BOD member since April 21st, 2019.
- Discharge Mr. Rusdy Pranata from the position of BOD member since April 21st, 2019.
- Appoint Mrs. Luong Thi Thuy Ha to hold the position of BOD member since April 21st, 2019.
- Appoint Mrs. Dinh Thi Hang to hold the position of BOD member since April 21st, 2019.
- Appoint Mr. Nguyen Manh Linh to hold the position of BOD member since April 21st, 2019.
- Appoint Mr. Hwan Kyoon Kim to hold the position of BOD member since April 21st, 2019.

OPERATING EXPENSES OF THE BOARD OF DIRECTORS

The members of the Board of Directors regularly work at the Company, use the office, utilities, transportation facilities, working tools; implement the working and training regimes, comply with the regulations of the Company on administrative cost norms and equipment, working trips, employee policies. The incurred costs are accounted into the general management costs of the company.



CORPORATE GOVERNANCE TRAINING

All members of the Board of Directors meet the criteria prescribed by law. In 2019, BOD members and BOM members have attended training programs such as:

Attending Director Certification Program DCP1 - Certifying members of the Board of Directors in Ho Chi Minh City on 10-12 January 2019

Participants:

- Mr. Nguyen Van Thoi: Chairman of BOD
- Mr. Nguyen Van Duc: Deputy Chairman of BOD

Attending Director Certification Program DCP2 - Certifying members of the Board of Directors in Hanoi on 09-11 May 2019

Participants:

- Mr. Nguyen Manh Linh: Member of BOD

Attending the training under "Decree No. 05/2019/ND-CP on Internal audit - Auditing skills and building internal audit procedures" on 11-12 April 2019 at the Vietnam Chamber of Commerce and Industry (VCCI).

Participants:

- Mr. Nguyen Van Duc: Deputy Chairman of BOD

TRANSACTIONS, REMUNERATION, BENEFITS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND INTERNAL AUDIT SUBCOMMITTEE

NO.	NAME	POSITION	SALARY (VND)	PROPORTION	REMUNERATION (VND)	PROPORTION	TOTAL OF SALARY AND REMUNERATION	PROPORTION
BOARD OF DIRECTORS								
1	Nguyen Van Thoi	Chairman of BOD cum General Director	3,777,539,806	82%	840,000,000	18%	4,617,539,806	100%
2	Nguyen Duc Manh	Deputy Chairman of BOD cum Deputy General Director of Human Resources	1,736,093,716	74%	600,000,000	26%	2,336,093,716	100%
3	Nguyen Manh Linh	Member of BOD	1,468,307,691	89%	180,000,000	11%	1,648,307,691	100%
4	Luong Thi Thuy Ha	Member of BOD cum Deputy General Director	1,658,557,199	82%	360,000,000	18%	2,018,557,199	100%
5	Nguyen Van Duc	Independent member of BOD, non – executive		0%	1,563,737,543	100%	1,563,737,543	100%
6	Dinh Le Hang	Independent member of BOD, non – executive		0%	120,777,310	100%	120,777,310	100%
7	Do Thi Ha	Member of BOD, non – executive		0%	160,576,914	100%	160,576,914	100%
8	Kim Hwan Kyoan	Independent member of BOD, non – executive		0%	120,576,917	100%	120,576,917	100%
9	Le Quang Vinh	Independent member of BOD, non – executive		0%	160,576,914	100%	160,576,914	100%
BOARD OF MANAGEMENT								
1	Nguyen Van Thoi	Chairman of BOD cum General Director	3,777,539,806	82%	840,000,000	18%	4,617,539,806	100%
2	Nguyen Duc Manh	Deputy Chairman of BOD cum Deputy General Director	1,736,093,716	74%	600,000,000	26%	2,336,093,716	100%
3	Luong Thi Thuy Ha	Member of BOD cum Deputy General Director of Human Resources	1,658,557,199	82%	360,000,000	18%	2,018,557,199	100%
4	Luu Duc Huy	Deputy General Director of Production	1,836,581,810	100%		0%	1,836,581,810	100%
5	Doàn Thi Thu	Deputy General Director of Technology & Quality	1,484,221,711	100%		0%	1,484,221,711	100%
6	Tran Minh Hieu	Deputy General Director of Business	1,599,098,838	100%		0%	1,599,098,838	100%
CHIEF ACCOUNTANT								
1	Tran Thu Ha	Chief accountant	1,045,663,152	100%		0%	1,045,663,152	100%

TRANSACTIONS, REMUNERATION, BENEFITS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND INTERNAL AUDIT SUBCOMMITTEE (continued)

TRANSACTION OF SHARES OF INTERNAL SHAREHOLDERS, MAJOR SHAREHOLDERS AND RELATED PERSONS

NO.	THE PERSON PERFORMING THE TRANSACTION	INTERNAL SHAREHOLDERS/RELATIONS WITH INTERNAL SHAREHOLDERS	NUMBER OF SHARE OWNED (JANUARY 1, 2019)	PERCENTAGE (JANUARY 1, 2019)	NUMBER OF SHARES OWNED (JANUARY 1, 2019)	NUMBER OF SHARES OWNED (DECEMBER 1, 2019)	INCREASE/DECREASE
1	Nguyen Van Thoi	Chairman of BOD cum General Director	9,539,265	19.33%	12,580,711	20.24%	3,041,446
2	Nguyen Duc Manh	Deputy Chairman of BOD cum Deputy General Director	3,998,103	8.10%	5,002,723	8.05%	1,004,620
3	Nguyen Manh Linh	Member of BOD	1,836,385	3.72%	2,622,968	4.22%	786,583

CONTRACTS OR TRANSACTIONS WITH INTERNAL SHAREHOLDERS

In 2019, there was no transaction between the Company and the members of the Board of Directors, the Internal Audit Subcommittee, the Board of Directors and managers



IMPLEMENTATION OF REGULATIONS ON CORPORATE GOVERNANCE

The Company fully complies with the provisions of the law on specific listed companies:

- The Enterprise Law No. 68/2014/QH13 passed by the XIII National Assembly of the Socialist Republic of Vietnam dated November 26, 2014.
- The Decree No. 71/2017/ND - CP dated June 06, 2017 on guidelines on corporate governance of public companies.
- The Circular No. 95/2017/TT - BTC dated September 22, 2017 guiding to implement a number of articles of the Decree No. 71/2017/ND - CP dated June 06, 2017 guiding corporate management for public companies.
- The Securities Law No. 70/2006/QH11 passed on June 29, 2006 by the XIth National Assembly of the Socialist Republic of Vietnam, the 9th session.
- The Circular 155/2015/TT - BTC dated October 6, 2015 guiding information disclosure on the stock market.

At the same time, the Company applies corporate management standards based on good international practices:

- Asean regional corporate management score card
- G20/OECD management principles.



RISK MANAGEMENT

IN ORDER TO SIGN A CONTRACT FOR EACH CUSTOMER, TNG MUST ENSURE TO MEET SPECIAL STANDARDS RELATED TO ENVIRONMENTAL ASSESSMENT AS WELL AS SOCIAL RESPONSIBILITY. THEREFORE, THE RISKS RELATED TO THE ENVIRONMENT AND SOCIAL RESPONSIBILITY ARE ALWAYS CONTROLLED DURING THE IMPLEMENTATION OF THE DEVELOPMENT STRATEGIES OF THE COMPANY THROUGHOUT THE PROCESS OF FORMATION AND DEVELOPMENT.

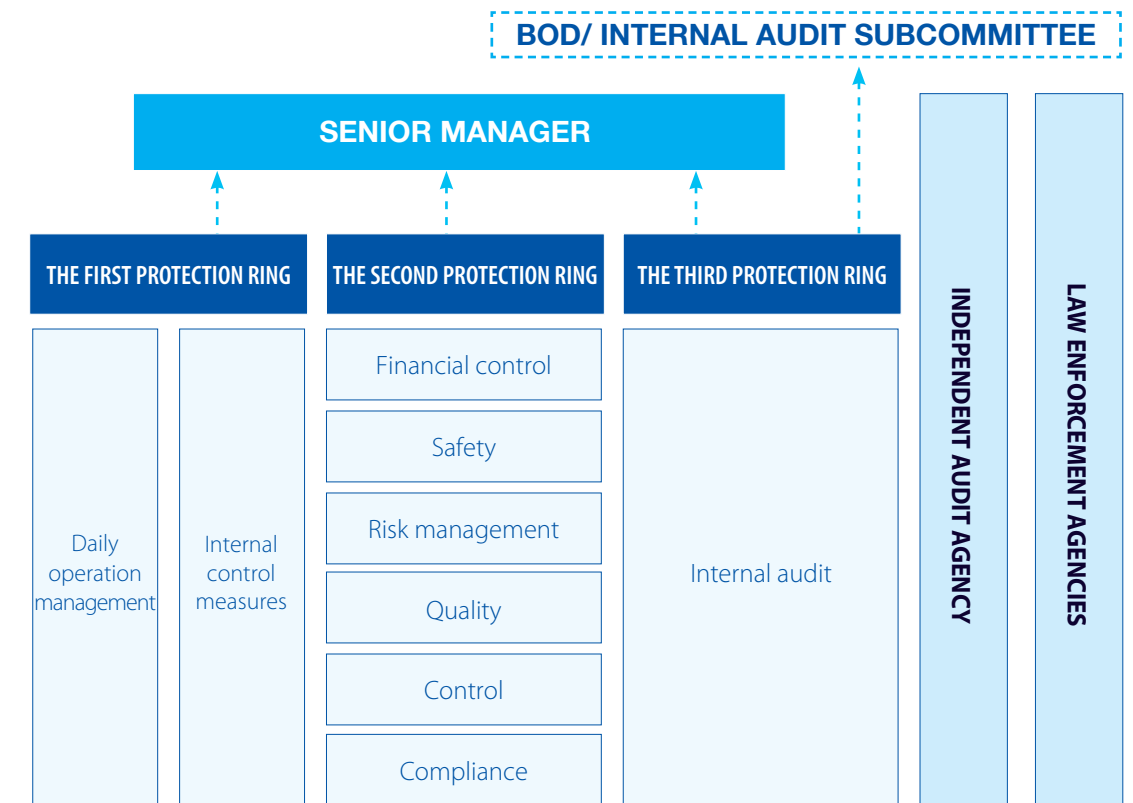


MODEL OF RISK MANAGEMENT FRAMEWORK AT TNG

The risk management framework at TNG consists of 5 main components



The roles and responsibilities in risk management are reflected in the principle of “three protection rings” for TNG, clearly separating the role of 3 target groups related to effective risk management. This is to ensure success continuity of risk management initiatives and adapt to corporate unit sizes, helping to enhance the effectiveness of risk management systems.



The principle of “three protection rings” was built to support the Board of Directors and the General Management in risk management and control activities.

THE FIRST PROTECTION RING Detects and manages risks

The first protection ring includes business functions and support functions (human resources, information technology, financial accounting...).

The first protection ring is responsible for maintaining and implementing risk management and risk management procedures. Depending on the decentralization within the enterprise, the heads of the first protection ring division are responsible for developing and implementing detailed processes, controlling and monitoring the implementation of the employee’s processes.

THE SECOND PROTECTION RING Responsible for monitoring risks

The second protection ring is responsible for general risk management for the whole enterprise and compliance. This protection ring is set up to consolidate, build and monitor the first protection ring and ensure that the first protection ring has been appropriately designed in terms of process and control measures and works properly as directed. The second protection ring can participate in the revision and construction of risk management system, internal control and participation in supporting the operation of the first protection ring.

THE THIRD PROTECTION RING Responsible for ensuring independent inspection and auditing the first and second protection rings

The third protection ring includes the units that perform internal audit activities and is responsible for making reports to the Board of Directors on the effectiveness of risk management and control activities.

RISK MANAGEMENT (continued)

RISK MANAGEMENT STRUCTURE

- **BOARD OF DIRECTORS:** Supervising overall risk management activities; giving direction on risk “taste”.
- **EXECUTIVE BOARD:** Responsible for implementing risk management; managing and monitoring risk records; playing a pioneering role in promoting risk culture, increasing awareness and sharing; carrying out the risk analysis before making important decisions.
- **BUSINESS UNIT:** Complying with risk management policies; ensuring that the risks in the unit are identified and minimized; responsible for controlling risks in the activities of the unit.
- **STAFF UNITS:** Responsible for managing risks in professional activities.
- **INTERNAL AUDIT SUBCOMMITTEE:** Monitoring the construction and implementation of the model and risk management policies; monitor the Company’s risk records; carrying out the independent monitoring of selected risks and risk management systems and processes
- **RISK MANAGEMENT DEPARTMENT:** Giving support on risk management approach; maintaining the model and risk management policy; providing risk management tools, training, guidance and support units.
- **FOCAL RISK MANAGEMENT UNIT:** Coordinating risk management activities and risk management culture at the unit.



RISK MANAGEMENT PROCESS

STEP 1: Setting up the context, building the context of the business environment in realizing the goals and strategies of the business so as to determine the limits of handling risks, the level of risk management and association activities with the main job steps in risk management.

STEP 2: Risk identification

Detecting events that may affect the implementation of strategic objectives of businesses, production and business, projects, etc.; sorting and classifying risks for management, including enterprise-level risks and unit-level risks.

STEP 3: Risk assessment

Evaluating the likelihood and extent of the risks, considering risk control measures; ranking risks to determine management priority based on the set of quantified criteria associated with specific values for the likelihood of risk and the extent of the risk, thereby determining the level of corporate risk tolerance for each type of risk.

STEP 4: Risk response

Identifying measures, developing specific actions and monitoring plans to reduce risks to acceptable levels; making risk response plans corresponding to the level of risk and cost of each response plan:

- Accepting risks (for example, the enterprise accepts risks of interest rate fluctuations, mobilizes business capital mainly from bank loans);
- Avoiding risks is the decision on not continuing the investment or on choosing an investment plan with an acceptable risk to achieve the objectives of the business strategy (for example, the enterprise decides not to develop business in the business sector without advantages);
- Reducing the likelihood of risks and/or reducing the level of risk impact (for example, using safety equipment and training on fire safety in operating environments at high risk of fire and explosion);

- Transferring part or all of the risks through contracts (for example, insurance contracts are the most commonly used form of risk transfer; joint venture contracts; etc.).
- Selection of flexible risk response options, in some cases, can be used in combination with multiple risk response options to achieve the highest efficiency.

STEP 5: Risk control

Implementing processes and measures to control and respond to risks:

- Prevention control: Handling measures to prevent unwanted errors, incidents or actions/transactions;
- Detection control: Monitoring activities/processes to identify preventive control measures that are inadequate and error, incident or action/transaction, from which appropriate response measures are taken;
- Remedial control: Remedies to restore to the original state or reduce the consequences and damages of errors, incidents or actions/transactions.

STEP 6: Monitoring and reporting of risk management activities and changes that may affect the enterprise risk management system.

The monitoring and reporting process is conducted to assess the effectiveness and relevance of the corporate risk management framework. By regularly monitoring risks and assessing the effectiveness of risk management, the enterprise can adjust risk management programs for specific situations. The enterprise monitors current and new risks appear through the Key Risk Indicator (KRI), a predictor of current or future risks that can be observed or measured). The enterprise reporting to stakeholders about risk management process, including:

- Evaluating the effectiveness of control activities (whether done correctly);
- Evaluating the effectiveness of corporate risk management framework;
- Evaluating the remaining risks after applying solutions.

RISK MANAGEMENT (continued)

CONTROL OF RISKS AT A HIGH – LEVEL AT TNG

NO.	NAME OF RISK	DESCRIPTION OF RISK	CONTROL MEASURES
1	Risks of strategic plans	Lack of appropriate strategic plans to meet the long-term strategic objectives	The strategic plan has been set up, communicated to stakeholders and assigned to the Development Policy Subcommittee for monitoring and implementation. The list of strategic projects is also approved, implemented and monitored.
2	Risks of competitive advantages	The risk of losing competitive advantage, when the industry's growth rate declines and many competitors increasingly improve their differences.	TNG conducts product diversification, reduces costs to give the most competitive price in the market. In addition, TNG has constantly invested in machinery and equipment to improve production and product quality
3	Risks of global economic environment	Failure to quickly adapt to global economic and social changes leads to unexpected impacts on the Company in the implementation of business plans.	TNG regularly updates changes in the economic environment, evaluates and analyzes the impacts on the Company. Since then, TNG makes timely action plans.
4	Risks of unfavorable changes in the political environment	Risks of unfavorable changes in the political environment in countries - where the operations of the main customers interfere with business and business decisions.	TNG conducts an assessment before signing contracts with customers and monitors the contract implementation. TNG regularly updates information and has appropriate reviews.
5	Communication risks	Loss of reputation or financial loss due to failure to timely and appropriately handle adverse information disseminated on the mass media.	TNG monitors and promptly reflects negative communication information through automated tools and appropriate crisis management teams.
6	Inheritance personnel risks	Important position is blank because it is not possible to find the right person for a required period of time.	TNG continues to deploy the inheritance personnel to the lower levels, ensuring staffing for all levels. TNG makes appropriate training plans for personnel replacement and ensures stress test.
7	Risks of loss of important customers	The fluctuations in exchange rates significantly affect the operation and profitability of enterprises.	TNG sets up foreign currency demand, prepares reserve currency, and gives forecasts to monitor and analyze exchange rate fluctuations in order to balance needs and adjust corresponding plans.
8	Risks of exchange rate fluctuations	The fluctuations in exchange rates significantly affect the operation and profitability of enterprises.	TNG sets up foreign currency demand, prepares reserve currency, and gives forecasts to monitor and analyze exchange rate fluctuations in order to balance needs and adjust corresponding plans.

NO.	NAME OF RISK	DESCRIPTION OF RISK	CONTROL MEASURES
9	Environmental risks	Solid waste has not been classified as required. Impact of climate change causes many natural disasters and storms to affect production. Employees are not aware of economical use of electricity and water resources.	TNG has a waste water treatment system at all branches. The Company performs environmental tests periodically and complies with laws on environmental resources protection. In addition, The Company takes measures to plant forest trees, limit greenhouse waste to minimize pressure on the environment.
10	Human resource risks	Lack of labor due to competition with enterprises with manufacturing plants in the same area	The Company improves income for employees, improves welfare policies to attract workers about TNG. The Company supports travel expenses from the houses of employees to factories. The Company arranges vehicles to pick up employees from the workplaces.
11	Risks of materials	The price of raw materials increases or does not guarantee quality to serve production	The Company is proactive in the process of purchasing materials and having appropriate sales policies for customers
12	Risks of failure to import input materials in time	Risk of interruption or insufficient raw materials for production process.	The Company controls inventory security, evaluates and manages suppliers, and makes plans to purchase goods reasonably. The Company implements a smart warehouse management project.
13	Risks of substandard products	The hazards from unusable or damaged products that are required to be recalled to avoid causing harm to consumers.	The Company establishes and regularly checks the controls required by the standards. The Company establishes separate evaluation criteria for the control system to ensure that it is always effective and optimal. The warning system is established to timely identify events and to handle them
14	Information security risks	Risk of system disruption, information security and attack from information technology crimes.	The Company initially builds the Information Security system according to ISO 27000, computer and user protection systems. The Company regularly assesses the information security risks from inside and outside.

RISK MANAGEMENT IN 2019

The Company implements effectively and continues to apply the Coso - ERM risk management framework integrated with the ERP business management system under ISO 9001: 2015 quality management system. Assessments, measures, and action plans of risks are always considered by the owners on many factors, especially from stakeholders to control risks. Risk management activities at factories will also be further promoted and more intensive. The risk reporting system from factories will be unified, with identifying methods for integrating risks of the whole company

in a reasonable manner. Monitoring of risk warning indicators is carried out continuously and more closely to promptly detect any changes or unusual factors.

In order to sign a contract for each customer, TNG must ensure to meet special standards related to environmental assessment as well as social responsibility. Therefore, the risks related to the environment and social responsibility are always controlled during the implementation of the development strategies of the company throughout the process of formation and development.

SUSTAINABLE DEVELOPMENT REPORT

TO ACHIEVE THE SET GOAL AS A PUBLIC COMPANY IN TOP MOST TRANSPARENT, BEST MANAGEMENT WITH THE MOST ADVANCED MANAGEMENT MODEL IN THE WORLD, TNG HAS NOW APPLIED MANAGEMENT MODEL IN WHICH INDEPENDENT MEMBERS SHALL MONITOR AND CONTROL THE MANAGEMENT AND ADMINISTRATION OF THE COMPANY. IN ADDITION, THE GOOD PRACTICES SHALL BE PUT IN USE BY THE COMPANY IN LINE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE G20/OECD.



BOARD OF MANAGEMENT'S EVALUATION ON RESPONSIBILITY OF THE ENTERPRISE TO THE SOCIETY AND LOCAL COMMUNITY

WITH THE MISSION OF “BRING THE HAPPINESS TO EMPLOYEES, CUSTOMERS AND RESIDENTIAL COMMUNITIES”, TNG ALWAYS CONSIDERS THE RESPONSIBILITY TO THE SOCIETY AND LOCAL COMMUNITY AS ONE OF THE LEADING BUSINESS STRATEGIC FACTORS OF ENTERPRISE.



Of which the factor helping an enterprise develop sustainably is the responsibility to the society and local community. This could be understood that an enterprise is supposed to take responsibility for its activities, and that the business ethics should be converted into practical actions to the society and nature.

During 40 years of building TNG brand, we always define our business strategy as ensuring the harmonization of economic-social-environmental benefits. As those 3 factors interrelate closely, well-performing the responsibility to the community and society will boost business. In contrast, business can only develop in a civilized society and good environment. This was obviously reflected through the following activities:

ENVIRONMENT PROTECTION

Understanding that a good living environment is the first and foremost demand of human. In respect of responsibility and voluntary, we have built the green factories using green materials and manufactured the eco-friendly products for benefits of the community.

ENSURING CONSUMERS' SAFETY AND BENEFITS

So to speak, in the modern context, enterprise's social responsibility is the commitment on product quality and consumer safety. TNG commits to take all responsibility for products supplied to consumers. TNG will take responsibility for consumers using TNG's products as many as possible.

POLICIES FOR EMPLOYEES

Chairman of the Board of Directors committed in Labor Conference that “all of employees of TNG will be ensured full benefits in accordance with the provisions of laws”. This is demonstrated by TNG's policies and regimes for employees which are fulfilled without any related complaint or suit.

With the efforts for a sustainably developing economy, civilized society, and happy community, TNG was awarded many great prizes by Vietnamese Government, as well as many honorable certificates by domestic and international organizations. TNG is always proud of being the top choice of large organizations, and groups in the world, and the companion of customers and partners as well.

Being consistent with the chosen mission, facing new opportunities of technology era, getting ready to innovate and improve for a green future, we believe that TNG will always be the reliable brand to big corporates in region and the whole world.

Sincerely!

INFORMATION DISCLOSURE OF SUSTAINABLE DEVELOPMENT REPORT

SUSTAINABLE DEVELOPMENT REPORT WAS PREPARED UNDER INTERNATIONAL ORGANIZATIONS' STANDARDS

SUSTAINABLE DEVELOPMENT REPORT WAS GROUNDED ON STANDARDS ON INFORMATION DISCLOSURE, AND BUSINESS ACTIVITIES RELATED TO SUSTAINABLE DEVELOPMENT. FROM INTERNAL VALUES OF ENTERPRISE, TO REALIZE LONG-TERM AND SUSTAINABLE GOALS, TNG ACKNOWLEDGES THAT THE COMPANY'S SUCCESS WILL BE OBTAINED AND MAINTAINED ONLY WHEN ECONOMIC GROWTH IS ATTACHED WITH HUMAN RIGHTS PRESERVATION AND ENVIRONMENTAL PROTECTION FOR NEXT GENERATIONS.



The report will present the Company's activities related to sustainable development, and benefits of parties involved in order to identify issues that concern us all. At the same time, it also outlines a sustainable picture of the Company with long-term goals and orientations on environment, community and society in coming years.



SCOPE OF THE REPORT

The report was made in Vietnam, and shared the activities of TNG Investment and Trading Joint Stock Company in the garment sector.



REPORTING CYCLE

The report is prepared for annual.



CONTACT INFORMATION

To send inquiries and recommendations on sustainable development activities of TNG as shown in the report, feel free to contact us as follows: Mr. Luu Thanh Tung - Department of Investor Relations

Mr. Luu Thanh Tung – TNG Investor Relations Division

Mobile: +84 969 699 971

Email: tungluu@tng.vn

Website: <http://tng.vn>

Address: No 434/1, Bac Kan Street, Hoang Van Thu Ward, Thai Nguyen City, Thai Nguyen Province

APPLICABLE STANDARDS

Global Standards for Sustainability Reporting (GRI).

Guidelines on sustainable development report G4 – Global reporting Initiative – The principles of reporting and publishing information as standards.

Guidelines on sustainability reporting - by State Securities Commission of Vietnam and IFC.

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

Guidelines on publishing information on Environmental, Social, and Governance (ESG).

METHOD FOR DETERMINATION OF REPORTING CONTENT

Grounded on above standards and references, applying properly to current activities of TNG, and verifying the reporting contents, and key sectors in correlation with related parties and business context of the Company.

Link to Sustainable development report on TNG Website

Year 2016: <http://www.tng.vn/quan-he-co-dong-chi-tiet/1298/552/Bao-cao-phat-trien-ben-vung-2016-ban-Tieng-Viet-va-Tieng-Anh.html>

Year 2017: <http://www.tng.vn/quan-he-co-dong-chi-tiet/1468/552/Bao-cao-Phat-trien-ben-vung-2017.html>

Year 2018: <http://www.tng.vn/quan-he-co-dong-chi-tiet/161893/552/Bao-cao-phat-trien-ben-vung-nam-2018.html>

Link to Annual report on TNG Website

Year 2016: <http://www.tng.vn/quan-he-co-dong-chi-tiet/1299/128/Bao-cao-thuong-nien-2016-ban-Tieng-Viet-va-tieng-Anh.html>

Year 2017: <http://www.tng.vn/quan-he-co-dong-chi-tiet/1467/128/Bao-cao-thuong-nien-2017.html>

Năm 2018: <http://www.tng.vn/quan-he-co-dong-chi-tiet/121823/128/Bao-cao-thuong-nien-nam-2018.html>

CORPORATE GOVERNANCE INITIATIVES

TNG Office application runs on mobile platform: Is an application that every employee of TNG can easily use by downloading directly from Google Play or Appstore. This application allows TNG's internal employees to search for information on code of conducts, culture manual, new notices of TNG, salary and rewards during work, information related to labors' benefits, summary of production and business results, and registration of technical initiatives. It is a channel to bring comments of employees directly to enterprise leaders.

TNG administration software runs on computer platform: Administration software with the modules which are designed by TNG software engineers for the requirements of governing internal documents inside and outside the Company, facilitates the smooth data transfer among divisions, helps employees get information as quickly as possible, and indirectly saves paper and storage space at the same time.

TNG ERP business management software

Creates an automatic workflow of the company, allowing to set up complicated system with a wide range of functional offices as corporate governance, business, production, technique, technology, personnel, equipment, basic construction, assigned tasks management. All of above functions are connected in one single synchronously comprehensive database for enterprise.

All of employees in need and with the full permission can approach to necessary information, and more importantly, regardless not present at the company, the Board of Leaders could be quickly updated on the enterprise's situation without reports from many divisions for a long time. TNG's sustainable development in relation with common sustainable development



CONNECT STAKEHOLDERS

IN 2019, TNG CONTINUES BUILDING AND DEVELOPING SUSTAINABLE RELATIONSHIPS WITH STAKEHOLDERS. TNG UNDERSTANDS THAT THE PARTICIPATION OF STAKEHOLDERS IS A KEY FACTOR HELPING THE COMPANY CLARIFY CORRECT AND FULL EXPECTATIONS OF STAKEHOLDERS. THUS, TNG CAN IDENTIFY AND MAKE APPROPRIATE POLICIES AND ACTIONS FOR EFFECT TO MEET THOSE EXPECTATIONS AS BEST AS POSSIBLE.



STAKEHOLDERS	APPROACHES	CONCERNS	REACTIVITY OF TNG	VALUES
Customers	Weekly/monthly meeting	<ul style="list-style-type: none"> Creating a safe working environment, ensuring employees' full benefits. Bringing high quality product - service, price, technique, technology. 	<ul style="list-style-type: none"> Maintaining safe working environment Improving constantly technology, product and service quality Supporting customers to resolve arising problems. 	<ul style="list-style-type: none"> Providing millions of clothing items to markets all over the world. Product quality always meets the standards of the most demanding markets. Ensuring service quality, delivery time and the most competitive price. Cooperation for development Net revenue reached VND 4,617 billion
Suppliers	Making the face-to-face meeting at supplier's site.	Prestige, on-time payment, long-term cooperation	Making in-situ visits and meetings at suppliers' sites to discuss, and approve contract performance process.	<ul style="list-style-type: none"> Building a long-term, prestigious and goodwill partnership with over 400 suppliers. Settlement value in 2019 to suppliers: 3,146 billion.
Shareholders and investors	<ul style="list-style-type: none"> Annual shareholders meeting Information disclosure via website Email receiving information Meeting investors 	<ul style="list-style-type: none"> Information transparency Performance of production and business activities, financial index Corporate governance system - Controlling conflicts of interest 	<ul style="list-style-type: none"> Organizing General Meeting in 2018 Publishing transparently and promptly all information in Vietnamese and English Organizing, meeting investors, searching for markets and partners 	<ul style="list-style-type: none"> Successfully implementing revenue and interest plans set forth in General Meeting in 2019 Publishing transparently and promptly Bringing appealing dividend rate to investors Up-to-date administrative system Competitive bidding, making all information public Paying dividend to shareholders by shares at the rate of 20%.

STAKEHOLDERS	APPROACHES	CONCERNS	REACTIVITY OF TNG	VALUES
Employee	<ul style="list-style-type: none"> Internal notifications Workers conference Union 	<ul style="list-style-type: none"> Wages and benefits Safe, friendly working environment Education 	<ul style="list-style-type: none"> Issuing policies on income, welfare, security and social support Complying with provisions of law, ensuring employees' full benefits - Improving constantly working environment, creating promotion and engagement opportunities for employees. 	<ul style="list-style-type: none"> Creating stable jobs for over 15 thousand employees Complying with laws on human rights Maintaining safe working environment, controlling and minimizing rates of occupational disease and accident Building an appropriate income distribution mechanism Enhancing the quality of social welfare and policies Average income is VND 9,521,345/employee/moth (compared to the minimum wage by region I is VND 4,258,600/month) Having 10,675 employees trained with total duration of over 420,000 hours Having no complaints about unfair treatment at work
Authoriies	<ul style="list-style-type: none"> Making the periodic report Carrying out the periodic inspections Holding the meetings and assemblies 	<ul style="list-style-type: none"> Complying with legal policies and documents Supporting and coordinating to promote the development Contributing to State budget 	<ul style="list-style-type: none"> Complying with legal documents and provisions Contributing ideas, taking the lead in the legal execution process 	<ul style="list-style-type: none"> Not violating any provision of law Being a typical local enterprise who leads in contribution to State budget Total contribution to State budget: VND 71 billion.
Textile and garment industries association	Holding the meetings, assemblies, workshops	Actively contributing to the Association, updating and supporting its members	Actively participating in Associations, departments	<ul style="list-style-type: none"> Being an active member of Thai Nguyen Business Association, Vietnam Textile & Apparel Association and others
Communities	Holding meetings and assemblies via local companies and bodies	Sharing and joining hands to contribute the healthy community	Actively participating in community activities	<ul style="list-style-type: none"> Being a typical local enterprise who leads in contribution to State budget Organizing community activities, joining hands to assist families in difficult circumstances Creation jobs for more than 15,000 employees.

KEY AREAS

PRINCIPLES TO DETERMINE KEY AREAS

On the basis of current situation of the world textile and garment market and Vietnam's textile and garment industry, feedback and concerns of stakeholders, TNG has determined key areas in the correlation between economy, society and environment in all production and business operations of the Company.

PROCESS TO DETERMINE KEY AREAS

The process to determine key areas of TNG includes the following steps:

Step 1: Survey areas that have a great influence on production and business activities of the company and stakeholders.

- Survey and study market information of the areas that may affect the production and business situation of the textile and garment industry.
- Read and analyze assessment reports, survey customer opinions.
- Consult with stakeholders and rely on feedback, especially comments from the Government, Shareholders, investors, customers and local communities.

Step 2: Analyze and evaluate key areas concerned by stakeholders

- Select key areas
- Evaluation of officers and employees, Board of Management on the selected key areas.
- Redetermine the key areas based on the principle of harmonizing the stakeholders' interests with the sustainable environmental development.

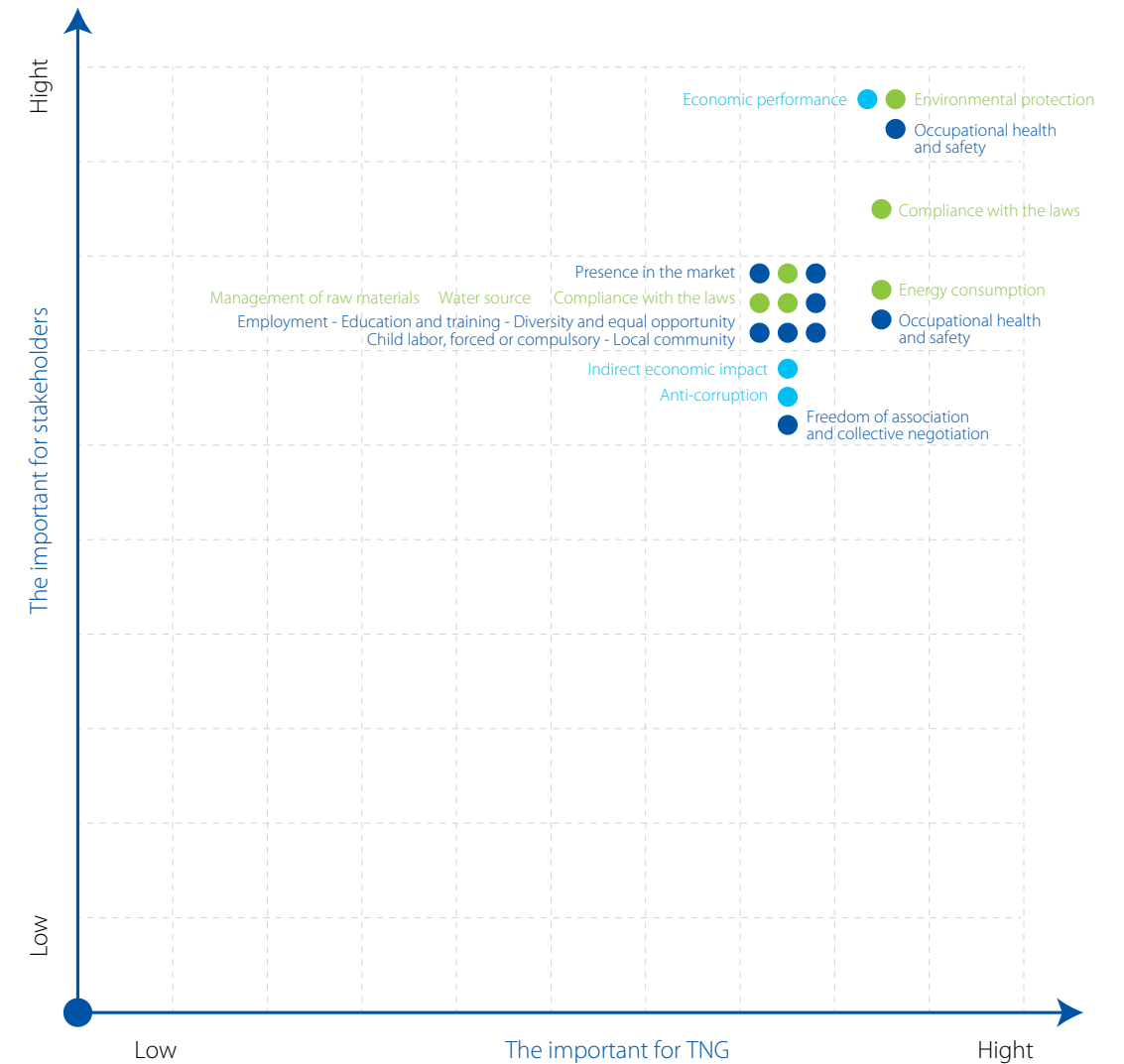
Step 3: Evaluate key areas in a sustainable relationship with stakeholders

- Develop matrix of key areas.

Step 4: Review, evaluate and learn experience

- Review key areas after issuing the report; collecting comments and suggestions from stakeholders to further improve next reports.

MATRIX OF KEY AREAS



KEY AREAS

ECONOMIC CATEGORY

- Economic performance
- Presence in the market
- Indirect economic impact
- Anti-corruption

ENVIRONMENTAL CATEGORY

- Environmental protection
- Management of raw materials
- Energy consumption
- Water source
- Waste, emissions and wastewater
- Compliance with the laws

SOCIAL CATEGORY

- Employment
- Occupational health and safety
- Education and training
- Diversity and equal opportunity
- Freedom of association and collective negotiation
- Child labor, forced or compulsory
- Local community
- Safety and health of customers

TNG'S SUSTAINABLE DEVELOPMENT IN RELATION TO SUSTAINABLE DEVELOPMENT OF THE TEXTILE AND GARMENT INDUSTRY IN VIETNAM AND IN THE WORLD

BUSINESS MOVEMENTS: GLOBAL SITUATION

THE ONGOING TREND OF TRANSFERRING ORDERS OUT OF CHINA

According to stats of WTO, the world's export values of textiles and garments in 2018 were VND 315 billion and VND 505 billion respectively at the corresponding growth rate of 6.4% and 11.1% compared to 2017. Meanwhile, China's export value of clothes in 2018 was just about the same as in 2017 with USD 158 billion.

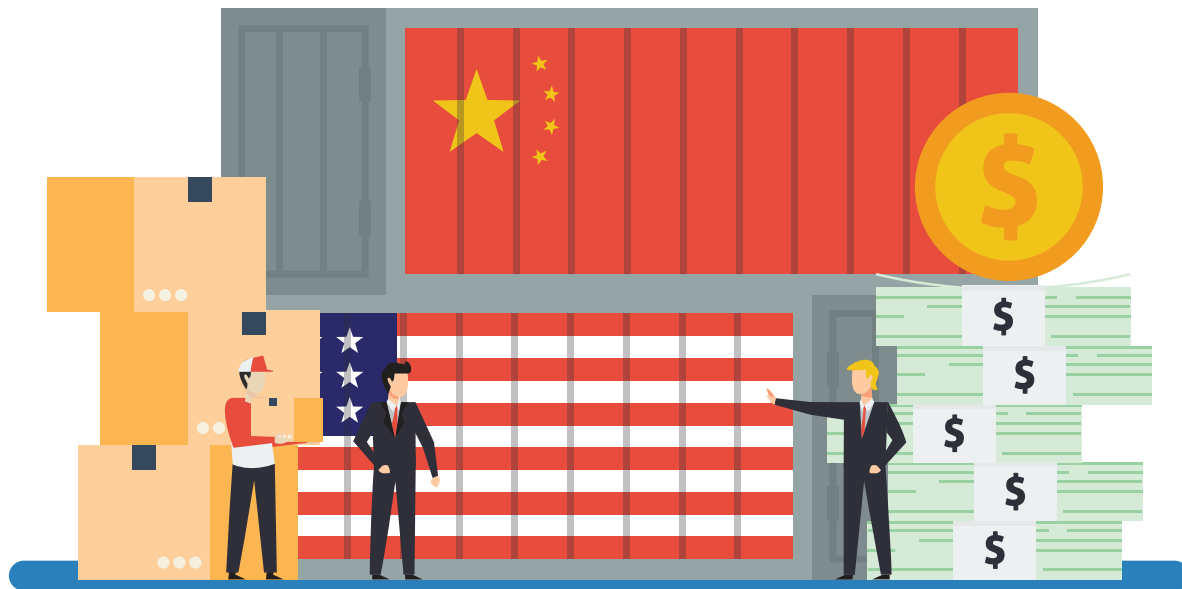
Orders are gradually transferred to certain countries to minimize risks of gathering production places into one location with lower average labor cost.

In spite of transferring the orders out of China, auxiliary industries still depend mainly on China, EU with total export market shares in 2018 reached 61.1% and grow rates were 8% and 7% respectively year over year.

China still owns the highest export value of textiles and garments in the world.

US-CHINA TRADE TENSION IS THE CATALYST FOR BOOSTING THIS PROCESS

In 2019, the proportion of clothing exported from China to the US sharply reduced from 33.2% year-over-year to 30.9%, reaching USD 22.1 billion (-5.6% year-over-year). Vietnam's textile and garment industry increased by 1.2%, up to 16.1% in the first 9 months of 2019. Export value of textiles and garments in Bangladesh increased by 10% year-over-year and added 0.4% of market share to 7%. Cambodia also increased by 0.3% of market share due to growth rate of 10.3% year-over-year, reaching USD 2.3 billion.



HOWEVER, THERE IS CONCERN THAT THE WORLD ECONOMIC GROWTH WILL AFFECT CONSUMERS' DEMAND ON TEXTILES AND GARMENTS

EC predicted that 2019 GDP in European increased by only 1.2% compared to 1.8% in 2018. China recorded the first quarter with lowest growth rate during the last 30 years; GDP in the 3rd quarter increased by only 6%. The deceleration of big textiles and garments consumption markets in the world influenced on consumers' demands. Hence, the retailers have carefully placed the orders with lower quantity and value to quickly adapt to market conditions.

The United States, EU, Japan and Korea are the four most important markets of Vietnamese textile and garment industry, especially the US accounts for 45.2% of total export value of Vietnamese textiles and garments. According to stats of General Department of Vietnam Customs, Vietnam's textiles and garments export only increased by 8% in the first 10 months of 2019, which was quite low compared to 16% in 2018.

The United States witnessed the deceleration in export value, increasing by 8% compared to 11% in 2018; however, market shares still increased as some countries such as China, Mexico reduced export value to the US.

According to stats of General Department of Vietnam Customs, textile and garments export to EU, Japan, Korea decelerated, increasing by 5%, 4.2%, and 5.2% respectively after good growth rate in 2018 reached 9.8%, 22.5% and 24.9% respectively. The highlight is that Canada market recorded the highest growth rate of 22.9% with effect of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) (all of taxes will be decreased since 2023); however, the export scale is still small.

Export value of FDI enterprises account for about 60% of total export turnover of textiles and garments even though the number of FDI enterprises is only about 20% due to larger scale than domestic enterprises.

China accounts for 37.6% of the world's export market share of textiles, garments and fibers.



Synthetic fiber price in Chinese market decreased by 19%-24% in 2019 because:

- US-China trade tension: fiber and fabric items of China have been imposed the taxes up to 25% since May 2019 (About 10% of total textiles, garments and fibers is imported to the US from China).
- In May 2019, the US imposed more countervailing duties to Polyester fiber from 32% up to 46%. In July 2019, the US continued to increase countervailing duties to Polyester fiber at 65%.
- Chinese government closed weaving and dyeing factories causing great impact on the environment. Thus, Vietnamese fiber producers may be forced to take fiber price down (15%-25% year-over-year) in order to compete with Chinese fiber producers.
- Fiber price has shown any sign of restoration yet since China continued dumping and sponsoring Chinese's fibers.

Source: summary

TNG'S SUSTAINABLE DEVELOPMENT IN RELATION TO SUSTAINABLE DEVELOPMENT OF THE TEXTILE AND GARMENT INDUSTRY IN VIETNAM AND IN THE WORLD (continued)

INDUSTRY'S EXPECTATIONS

- The ongoing trend of transferring garment production contracts out of China will bring a multitude of orders for 2020.
- Expecting the restoration of fiber price when China controls the dumping in 2020.
- Eco-friendly fashion trend.
- Investing and completing the value chain to benefit from Free Trade Agreements (FTA) such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) or EU-Vietnam Free Trade Agreement (EVFTA), etc.








INDUSTRY AND TNG

Facing the opportunities and challenges, Vietnam in general and TNG, in particular, has had strategies to ensure the sustainable development in the context of the Fourth Industrial Revolution (Industry 4.0). Specific strategies are as follows:

- Proactively develop the new market under the CPTPP.
- Promote the enhancement of core production capacity, corporate governance capacity, management of documents to prove the origin.
- Develop specific strategies for each item with a reasonable development orientation based on priorities from other free trade agreements in general and the CPTPP in particular.
- Integrate the sustainable development contents into production and business activities.
- Develop a long-term development roadmap according to GRI criteria for sustainable development reports as well as under the guidance of ISO 26000: 2010.





TNG AND 17 UN SUSTAINABLE DEVELOPMENT GOALS

Aiming at sustainable development on all of the economic, social and environmental aspects, TNG has developed and obtained some achievements in 2018, associated with the specific objectives of TNG as well as 17 UN sustainable development goals for the period of 2015 - 2030:

NO.	117 UN SUSTAINABLE DEVELOPMENT GOALS	TNG'S GOALS	ACHIEVEMENTS IN 2018
MT1	 Poverty eradication	Creating stable jobs; Improve income for employees. Develop the local economy.	<ul style="list-style-type: none"> ▫ The average income per capita at TNG is 2.8 times higher than the regional minimum wage ▫ In 2018, the total salary fund increases 1.5 times compared to 2017 ▫ 1.641 employees are working for the company
MT2	 Hunger eradication	Increasing investment in rural infrastructure.	<ul style="list-style-type: none"> ▫ Open a new factory (Dong Hy TNG) that contributes to creating jobs for 600 employees as well as to changing infrastructure in the factory locations.
MT3	 Good Health and Well-being	Constantly improving the physical and spiritual life for employees.	<ul style="list-style-type: none"> ▫ Buying health insurance for 100% of employees working at TNG ▫ Carrying out the periodic health examination for 100% of employees working at TNG ▫ Organizing sports tournaments among units in the Company ▫ Organizing cultural, singing, dance and cooking activities, etc ▫ Deploying the project "Happiness for employees"
MT4	 Quality Education	Improving skills and capacity of the employees so that they can meet cultural principles.	<ul style="list-style-type: none"> ▫ Training 10.675 people with a budget of VND 2.5 billion ▫ The company has a full-funding policy for children of employees working at TNG to study textile specialities.
MT5	 Gender Equality	Equality and non-discrimination.	<ul style="list-style-type: none"> ▫ At TNG, the proportion of women accounts for 73.56%. ▫ Female members of the Board of Directors account for 28.57% ▫ Female core leaders account for 53.33%

TNG'S SUSTAINABLE DEVELOPMENT IN RELATION TO SUSTAINABLE DEVELOPMENT OF THE TEXTILE AND GARMENT INDUSTRY IN VIETNAM AND IN THE WORLD (continued)

TNG AND 17 UN SUSTAINABLE DEVELOPMENT GOALS (continued)

NO.	117 UN SUSTAINABLE DEVELOPMENT GOALS	TNG'S GOALS	ACHIEVEMENTS IN 2018
MT6	 <p>Clean water and Sanitation</p>	<p>Managing waste effectively in compliance with the law. Complying with legal requirements; Using water resources efficiently and responsibly; Treating 100% of hazardous wastewater; enhancing safe water reuse.</p>	<ul style="list-style-type: none"> 100% of hazardous wastewater is treated 100% of units exploit water according to the permitted capacity A rate of water use/unit price compared to 2018: 4.41%.
MT7	 <p>Affordable and clean energy</p>	<p>Prioritizing the use of renewable energy, natural light; saving electricity, water, coal.</p>	<ul style="list-style-type: none"> Smart plant design makes the most of natural light, using transparent rain covers A rate of electricity use/unit price compared to 2018: 5.2% A rate of coal use/unit price compared to 2018: 3.89%.
MT8	 <p>Sustainable Employment and Economic Growth</p>	<p>Improving labour productivity, product quality; developing the local economy; implement waste reduction, recycling and reuse; improving the process of management, application and transfer of clean technologies; increasing the use of renewable materials and energy, environmentally friendly products; protecting labour rights; ensure a safe working environment.</p>	<ul style="list-style-type: none"> The company recruited more 1,641 employees in 2019 accounting for 11.67% higher than the number of employees in 2018. Income per person per month increases from VND 9.2 million to VND 9.5 million The company does not use forced labor and child labor 0 labor accident Contributing more than VND 71 billion to the State Budget
MT9	 <p>Building synchronous infrastructure, encouraging comprehensive and sustainable industrialization process, and promoting innovation</p>	<p>Taking the initiative in the application of modern technology to create a breakthrough in technology in production; Applying the information technology in management and operational practice.</p>	<ul style="list-style-type: none"> The design of the factory meets the maximum use of natural light. The wind and sun directions are designed in accordance with the specific location of each factory Investing in the systems of noise warning and CO₂ concentration measurement Investing in specialized waste treatment system Using automatic image sensor systems.

TNG'S SUSTAINABLE DEVELOPMENT IN RELATION TO SUSTAINABLE DEVELOPMENT OF THE TEXTILE AND GARMENT INDUSTRY IN VIETNAM AND IN THE WORLD (continued)

TNG AND 17 UN SUSTAINABLE DEVELOPMENT GOALS (continued)

NO.	117 UN SUSTAINABLE DEVELOPMENT GOALS	TNG'S GOALS	ACHIEVEMENTS IN 2018
MT15	 <p>Protecting, restoring and promoting sustainable use of terrestrial ecosystems, sustainably managing forests, combating desertification, and halting and reversing land degradation and biodiversity loss</p>	Suitably using the inland freshwater ecosystem.	<ul style="list-style-type: none"> Exploiting water sources in plant areas with the permitted volume A rate of water use/unit price compared to 2019: 4.41%.
MT16	 <p>Promoting peaceful and effective societies for sustainable development, providing access to justice for all and building effective, accountable and inclusive institutions at all levels</p>	<ul style="list-style-type: none"> There is no violence within the office and factories Strictly prohibiting corruption and bribery Building an effective, transparent, accountable organization at all levels 	<ul style="list-style-type: none"> There is no violence within the office and factories Enhancing communication about the company's code of conduct; assessing the anti-corruption and bribery processes in the Company.
MT17	 <p>Improving the ability to implement and renew the global partnership for sustainable development</p>	<ul style="list-style-type: none"> Encouraging receiving financial investment capital from foreign enterprises Increasing exports to developed markets 	<ul style="list-style-type: none"> Issuing inconvertible bonds without collaterals and warrants to Asam Vietnam Corporate Bond Hedge Fund 1 In 2019, the main export markets of TNG include: France, America, Germany, Canada, China, Spain, and Russia Complying with laws on product standards of importing countries.

ECONOMIC PERFORMANCE



TNG'S BUSINESS RESULTS	2016	2017	2018	2019
Registered capital	342,649	411,172	493,401	652,114
Total investment capital on production and business performed	1,846,222	2,225,689	2,595,435	3,027,410
Total revenue, VND billion	1,887	2,491	3,612	4,617
Profit before tax, VND billion	94,799	136,660	214,307	288,608
Profitability per VND of assets of enterprise (ROE)	17.1%	20.02%	25.37%	24.73%
Profitability per VND of assets of enterprise (ROA)	4.7%	5.7%	7.5%	8.2%
Obligation to the State budget (taxes, fee) VND million	15,487	16,398	47,342	70,963
Contributing to society (community and society programs if any)	712	1,587	6,646	2,989
Employee's average income/year	79,008,445	100,547,697	124,091,887	128,538,158
Export turnover, USD	86,410,325	163,873,347	207,501,019	251,177,389
Import turnover, USD	40,324,997	83,927,444	107,402,330	119,951,434
Total employees (Person)	9,544	11,110	14,056	15,670
Male/female employees	2,234/7,310	3,110/8,000	3,716/10,340	3,883/11,787
Number of juvenile labors (if any) - refers to workers between the age of 15 and 18	145	247	252	262
Total number of middle managers and higher (person)	139	150	162	182

GREEN FACTORY – VO NHAI TNG

ORIENTING TO A COMPREHENSIVELY SUSTAINABLE DEVELOPMENT IN THE FIELDS OF ECONOMY, SOCIETY AND ENVIRONMENT, TNG HAS CONTINUOUSLY MADE INVESTMENTS, IMPROVEMENTS AND INNOVATIONS TO BECOME MORE AND MORE APPROACHABLE TO SUSTAINABLE DEVELOPMENT STANDARDS OF THE UNITED NATIONS AND VIETNAM.



SCIENTIFIC

RESEARCH AND DEVELOPMENT

To successfully build a green factory, TNG has focused deeply on research and development to make the most optimal plan, meeting green standards after it is completed and put into operation.

USING THE MODERN SIMULATION AND CALCULATION SOFTWARE

- Simulating the energy consumption of the project
- Simulating the natural light
- Simulating wind and sun

ANALYSIS AND EVALUATIONS

- Analyzing regional ecological and climate charts.
- Analyzing the current status of the site to know factors affecting the site and the user of the project.
- Analyzing natural energy flows in the area to have cubic solutions from the beginning, make the most of the energy source, and avoid adverse conditions.

RESEARCHING AND SELECTING SUITABLE, EFFICIENT AND ENVIRONMENTALLY - FRIENDLY EQUIPMENT AND MATERIALS

- Covering materials (walls, glass, roofs, heat insulation materials) have good heat and sound insulation and are durable.
- Using cost - effective air conditioning and ventilation equipment with high efficiency.
- Selecting and using sanitary equipment with low water consumption.



- Selecting and using reusable or highly recycled materials.
- Selecting and using local materials
- Selecting and using products with low formaldehyde and VOC content to minimize the negative effects of volatile organic substances on human health.
- Selecting paving materials with good surface permeability, and materials and roofs with high radiation reflectance index to reduce the heat inversion effect.

TNG INVESTS IN BUILDING PROJECTS ACCORDING TO GREEN FACTORY MODEL. TNG VO NHAI IS ONE OF THE COMPANY'S SPECIAL PROJECTS.



IMPLEMENTING INTEGRATED DESIGNS

The parties in the project team (Investor, Designer, Constructor, Consultant) need to work with together continuously from design and construction phases until completion and operation

The research and development process has many very different characteristics that conventional factories do not have

- Applying modern simulation and calculation software.
- Analyzing and evaluating project designs.
- Researching and selecting suitable, efficient and environmentally - friendly equipment and materials.
- Implementing integrated designs.
- Analyzing climate charts, natural energy flows and factors affecting the construction give a better overview of the land. Since then, architectural design solutions will be made to make the most of natural energy and increase passivity in design.
- Applying the energy simulation will help estimate the annual operating cost, evaluate the efficiency of the energy consumption system (lighting, HVAC, etc.) of the project. Then, there will be an optimal choice of systems and cover materials suitable to the climate conditions at the site.
- Evaluating ventilation helps to ensure that the adequate amount of fresh air is supplied to the working space, harmful emissions will be removed from the space and the cross - contamination will be prevented between areas.
- Simulating natural light helps to provide optimal natural light solutions for the project, ensuring an adequate supply of natural light without causing the dazzle to users, cutting down a considerable amount of energy for artificial lighting.



GREEN FACTORY – VO NHAİ TNG (continued)



APPLIED NEW TECHNOLOGIES

Vo Nhai Garment Factory applies modern and advanced systems and machines of green buildings as follows:

- ▣ Installing CO₂ sensors to monitor and ensure air quality for closed and crowded working spaces
- ▣ Using high - quality, high - efficiency sun optics skylight plates to bring the UV - resistant, comfortable and soft natural light
- ▣ Integrating the lighting system with light sensors to be able to adjust the light brightness according to external weather conditions.
- ▣ Installing solar panels to reduce grid use.
- ▣ Installing the fresh air supply system for the working places to help improve health for employees and increase labour productivity.
- ▣ Lighting system using LED: Energy saving, environmental friendliness, high durability, low heat emission, no noise, good light quality.
- ▣ Heat sensors in meeting rooms, conference rooms, corridors, toilets: Automatically turn on lights when people are available; automatically turn off lights when there is none. This is to help increase comfort for users and save electricity.
- ▣ Installing sun optics skylight plates: Provide adequate natural light for employees; not cause glare and hot feeling; give a wide illumination area; significantly reduces energy used for artificial lighting.
- ▣ Installing sanitary equipment with low flow to reduce water consumption.

- ▣ Installing CO₂ sensors: Ensure air quality for closed and crowded working spaces.
- ▣ Installing solar batteries: Reduce electricity costs monthly and ensure environmental friendliness.
- ▣ Energy consumption monitoring system: Control and manage all energy consumption systems of the project.

OTHER FACILITIES OF THE FACTORY

- ▣ Design of utilities for working people: Sports ground, medical house, milking house, etc.
- ▣ Construction process
 - Managing waste during construction (at least 70% of waste is recycled/reused).
 - Taking measures to minimize environmental impacts: Anti - erosion, sedimentation, etc.
 - Managing indoor air quality during construction: Issuing regulations on smoking areas and dust limitations, etc.
- ▣ Planning and implementing the green management in the factory: Raising the awareness of employees about saving electricity/water, and sorting garbage.
- ▣ Planning and implementing the acceptance of ventilation, cooling, electricity and water systems: These systems are built and installed in accordance with the design requirements.

APPLIED INTO REALITY

FRESH AIR SUPPLY SYSTEM

The process of production and living in the air-conditioning space often produces toxic substances, excessive heat, and excessive moisture making the climate parameters change. On the other hand, the necessary concentration of O₂ for people is declined, producing fatigue and adverse health effects for a long time.

Therefore, it is necessary to discharge the polluted air (by toxic substances and heat) to the outside, and at the same time, replace with the treated air without harmful substances but with guaranteed O₂ amount at suitable temperatures.

BENEFITS OF NATURAL LIGHT

Natural light has been proved to improve mood, help the body produce vitamin D, strengthen the immune system and reduce inflammation. Natural light also helps balance the biological rhythm - a factor that plays an important role in regulating each person's eating habits, sleep time, and energy levels. In addition, natural light makes space look wider and airier than the spaces using only artificial light and bactericidal effect. Natural light also has the effect of killing bacteria and making the air purer.

BENEFITS OF USING PRODUCTS WITH LOW VOC AND FORMALDEHYDE CONTENT

Volatile organic compounds (VOCs) are organic - based gases released from certain solid or liquid materials. VOCs are found in many chemicals, including some substances with negative impacts on human health for a short or long term. The concentration of some VOCs in the building is always significantly higher (up to about 10 times) compared to the outside and can cause serious health problems for regular building users. VOCs released from products include paints and lacquers, paint cleaners, detergents, building materials and construction furniture, office equipment such as copiers and printers, cleaners and carbon - free photocopying paper, graphic and fine art materials such as glue and adhesives, non - fading inks and film coating substances.



SOCIAL ISSUES

CUSTOMER'S SATISFACTION

PROVISION OF INFORMATION TO CUSTOMERS AND CONSUMERS

TNG is always committed to provide customers with qualified and good quality products. TNG is also committed to protect the customers' rights on product and trademark: Each item has its own bar code and serial number. Customers and consumers are provided with TNG-branded packages for purchased clothes in easy and convenient manner. User manual: Printed and labeled by the Company to provide customers and consumers with the best product use. In addition, customers and consumers can also contact the Hotline: +84 964 920 222 for direct consultation on Company products.

Besides, the online information is also available to customers regarding selection of clothes size and color on the Website: tngfashion.vn. TNG's clothes are always satisfied to quality assurance requirements, any found defects can be exchanged for free for 7 days to customers and consumers.

TNG applies free ship policy for all orders and only supports to ship for orders over VND 200,000. The exchange regulation is applied for: Products with manufacturing defects and mistakes by staffs in charge of order, free exchange charge 100%; Customers shall bear shipping charge in demand of exchanging to other products. TNG shall not refund if the exchanged products have lower value than the bought products, and on the contrary, customers shall offset for overcharge of higher value products.



GATHER FEEDBACK FROM CUSTOMERS

For the sector of export textile, TNG always organizes meetings and exchanges with customers. The weekly, monthly, seasonally and yearly meetings provide TNG and customers with the most detailed and comprehensive picture on cooperation relationship.

For the sector of domestic fashion, in order to approach the modern sales methods, in addition to direct feedback and information processing channel from customers, or at retail stores across the country, TNG has developed the online address to receive information from customers on the Website: www.tngfashion.vn instead of regular customer conferences.

Up to now, TNG has operated nearly 50 fashion dealers across the country. TNG has applied the direct marketing method, in which its salespeople are trained in business ethics and deep knowledge of TNG's products. TNG's salespeople always have responsibilities for product consultancy. In parallel with this consultancy, the salesperson also explains the Company's warranty and discount policies in the most enthusiastic and honest manner to customers and consumers.

The channel receiving customers' feedback on Website: <http://tngfashion.Vn/feedback>.

Besides, the Company also advertises and introduces clear product information via facebook. TNG's fanpage has more than 700,000 followers. Any updated information of new products is posted on its fanpage.

For best satisfaction to customers, TNG has implemented the quality control procedures in order to bring the most qualified products to customers. The raw materials are always inspected from warehousing to finished goods. For avoidance of garment products from contaminating foreign metal, broken needle fragments or other sharp objects, TNG always use automatic metal detectors to inspect the finished products before delivery to consumers.



POLICY ON COMPLAINTS HANDLING

When any complaints occur from customers, Quality Control Department takes responsibility for considering and proposing an unexpected assessment or review to archive records for the next supervision and assessment. Quality Control Department receives all complaints regarding the products quality, updates to complaint tracking log, submits to Deputy General Director in charge of quality to review and assign staffs for complaint handling.



The assigned staffs shall respond to the complainants on complaint confirmation, time for complaint handling and related handling procedures within 5 days since the date of receipt, request customers to supplement necessary information and evidence.

The assigned staffs are in charge for handling complaints and consult the Management of the Company to give the effective solutions.

In addition, these assigned staffs need to propose corrective actions to prevent occurred complaints and inform the leaders for consideration and overcome. Report the leaders on implementation results.

Submit the result of complaint handling to General Director for consideration and approval.

The Complaint handling department shall give a written notice to customers on the result of complaint handling. The Complaint handling department takes responsibility for updating and tracking customer's complaint handling records. Synthesize and report the leaders in periodic meetings or upon request.

The Complaint handling department takes responsibility for updating and tracking customer's complaint handling records. Synthesize and report the leaders in periodic meetings or upon request.

SOCIAL ISSUES (continued)

ANTI-CORRUPTION, ANTI-COMPETITIVE AND PROCUREMENT PRACTICES

CULTURAL HANDBOOK ON ANTI-CORRUPTION

Anti-corruption principles: Publicizing the bidding information at meetings through documents, website, newspapers, etc. Prevent before processing: Identify the corrupt behaviors and objects to educate thought and prevention.

- Anti-corruption handling principles: Handling all people with corrupt behaviors at any titles or positions under the laws and the Company's internal regulations. Revoking the corrupted assets; forcing all people with corrupt behaviors causing damages to the Company to compensate and refund according to the Company's regulations.
- Propagating and conveying TNG's anti-corruption policy to partners, suppliers and customers by each employee.

Information channel between TNG and employees is established in many forms, available on the website: tng.vn, at <http://www.tng.vn/lien-he>.

ANTI-CORRUPTION AND ANTITRUST POLICIES

All the Company's material purchase and basic construction investment activities are conducted in public and transparent form of bidding. Information of bid packages are directly send to list of suppliers that TNG follows-up and posted on TNG Website.

For business partners

- Partners are committed not to lending money or assets to the TNG's staffs for any reasons.
- Partners are also committed to cooperate with TNG Investment and Trading Joint Stock Company only offering and transferring money to accounts under the control of TNG.
- Partners do not to make discount of commission percentage to individuals in collaboration with TNG. Otherwise, such details become public and directly reported to TNG leaders.

For TNG's employees

- Taking approved commission or discount from suppliers by TNG, offering to customers' and suppliers' price are banned.
- Disclosure of the Company's business information is strictly prohibited.
- Any bribery and corruption behaviors are unacceptable in any cases such as: Searching suppliers, developing, marketing, buying and selling goods.



EQUITY FOR SUPPLIERS

Code of conduct for TNG's suppliers

Introduce

Code of conduct for Suppliers (referred to as CoC) stipulates the minimum standards required by TNG to its suppliers (see Definition of Supplier below) to comply during transactions with TNG in addition to the laws and regulations applied for suppliers' operations. Explanations and instructions for CoC are provided in Implementation Guide for TNG's suppliers. CoC is an integral part of all contracts between TNG and its Suppliers.

Business ethics

Suppliers shall do business in an ethical manner with their integrity.

Integrity in business

Any bribery, corruption, extortion and embezzlement behaviors are strictly prohibited. Suppliers shall not create benefits, propose and make payment, or accept to bribe or involve in other illegal inciting actions in business relationships or Government. Suppliers must take actions against bribery and corruption in any form.

Suppliers must strongly conduct programs of reporting and anti-fraud. Suppliers must report to TNG any frauds (actual or in process of investigation) related to TNG's business operations, regardless of severity.



Gifts, reception and entertainment

Though gifts, reception and entertainment are considered as common business etiquettes, TNG still has strict regulations for these activities. It's important to recognize what to be right and wrong when exchanging these etiquettes.

Suppliers shall not give gifts, tips, hotel services, reception or entertainment to TNG's employees, Government officials/authorities or any other business partners, in any circumstance, which can affect, or likely to affect, on decisions of such employee or authority with business partners. In other circumstances, gifts, reception or entertainment with small value can be provided to TNG's employees if they are not in cash or cash equivalent items, suitable with business practices, irregularly or inexpensive, and in accordance with the laws.

One of the most common ways causing conflict of interest comes from receiving gifts or reception (i.e, all valuable things, including but not limited to offers, tickets and other tips) from suppliers who are under business cooperation or desire to make business cooperation with TNG. Due to these risks, the following restrictions are established:

- TNG's employees are strictly prohibited to solicit or require, directly or indirectly, any valuable things from any supplier who are under business cooperation or desire to make business cooperation with TNG.
- Similarly, suppliers shall not give any valuable things to any TNG's employee if other people have proper reasons to consider these gifts, reception or entertainment affecting on employee's objectivity. In short, giving gifts, reception and entertainment shall not cause any doubts on obligation or conflict of interest.

SOCIAL ISSUES (continued)

ANTI-CORRUPTION, ANTI-COMPETITIVE AND PROCUREMENT PRACTICES (continued)

FAIR COMPETITION

Suppliers must do business in accordance with fair competition as well as comply with the applicable antitrust law. Suppliers must conduct fair business activities, including accurate and honest advertising.

IDENTIFICATION OF CONCERNS

Suppliers must encourage all employees and sub-contractors to report all concerns or illegal actions without fear of retaliation, intimidation or harassment, at the same time, investigate and take corrective actions if necessary.

CONFLICT OF INTEREST

Suppliers need to avoid interaction with any employee of TNG possibly causing conflicts, or likely to cause conflicts, at such employee's position when acting for TNG's best interest. For example: Partners should not recruit or otherwise make payment to any TNG's employee in any interaction between suppliers and TNG, except for the contract with TNG. If supplier's employee has family relationship with any TNG's employee or if supplier has any other relationships with TNG's employee causing conflict of interest, this supplier must reveal this information to TNG.



PRIVACY

Suppliers must make confidentiality agreement with TNG before exchanging confidential information with TNG. Unless permitted by TNG, suppliers shall not share TNG's confidential information or other obtained information concerning TNG's business operations. Suppliers must ensure and prepare carefully to prove their suitable measures to protect personal information and other confidential information. The unauthorized usage, disclosure or loss of TNG's confidential information must be reported immediately to TNG's Legal Affairs Department.

ACCURACY OF BUSINESS RECORDS

All financial books and records must comply with generally accepted accounting principles. The records must be accurate in all important aspects. The records must be clear and transparent, reflecting actual transaction and payments.

INTELLECTUAL PROPERTY

Intellectual property rights must be respected; transfer of technology and know-how must be conducted in form of protecting intellectual property rights.

COMMERCIAL COMPLIANCE

Suppliers must comply with all applicable import-export control laws, regulations and sanctions of the country where suppliers reside, and any other countries, including but not limited to transactions of import, export, re-export, transfer or disclosure. This regulation covers all forms of commodity transaction, software, technology or technical assistance that can be subject to trade restrictions, regardless of transfer form. Suppliers shall cooperate with TNG to identify the current export control restrictions. Moreover, suppliers shall fully comply with other applicable customs and trade laws.

INTEGRITY IN SUPPLY CHAIN AND PRODUCT QUALITY

Suppliers taking part in supply, production, packaging, re-packaging, inspection, storage and distribution of raw materials/products on behalf of TNG must comply with current regulations on quality and requirements of good production, distribution and experiment practices where products are manufactured, registered and distributed.

PROCESS

TNG's employees comply with the Guide for purchasing goods or services. Purchasing Department shall coordinate all business and/or negotiation matters regarding purchase, and TNG's employees provide primary information and technical assistance when necessary. The works start as soon as suppliers have received orders or signed contracts. Suppliers shall take own risks without orders or signed contracts. Once orders are made, all attached invoices must include order number on invoices. Moreover, some cases need to make official appraisal before using raw materials and services.

TNG'S NAME, BRAND OR LOGO

TNG's name, brand or other similar information are strictly prohibited in advertising and communication publications or supplier's confirmation of product without TNG's prior written approval.

COMMUNICATIONS AND PUBLIC RELATIONS

TNG has established external communications policies and processes. Only TNG's authorized employees can release statements to the media or publication on TNG or TNG's products.

MANAGEMENT SYSTEM

Suppliers must use their management systems to facilitate continuous innovation and meet expectations in these principles.

COMMITMENTS AND RESPONSIBILITIES

Suppliers must prove their commitments to the concepts described in this document by appropriate resource allocation.

LEGAL REQUIREMENTS AND CUSTOMERS

Suppliers must identify and comply with the applicable laws, regulations, instructions and standards as well as requirements of related customers, handle and make document for the identified gaps in a responsible and timely manner.

RISK ASSESSMENT AND MANAGEMENT

Suppliers must have own mechanisms for risk assessment and management in all aspects stated in this document.



SOCIAL ISSUES (continued)

ANTI-CORRUPTION, ANTI-COMPETITIVE AND PROCUREMENT PRACTICES (continued)

DOCUMENTATION

Suppliers must maintain the required documents to prove their suitability with these expectations as well as compliance with the applicable regulations and instructions.

TRAINING AND CAPACITY

Suppliers must hold up training programs with appropriate levels on knowledge, skills and capacities for Board of Management and employees to solve these expectations.

BUSINESS CONTINUITY

Suppliers shall take their responsibilities for development and implementation of appropriate business continuity plans for TNG's business support activities.

CONTINUITY IN INNOVATION

Suppliers are expected to constantly innovate by setting performance goals, implementing plans and take required corrective actions and precautions of shortage through internal and/or external reviews, inspections and management assessments.



LABOR RIGHTS AND HUMAN RIGHTS

Suppliers must support and respect the protection of globally-recognized human rights publicized and ensure that they are not complicit in human rights violations.

Freedom of career choice

Suppliers must not use forced labor, bonded labor or contract labor or prison labor or other forms of forced labor. Employees are not required to submit their passports or other legal documents or pay employers before starting their works.

Fair treatment

Suppliers must create a working environment without harsh and inhumane treatment, or without threat of such working environment, including sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, or verbal abuse with employees.

Child labor

Suppliers are strictly prohibited to use child labor. Suppliers are only permitted to use employees under 18 years for non-dangerous works (prescribed by ILO Convention No. 138 + 182) and when child labor is above legal working age in any country or the age stipulated to complete compulsory education.

Salary, welfare and working time

The suppliers to employees according to the applicable laws on salary, including minimum salary, overtime and compulsory welfare.

No discrimination

Suppliers must create a working environment without harassment and discrimination. Any discrimination behaviors due to race, color, age, gender, sexual orientation, ethnicity, disablement, genetic information, religion, veteran status, political opinion, trade union membership or marital status shall be not forgiven.

Freedom of association

Suppliers are encouraged to openly communicate and directly engage with employees (and/or assigned trade union officers, if any) to solve all matters regarding salary and working environment. Suppliers shall respect employee's rights for freedom of association, attendance to trade union or not, looking for representative and involving in employee's council as prescribed in the local laws. Employees could openly communicate with Management board concerning working conditions without fear of retaliation, intimidation or harassment.



SOCIAL ISSUES (continued)

OCCUPATIONAL SAFETY AND HEALTH



FOR SAFETY PROTECTION, PREVENTION FROM ADVERSE EFFECTS AND CREATION OF FAVORABLE WORKING CONDITIONS FOR EMPLOYEE'S HEALTH, IMPROVING PERFORMANCE, QUALITY AND EFFICIENCY, PROMOTING GENERAL DEVELOPMENT OF THE COUNTRY, THE OCCUPATIONAL SAFETY AND HYGIENE ASSURANCE IS A GREAT SOCIO-ECONOMIC POLICY OF THE PARTY AND GOVERNMENT, AN IMPORTANT AND INTEGRAL PART OF SOCIO-ECONOMIC DEVELOPMENT STRATEGY OF OUR COUNTRY.



Well implementing occupational safety and hygiene is to ensure employee's health and life, importantly contribute to development of production and social life. This activity has a broad and humanity meaning associated with period of industrialization, modernization, associating labor protection with environmental protection and culture in production. TNG's Department of Labor Protection is in key charge of occupational safety and hygiene, fire prevention, management of fire alarm system, food safety and hygiene, working environment, health care and first aid, 5S maintenance, fire fighting, training and managing network of safety and hygiene personnel. During 2019, the Department strictly implemented its functions and duties, guaranteed occupational safety and health for TNG's employees.



TRAINING ON OCCUPATIONAL SAFETY AND HYGIENE

Holding up specialized trainings for employees of Groups 1, 2, 3, 5, 6: 535 people providing regular trainings for 12,739 employees of Group 4 working at the Company. Total training expense was up to VND 197 million.



FULL PROTECTIVE EQUIPMENT UNDER REGULATIONS

TNG has 18 various job titles and positions, clearly specified on type of personal protective equipment.



CONTROL OF HAZARDOUS AND DANGEROUS FACTORS AT WORKPLACE

Preparing records, books to monitor and verify 137 machines and equipment under strict requirements on occupational safety and hygiene.

Monitoring 1,899 samples for assessment of the working environment. The monitoring indicators were within the permitted limits of the law.

SOCIAL ISSUES (continued)

OCCUPATIONAL SAFETY AND HEALTH (continued)



FIRE AND RESCUE, PERIODIC TRAINING AT TNG

Establish and implement occupational safety and hygiene plans, including deployment of duties on fire and rescue, safety inspection for branches.

Deploy the plan to launch the movement of the entire population on fire prevention and fighting in 2019; the plan to implement the fire and rescue at TNG in 2019.

Basic fire fighting plans were established at head offices and approved by Thai Nguyen Province Fire and Rescue Police Department.

- ▣ Head office 1: TNG Fashion Design Center: Approved in August 2017
- ▣ Head office 2: Viet Duc Garment Factory: Approved in March 2016
- ▣ Head office 3: Viet Thai Garment Factory: Approved on 09 March 2016
- ▣ Head office 4: TNG Song Cong Factory: Approved on 23 March 2016
- ▣ Head office 5: TNG Phu Binh Factory: Approved on 22 March 2016
- ▣ Head office 6: Dai Tu Garment Factory: Approved on 22 March 2016
- ▣ Head office 7: TNG Dong Hy Garment Factory: Approved on 18 July 2019

Regularly propagandize and disseminate knowledge, guide to implement fire and rescue for all employees such as: Law on fire fighting and prevention, Law on amendment and supplements to Law on fire fighting and prevention; Decree No. 79/2014/ND-CP dated 31 July 2014 of the Government; Circular No. 66/2014/TT-BCA dated 16 December 2014 of the Ministry of Public Security; Decree No. 83/2017ND-CP dated 18 July 2017 of the Government; Circular No. 08/2018/TT-BCA dated 05 March 2018 of the Ministry of Public Security, etc.

Issued the Plan to launch the movement of the entire population on fire prevention and fighting in 2019 (Plan No. 687B/2019/KH-PCCC dated 05 April 2019); the plan to implement the fire and rescue at TNG in 2019 (Plan No. 687A/2019/KH-PCCC dated 05 April 2019).

Establish and consolidate Steering committee for fire and rescue, assign specific tasks to the Committee.

Make decisions on appointing safety officers in charge of occupational safety and hygiene, fire and rescue at all branches. Safety officers inspect factories and production areas everyday, etc., to detect and eliminate potential risks for safety assurance in production.

In the first 6 months of 2019 and to the present time, the Company in general and head offices in particular have not had any incidents of fire and explosion insecurity. Cooperate with Thai Nguyen Province Fire and Rescue Police Department to provide professional training to 05 basic fire and rescue teams including 559 employees at 5 head offices, newly issue 251 certificates of professional training on fire and rescue; implement basic fire fighting plans at 5 head offices with total of 12,852 participants.

Cooperate with Trade union to organize the contest of Knowledge and Skills on fire and rescue in 2019 on 26 May 2019 with participation of 13 teams from affiliated factories and branches.

Organize the contest of "Labor protective corner" in 2019 from 04 May to 29 May 2019 with participation of all factories and affiliated branches. There are contents to propagandize and instruct employees in writing and images on occupational safety and hygiene, fire and rescue, etc.



MEDICAL, HEALTH CARE AND PROTECTION

Make training the officers in charge of procedures No. QT.DTTNLD dated 23 November 2018 on emergency, investigation, report and inspection of labor accidents. Guarantee investigation policy and procedure, implement investigation under jurisdiction.

Provide TNG's employees with standard labor protective knowledge and equipment; health insurance as prescribed by the laws.

Implement periodic health examination for all employees by year. During 2019, 14,022 employees were examined for occupational diseases and taken periodic health examination. 2019 recognized no case of disease due to effects from working at the Company.

Measure harmful factors, periodically monitor working environment at factories every 12 months.

TNG's factories were equipped with 07 primary emergency and medical rooms for employees in case of emergency.

Stipulate and strictly control the unauthorized use of production machineries and equipment to prevent potential unexpected incidents.

Provide appropriate lighting and ventilation systems for employees.



SOCIAL ISSUES (continued)

OCCUPATIONAL SAFETY AND HEALTH (continued)

HEALTH, SAFETY, ENVIRONMENT

Suppliers must build a safe and healthy working environment, including all living areas provided by the Company.

Employee protection

Suppliers must protect employees (special care for pregnant women), from excessive exposure to chemicals, biological and physical hazards as well as physically demanding tasks at workplace and living areas provided by the Company. Suppliers must have an ongoing improvement program to identify, measure and take actions for prevention of accidents/incidents.

Process safety

Suppliers must develop programs in place to prevent or minimize accidental chemical release regarding activities and processes. The programs must appropriate with on-site risks.

PRECAUTION AND EMERGENCY RESPONSE

Suppliers must identify and assess the emergency situations at workplace and all living areas provided by the Company, minimize their impacts through prevention and implementation of emergency plans and response processes.

Warning information

Suppliers must have available safety information related to hazardous materials, including intermediate compounds and materials for employee education, training and protection from hazards.

Suppliers must operate in an efficient and environmentally responsible manner to minimize adverse impacts on the environment. Suppliers are encouraged to conserve the natural resources, avoid the use of hazardous materials when possible and engage the reuse and recycling operations.



ENVIRONMENTAL LICENSE

Suppliers must comply with all applicable environmental regulations. They also have to obtain all necessary licenses, qualifications, information registrations and restrictions on the environment, and comply with operational and reporting requirements.

Garbage and waste

Suppliers need to equip the systems in place to manage safe treatment, transportation, storage, recycle, reuse of garbage, emission and wastewater. Garbage, wastewater or emissions likely to adversely affect human health or the environment must be appropriately managed, controlled and treated prior to discharge into the environment.

Spill and leak

Suppliers must have systems in place to prevent and minimize spills and leaks to the environment.

QUESTIONS OR CONCERNS

Suppliers' employees should contact Legal Affairs Department to address the internal ethical and compliance concerns. In the event that this concern may also affect TNG as contractual partner of supplier, TNG's Legal Affairs Department must be notified immediately.

If suppliers' employees believe that one of TNG's employees or anyone acting on TNG has engaged illegal behavior or otherwise inappropriate conduct, such employee should promptly report to TNG.

Where finding out any its employee with corrupt behavior, TNG shall take disciplinary action and stop its cooperation with supplier. If you doubt something about any employee, business partner, supplier or contractor, please send your information via email address: thoiha@tng.vn. Mobile phone: 0913.286.014. Your information shall be kept strictly confidential.

SOCIAL ISSUES (continued)

DIVERSITY AND EQUAL OPPORTUNITIES



TNG IS THE FIRST GARMENT COMPANY IN VIETNAM ISSUED EDGE ASSESS CERTIFICATE.



With an effort to create an equal working environment and human resources policy of fair development for both male and female. TNG was issued EDGE Assess Certificate, ASSESS level by EDGE Certified Foundation (Switzerland).

EDGE Assess Certificate with validity of 2 years, from 18 December 2019 to 17 December 2021 will give TNG opportunity to cooperate and attract investments from large enterprises in the world, and bring many competition advantages. At the same time, the Certificate shows TNG's commitment to establish more equal working environment for both male and female employees at TNG, maintain the work-life balance.

ACCOMPANYING WITH LOCAL DEVELOPMENT

TNG's investment activities for community development are shown in the following table:

NO	CONTENT	ADDRESS	QUANTITY	AMOUNT (VND)
1	Support to build houses of affection	Cities, districts and town	13 houses	540,000,000
2	Give gifts to families in difficult circumstances	Song Cong City		35,000,000
3	Give gifts to families in difficult circumstances	Phu Binh Province	750 gifts	150,000,000
4	Give gifts to households and students in difficult circumstances	Dong Hy District	600 gifts	180,000,000
5	Give gifts to employees and people in difficult circumstances	Pho Yen Town	160 gifts	130,000,000
6	Support to build communal houses	Vo Nhai District		10,000,000
7	Donate warm clothes to poor children	Vo Nhai District	200 gifts	40,000,000
8	Donate warm clothes to students	Dai Tu District	150 gifts	30,000,000
9	Give gifts to teenagers and young children on the occasion of Children's Day	TNG collective buildings		3,000,000
10	Give gifts to employees' children on the occasion of Mid-Autumn Festival		14,000 gifts	850,000,000
11	Give gifts to employees' children with excellent academic achievements		2,694 gifts	281,400,000
12	Give gifts to employees who are children of martyrs, war invalids, sick soldiers, people with meritorious services to the revolution on the occasion of Vietnamese War Invalids and Martyrs' Day on 27 July		477 gifts	144,900,000
13	Give gifts to employees in difficult circumstances on the occasion of Tet holidays		689 gifts	445,000,000
14	Support to construct roads with lighting systems Nam Hoa Commune (Dong Hy) and Khoi Ky Commune (Dai Tu)			10,750,000
15	Organize Environmental sanitation program named "Keep Thai Nguyen Green", including activities of cleaning streets and giving environmentally friendly fabric bags	Thai Nguyen City	877 fabric bags	131,550,000
16	Give fabric bags to agencies to respond to Plastic Bag Free Day	Thai Nguyen City	50 fabric bags	7,500,000
Total:				2,989,100,000

SOCIAL ISSUES (continued)

THE RIGHT TO JOIN TRADE UNION AND COLLECTIVE NEGOTIATION

TRADE UNION OF TNG INVESTMENT AND TRADING JOINT STOCK COMPANY WAS ESTABLISHED IN 1979. OVER 40 YEARS OF ESTABLISHMENT AND DEVELOPMENT, THE EXECUTIVE COMMITTEE OF THE TRADE UNION HAS NOW 18 COMRADES INCLUDING 1 CHAIRMAN, 02 VICE CHAIRMEN AND 15 COMRADES AS MEMBERS OF THE EXECUTIVE COMMITTEE.



The comrades in the executive committee are assigned the following responsibilities:

- Propagate, disseminate and mobilize employees to implement the Party's guidelines and policies, the State's policies and laws, the tasks of the Trade Union and the Company's rules and regulations.
- Check and supervise the execution of laws related to the rights of employees and Trade Union. Participate in supervising the development of salary scale, labor norms, salary payment regulations, bonus regulations, internal rules and labor agreements.
- Coordinate with employers to implement democratic regulations, organize conferences for employees, dialogues at the workplace.
- Coordinate with employers to organize emulation movements, encourage production and business development, take care of mental and material life of the employees.
- Coordinate with employers to organize activities to promote the movement of ensuring occupational safety and health, direct the network of occupational safety and health to operate in line with the provisions of the law.
- Canvass the employees to participate in social activities, help each other in careers, and help each other to prevent social evils in life.

TNG POLICY ON FREEDOM OF ASSOCIATION

BOARD OF MANAGEMENT OF TNG INVESTMENT AND TRADING JOINT STOCK COMPANY UNDERTAKES THAT:

ALL EMPLOYEES WORKING AT TNG ARE FREE TO: SELECT, JOIN, REFUSE TO JOIN, LEAVE ASSOCIATIONS/ORGANIZATIONS/COLLECTIVES OF TRADE UNION AND EMPLOYEES IN THE COMPANY AND ENTITLED TO FREELY ESTABLISH ASSOCIATIONS/ORGANIZATIONS OR OTHER COLLECTIVES THAT DO NOT VIOLATE THE PROVISIONS OF THE LAW, THE RULES AND POLICIES OF THE COMPANY, NOT AFFECTING THE PRODUCTION AND BUSINESS SITUATION AND BEHAVIORAL CULTURE OF THE COMPANY



- TNG Investment and Trading Joint Stock Company prohibits all organizations and individuals within the scope of the Company to hinder the freedom of travelling, meetings or participation in State recognized organizations.
- All the employees are provided with training to know their rights related to this policy. The factories always consider this an important part in their yearly training programs for the employees.
- It is strictly forbidden for individuals to induce, incite or threaten others to join organizations established by themselves or others.
- The factories allow their employees to freely travel around the factories to address individual needs or leave the factories for reasons of force majeure. Managers at all levels must respect the freedom of living and collective negotiation of the employees.
- In order to have a good working environment, the factories must not use the power or presence of police or the military to frighten the employees during working hours, in the factories premises.
- The factories have no right to dismiss, punish or apply forms of threatening or compelling the employees to participate in or refuse to participate in activities of the Trade Union.
- Trade Union members have the right to freely vote for their representatives at the factories and to take part in activities of the Trade Union. The factories have no right to interfere with these freedoms of Trade Union members.
- Trade Union members have the right to take part in collective dialogues, freely to raise their voice and make petitions according to the contents of the dialogues and be guaranteed not to bear any act of reprisal, intimidation or retaliation.



SOCIAL ISSUES (continued)

THE RIGHT TO JOIN TRADE UNION AND COLLECTIVE NEGOTIATION (continued)



TNG has developed a detail, clear and easy-to-understand complaint mechanism. This mechanism is widely disseminated to all employees to ensure that they know what they need to do when there is a problem to complain about.

Hotline numbers are posted at all workshop doors, areas regularly passed by the employees; Suggestions boxes are hung in the areas regularly passed by the employees and without cameras such as toilets, canteen, etc.

METHODS OF MAKING COMPLAINTS



Put suggestion letters into the suggestion boxes



Directly complain to representatives of the trade union



Make phone calls to the hotline numbers

The suggestion boxes will be opened periodically twice a week to promptly obtain information from the employees and take actions.

All complaints of the employees will be kept confidential and specifically recorded.

The Company's policy in resolving complaints: Transparency and non-retaliation. We have developed a for resolving complaints and will determinedly implement to give the employees an equal and safe working environment.

CHILD LABOR AND FORCED LABOR

POLICY ON CHILD LABOR AND FORCED LABOR

TNG is committed: Not using employees under 15 years of age at all stages and departments at all TNG branches. Not using juvenile employees to do heavy and hazardous works, not working more than 40 hours per week.

The Company has developed a process to detect and prevent children from entering the production area to ensure the goal that no children under 15 years of age will appear in the production area and avoid occupational safety and legal risks. All candidates applying for positions are carefully checked by recruitment staff, compared with original documents or reconciled, surveyed through local authorities to accurately determine the age of workers before recruiting.

For juvenile employees, the Company has a strict management and monitoring process.



RESEARCH AND DEVELOPMENT OF NEW PRODUCTS



Outstanding achievements in 2019: Down-like fiber was issued Copyright registration certificate No. 3880/2019/QTG dated 28 June 2019 by the Copyright Office of Vietnam.

Outstanding achievements in 2018: Seamless products with fashionable design, made of environmentally friendly materials, were issued Copyright registration certificate No. 2773/2018/QTG dated 04 June 2018 by the Ministry of Culture, Sports and Tourism (Copyright Office of Vietnam) for "The article about the production of seamless shirts with seam pressing technology".

FUNCTIONS AND DUTIES OF R&D DEPARTMENT

- 1 Establish technological process of: Cutting, sewing and finishing
- 2 Research and application of folders
- 3 Research, analysis and training on standard actions for employees in charge of cutting, sewing and finishing
- 4 Capacity of employees in charge of line balance to improve productivity
- 5 Research and application of new equipment and technologies
- 6 Technology training for team leaders and employees

SOCIO-ECONOMIC EFFICIENCY OF R&D IMPLEMENTATION

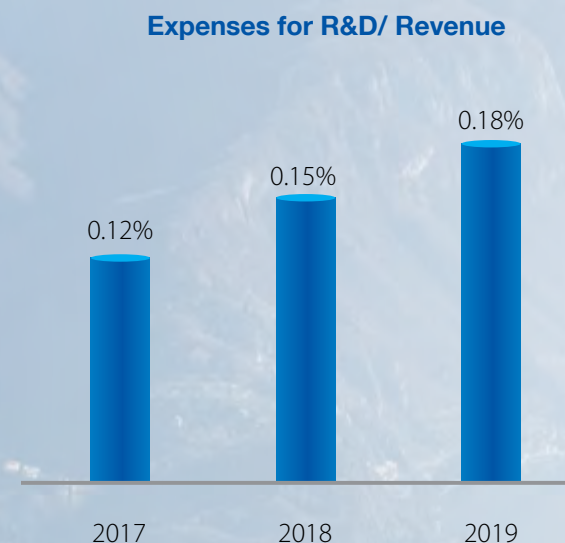
EFFICIENCY SOCIO-ECONOMIC

- ▣ Create new product lines and new options for customers;
- ▣ Satisfy domestic needs and tastes to keep up with foreign countries;
- ▣ Enhance product quality: Increase value of each seam and seamless product from 20% to 50%.

EFFICIENCY ON SCIENCE AND TECHNOLOGY

- ▣ Facilitate employees to approach and use new technologies.
- ▣ Create valuable products by high technologies.
- ▣ Develop TNG-branded products.
- ▣ Create environmentally friendly products.

INVESTMENT RATIO FOR R&D/ REVENUE DURING LAST 3 YEARS (%)



ENVIRONMENTAL ISSUES

MATERIALS

TNG PURCHASES MATERIALS FROM DOMESTIC AND FOREIGN SUPPLIERS. THESE MATERIALS ARE MANUFACTURED USING THE WORLD'S LEADING TECHNOLOGIES, ENSURING SAFETY FOR THE ENVIRONMENT AND USERS. TNG SELECTS SUPPLIERS BASED ON THE FOLLOWING FACTORS: COMPETITIVE PRICE, SUPPLIERS' SOCIAL RESPONSIBILITY COMPLIANCE, ABILITY TO MEET ENVIRONMENTAL PROTECTION CRITERIA AS RECOMMENDED, TNG'S EVALUATION.



THE SUPPLIER EVALUATION PROCESS



Saving material is also saving resources and costs. Therefore, TNG has directed to use imported materials at the maximum level, at the same time materials that cannot be reused will be collected as materials for other products (cotton waste, unfinished fabric products are used as input materials for stuffed animals; waste paper, carton boxes are collected and recycled to create other paper products; plastic bags, plastic thread rolls are collected to recycle plastic types, etc.), creating new product life.

DETAILS OF SCRAP AND WASTE PRODUCTS COLLECTED AND RECYCLED TO BE USED AS MATERIALS FOR OTHER PRODUCTS

NO.	MATERIAL NAME	UNIT	2019	2018	2017	2016
1	Waste paper	Kg	242,596	92,465	75,653	56,619
2	Cotton waste	Kg	67,861	19,451	15,914	6,641
3	Excess fabric	Kg	21,701	20,467	16,746	5,214
4	Nylon	Kg	2,203	2,203	1,803	406
5	Excess thread	Kg	2,983	2,333	1,909	859
6	Unfinished fabric product	Kg	4,635	1,617	1,323	2,589

THE TABLE OF MATERIAL VOLUME USED IN 2017 – 2019

NO.	MATERIAL NAME	UNIT	QUANTITY					
			2019	%/QUANTITY	2018	%/QUANTITY	2017	%/QUANTITY
1.	Assorted fabrics	Yard	25,939,011	70%	21,323,656	71%	14,246,777	54%
2.	Cotton	Yard	5,187,802	14%	5,524,426	18%	3,825,371	14%
3.	Thread	Roll	1,482,229	4%	1,370,881	5%	1,203,359	5%
4.	Button	PCS	41,131,860	111%	34,574,493	115%	23,472,715	89%
5.	Zipper	PCS	27,791,798	75%	26,048,506	87%	30,154,630	114%
6.	Nylon bags	PCS	11,116,719	30%	9,710,062	32%	6,741,655	25%
7.	Corton boxes	PCS	1,111,672	3%	1,021,190	3%	661,703	2%
8.	Assorted printing inks	Kg	29,645	0%	24,583	0.08%	13,358,30	0.05%
9.	Number of product	PCS	37,055,730		30,044,797		26,471,700	

ENVIRONMENTAL ISSUES (CONTINUED)

ENERGY

ENVIRONMENTAL PROTECTION IS FIRST ENERGY SAVING, THEN RENEWABLE ACTIVITIES AND SUSTAINABLE ENERGY USE. THANKS TO ENERGY SAVING, THE COMPANY CAN REDUCE THE COST OF CONSUMPTION, LEADING TO THE REDUCTION OF PRODUCTION COSTS AND THE IMPROVEMENT OF PRODUCTION AND BUSINESS EFFICIENCY FOR TNG.

MEASURES TO MINIMIZE ENERGY CONSUMPTION

Promoting propaganda on using electricity economically to officers and employees via the radio system of the Company, panels and posters for propagation.

Using air conditioners on hot days with limit on temperature and specified on-off time (60 minutes before leaving the Company).

Using energy-saving light bulbs (Led in place of old fluorescent lamps).



ENERGY CONSUMPTION IN TNG OVER THE YEARS

Using non-renewable energy sources

NO.	NAME	UNIT	CONSUMPTION LEVEL/YEAR				HEAT GENERATED IN 2019 (MJ)
			2019	2018	2017	2016	
1.	Gas for products	Kg	230,746	195,620	164,660	168,670	12,806,403
	Ratio	Kg/pcs	0,0062	0,0065	0,0062	0,0090	
2.	DO oil for delivery	Liter	26,984	29,420	38,000	67,181	991,284
	Ratio	Liter/pcs	0,0007	0,0010	0,0014	0,0036	
3.	Coal	Ton	2,734	2,510	2,223	2,826	54,680,000
	Ratio	Ton/ pcs	0.00007	0.00008	0.00008	0.00015	
	Number of product	pcs	37,055,730	30,044,797	26,471,700	18,703,654	

(Convert sources: https://vi.wikipedia.org/wiki/Head_output)

- TNG saved gas for production by 0.0003kg/product equivalent to 4.6% in 2019.
- DO diesel for generators saved by 0.0003 liter/product equivalent to 3%.
- Coal for production saved by 0.00001/product equivalent to 5%.

Use of renewable energy


NO.	NAME	UNIT	CONSUMPTION LEVEL/YEAR				HEAT GENERATED IN 2019 (MJ)
			2019	2018	2017	2016	
1.	Total power consumption	1,000. kWh	11,487	10,000	9,500	7,814	41,354,194
2.	Total products	Pcs	37,055,730	30,044,797	26,471,700	18,703,654	
3.	Product rate	kW/sp	0.31	0.33	0.36	0.42	

- Thus it can be deduced that, in comparison with 2018, in 2019 TNG saved 8,33% of electricity per product. Similarly, in 2018 TNG saved 6% of electricity on the same product compared to 2018.
- Total energy consumption in the organization in 2019 (MJ) = Renewable energy + Non-renewable energy = 12,896,493 + 991,284 + 54,680,000 + 41,354,194 = 109,831,881 MJ.

(Convert sources: <https://www.convertworld.com/vi/nang-luong/kwh.html>)


SOLUTIONS TO LIMIT USAGE OF FOSSIL FUELS, REDUCE GREENHOUSE GAS EMISSIONS, SAVE ELECTRICITY, USE RENEWABLE ENERGY

Save electricity during lighting



Make use of natural light

Pay special attention to natural lighting systems, forced lighting reduction (using electricity) at the time of development of factory design plan. TNG installed plastic plates on the roof and around factories to take advantage of natural light and enhance light sources for garment factories. Thus, electricity for lighting the production factories was decreased.



Save electricity for lighting at workplace

At TNG, the message of "Turning off when leaving workplace or not in use" is widely communicated to employees and officers of the Company. Electrical equipment, especially lighting system and sewing machines used at factories are the most energy-consuming equipment. Employees must turn off all power switches and electrical appliances right at their own seats or surrounding areas when taking break, finishing their works or having meal. Only small action of every employee show their contribution, solidarity and cohesion to TNG.

ENVIRONMENTAL ISSUES (CONTINUED)

ENERGY (continued)

ENERGY-SAVING LIGHTING SYSTEM AT SEWING FACTORIES

TNG use T5 bulbs (28W) instead of normal fluorescent tubes (T10 - 40W tube), with similar brightness and an reduction of 30% of electricity/hour/tube At offices and factories. For 164 lines, TNG may save:

$164 * 100 * (40 - 28) * 8 = 1,574,400 \text{ W}$ (1,574KW/day) with amount of VND 931,000,000/year.

Required cost: VND 100,000,000.

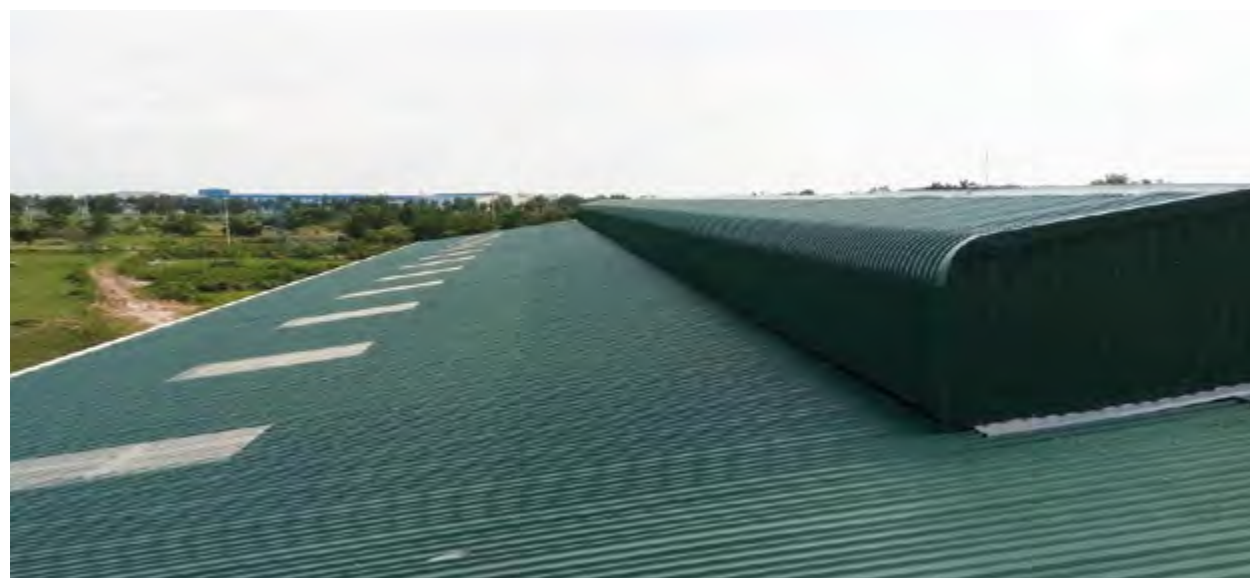
Amount of energy savings: VND 831,000,000/year.

Use software to monitor monthly electricity consumption level. Point out the highest or lowest consumption months, accordingly, determine the energy consumption by month and the most power consumption operation. Therefore, there will be the most specific solutions.



ENERGY-SAVINGS IN COOLING AND VENTILATION

The Northern climate has two clearly distinct seasons: hot and cold. In summer, outdoor temperatures are often high (at 35 - 38 degrees C), the Company has focused on designing factories under natural ventilation by roof light and dormer system. The usage of these roof lights has cooled factories, thus, saved electricity for cooling in summer.

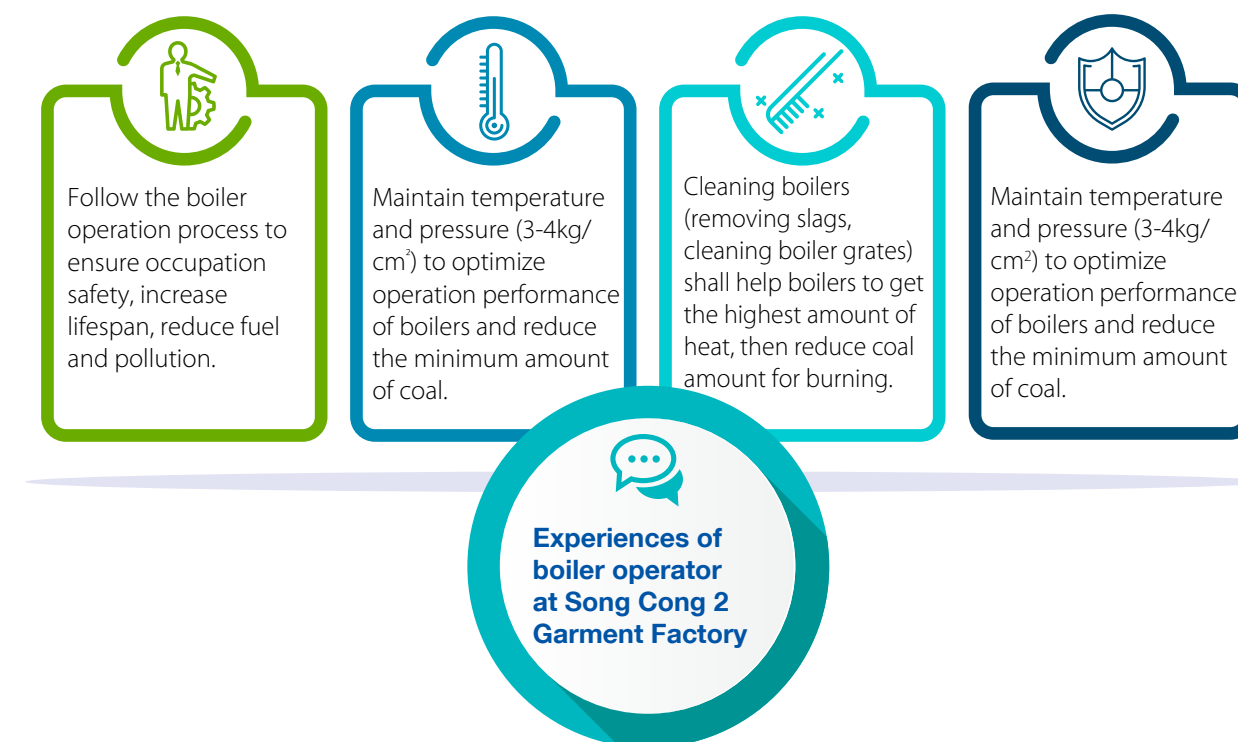


CHARCOAL

Solutions to save fossil fuels

Now, the majority of boilers in use are fossil-fueled, coal-fired boilers with low energy efficiency, which increases environmental pollution and economic inefficiencies. Facing up with this situation, TNG must have solutions to improve efficiency, save energy in using and operating boilers.

There are many measures to increase energy efficiency in boiler system regarding process of combustion, heat transfer, energy loss, reduction of power consumption of auxiliary equipment. Inspection of following factors can help TNG to assess whether the boilers are operated with the maximum efficiency or not:



Propose solutions to save energy on boilers

- ▣ Control temperature of exhaust gas smoke
- ▣ Preheat feed water used in heat exchanger
- ▣ Preheat air used for boilers
- ▣ The combustion process is not complete
- ▣ Control residual gas
- ▣ Reduce heat losses due to radiation and convection
- ▣ Control automatic blowdown
- ▣ Reduce losses due to sediment and soot
- ▣ Reduce pressure of boilers
- ▣ Stepless speed control device for fans, radiator fans and pumps
- ▣ Control loads of boilers

ENVIRONMENTAL ISSUES (CONTINUED)

WATER

TNG USES CLEAN WATER SUPPLIED BY THAI NGUYEN WATER SUPPLY COMPANY AND WATER FROM DRILLED WELLS FOR EXPLOITATION IN THE FACTORY (EACH WELL IS INSTALLED A FLOW METER).

For the use of water resources, the Company has complied with the application for permits of drilled wells.

The Company also saves water by installing water saving devices for personal hygiene needs such as 2 different levels of toilet water discharge when officers and employees discharge water, training them how to implement and voluntarily observe when using.

For collective kitchens, TNG has applied a one - way process, but in order to save water, the chefs must follow the process of washing rice in the third vegetable washing water to save water, etc.

For factories in the construction preparation phase, the Company has calculated to build wastewater treatment systems meeting standard A for reuse for toilet flushing, watering plants and washing roads, thereby creating a water circulation and saving water resources as much as possible.



NO.	NAME	UNIT	CONSUMPTION LEVEL/ YEAR			
			2019	2018	2017	2016
1.	Total water consumption	m ³	366,852	322,105	318,287	271,680
2.	Clean water	m ³	362,981	318,706	315,470	269,513
3.	Groundwater	m ³	3,871	3,399	2,817	2,167
4.	Total products	pcs	37,055,730	30,044,797	26,471,700	18,703,654
5.	Ratio	m ³ /sp	0.0099	0.011	0.012	0.015

Above statistics shows that from 2016 to 2019, the ratio of water use/product has reduced from 0.015 m³/product to 0.0099 m³/product. Compared to 2018, 2019 reached a decline from 0.011 m³/product to 0.0099 m³/product equivalent to savings of 10% of water in comparison with actual usage in 2018.

BIODIVERSITY

BIODIVERSITY IS THE PRODUCT OF THE INTERACTION BETWEEN NATURAL SYSTEMS AND SOCIAL SYSTEMS. WITH A DEEP AWARENESS THAT TNG'S INTERESTS ARE ASSOCIATED WITH THE INTERESTS OF COMMUNITIES, ESPECIALLY THE COMMUNITIES AROUND THE COMPANY'S FACILITIES.

There for, the Company always conducts geological, geographical and environmental surveys to assess the impact of production activities on surrounding communities. All factories of the Company ensure distance to adjacent residential areas according to the law; before construction, the projects were approved

reports on environmental impact assessment. In addition, after coming into operation, these factories have been monitored periodically (4 times/year) for microclimate factors, concentration of dust, exhaust gas and wastewater, thereby taking measures to maintain and control pollution indicators within the allowable limits of the law.

THE MONITORING RESULTS OF THE COMPANY IN 2019 WERE AS FOLLOWS

AIR QUALITY RESULTS IN PRODUCTION AREAS

LOCATION	RESULTS			
	NOISE (DBA)	TOTAL DUST TSP (MG/M ³)	NO ₂ (MG/M ³)	SO ₂ (MG/M ³)
KK-11.19-16	64	0.18	<0.08	<0.026
KK-11.19-17	61.8	0.1	<0.08	<0.026
KK-11.19-18	59.7	0.36	<0.08	<0.026
KK-11.19-19	62.6	0.1	<0.08	<0.026
KK-11.19-20	64.3	0.16	<0.08	<0.026
KK-11.19-21	63.2	0.29	<0.08	<0.026
Allowable limit according to: 3733/2002/QĐ-BYT QCVN 24:2016/BYT	85	4	10	10

We can see that the exhaust quality of TNG is within the allowable limits of Vietnam's standards.



ENVIRONMENTAL ISSUES (CONTINUED)

BIODIVERSITY (continued)

Analysis result of flue gas sample

LOCATION	AVERAGE RESULT						
	TEMPERATURE (°C)	FLOW (M ³ /P)	TOTAL DUST (MG/NM ³)	SPEED (M/S)	NO _x (MG/NM ³)	SO ₂ (MG/NM ³)	CO (MG/NM ³)
K TOK-11.19-1.1 K TOK-11.19-1.2	112	56	36.83	4.7	62.19	36.23	134.50
K TOK-11.19-2.1 K TOK-11.19-2.2	108.10	20.00	39.67	4.8	70.13	51.27	366.33
K TOK-11.19-3.1 K TOK-11.19-3.2	111.1	142	44.23	4.7	95.30	35.47	205.73
Allowable limit according to: QCVN 19:2009/BTNMT (column B)	-	-	200	-	850	500	1,000

We can see that the exhaust quality of TNG is within the allowable limits of Vietnam's standards.

Results of measurement and analysis of domestic wastewater quality

NO.	INDICATORS	UNIT	RESULTS	QCVN 14:2008/BTNMT	
				A	B
1	pH	-	6.3	5.0-9.0	5.0-9.0
2	BOD ₅	mg/l	16.3	30	50
3	COD	mg/l	40.5	-	-
4	TSS	mg/l	30.8	50	100
5	TDS	mg/l	305.5	500	1000
6	S ²⁻	mg/l	<0.1	1	4
7	As	mg/l	0.0014	-	-
8	Cd	mg/l	<0.0005	-	-
9	Pb	mg/l	0.0017	-	-
10	Hg	mg/l	0.0007	-	-
11	NO ₃ -N	mg/l	25.08	30	50
12	NH ₄ ⁺ -N	mg/l	4.1	5	10
13	PO ₄ ³⁻ -P	mg/l	1.15	6	10
14	Mineral oil	mg/l	<0.3	10	20
15	Coliform	MNP/100ml	2600	3000	5000

Results of measurement and analysis of production wastewater quality

TT	INDICATORS	UNIT	RESULTS	CONSUMPTION LEVEL/YEAR	
				A	B
1	pH	-	7	5.0-9.0	5.0-9.0
2	Flow	m ³ /day and night	-	-	-
3	Smell	-	Smell less	-	-
4	Color temperature	Pt/Co	30	50	150
5	Temperature	°C	26.5	40	40
6	BOD ₅	mg/l	13.3	30	50
7	COD	mg/l	22.17	-	-
8	TSS	mg/l	28	50	100
9	As	mg/l	0.0027	-	-
10	Cd	mg/l	<0.0005	-	-
11	Pb	mg/l	0.0036	-	-
12	Total Cr	mg/l	0.0012	-	-
13	Co	mg/l	<0.0005	-	-
14	Cu	mg/l	0.0037	2	2
15	Hg	mg/l	0.0008	0.005	0.01
16	Ni	mg/l	0.0035	0.2	0.5
17	Sb	mg/l	0.0019	-	-
18	Zn	mg/l	<0.01	3	3
19	Fe	mg/l	0.584	1	5
20	Cl ⁻	mg/l	63.6	500	1000
21	S ²⁻	mg/l	<0.1	0.2	0.5
22	CN ⁻	mg/l	<0.1	0.07	0.1
23	NH ₄ ⁺ -N	mg/l	<1.5	5	10
24	Total P	mg/l	<0.3	4	6
25	Mineral oil	mg/l	<0.3	5	10

The pollution indicators in production wastewater of the Company are always within the allowable limits of current Vietnam's regulation.

ENVIRONMENTAL ISSUES (CONTINUED)

EMISSIONS, WASTEWATER AND WASTE

Emissions from TNG's production and business operations include: Emission from usage of electricity, coal, oil for generators (in case of power failure).

EMISSIONS

Amount of used fuels by TNG is listed in below table

NO.	NAME	UNIT	USAGE/YEAR				NOTE
			2019	2018	2017	2016	
							HEAT GENERATED IN 2019 (MJ)
1.	Gas for production	Kg	230,746	195,620	164,660	168,670	12,806,403
2.	Diesel DO for generator	Liter	26,984	29,420	38,000	67,181	991,284
3.	Coal	Ton	2,734	2,510	2,223	2,826	54,680,000

(Convert sources: https://vi.wikipedia.org/wiki/Năng_suất_tỏa_nhiệt)

Thus, with CO₂ emission factor of each fuel, we have CO₂ emissions in 2018 as follows:

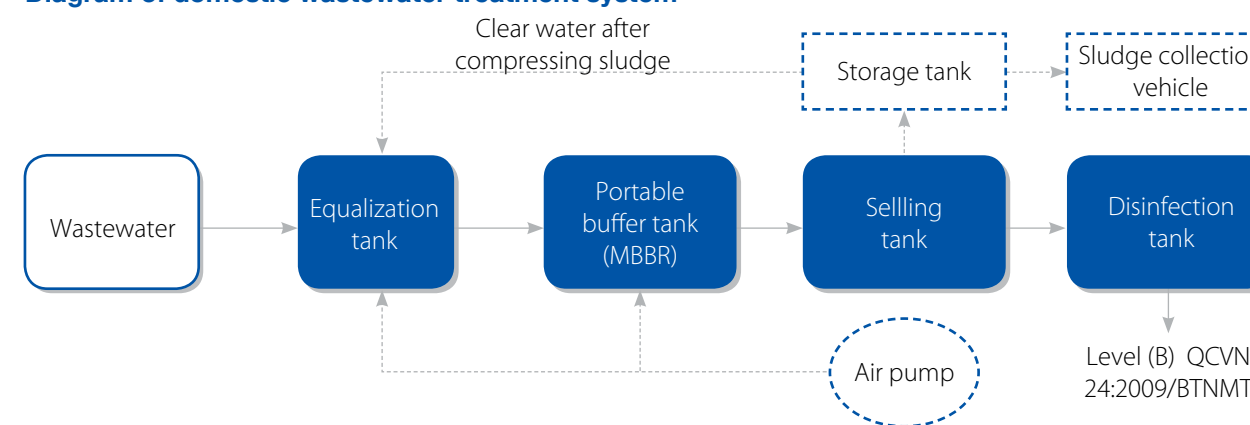
- Volume of CO₂ = Fuel energy consumption * Emission factor
- Theo bảng hệ số phát thải CO₂ theo IPCC (<http://itvc-global.com/tin-tuc-kiem-toan-nang-luong/bang-he-so-phat-thai-co2-n62.htm>)
- Gas = 12,806,403 * 56,100/1,000,000 = 718,439 kg CO₂
- DO = 991,284 * 74,100/1,000,000 = 73,454 kg CO₂
- Coal = 54,680,000 * 98,300/1,000,000 = 5,375,044 kg CO₂
- Table of TNG's electricity consumption is as follows:

NO.	NAME	UNIT	USAGE/YEAR				NOTE
			2019	2018	2017	2016	
							HEAT GENERATED IN 2019 (MJ)
1.	Total electricity consumption	1,000. kWh	11,487	10,000	9,500	7,814	41,354,194
2.	Total products	Unit	37,055,730	30,044,797	26,471,700	18,703,654	
3.	Rate/product	kW/sp	0.31	0.33	0.36	0.42	

WASTEWATER AND WASTE

TNG's wastewater is generated from living activities at the factories (for shift meals and personal hygiene of officers and employees) and the process of washing products, printing semi-finished products. For each type of wastewater mentioned above, the Company has built centralized treatment systems before discharging into the environment, which ensures that the pollution indicators when running into receiving sources are always within the allowable limits prescribed by law.

Diagram of domestic wastewater treatment system



For each treatment system, TNG will arrange operating personnel in accordance with the technology transfer of the contractor to achieve the quality of output water in compliance with the current law.

Results of monitoring wastewater quality after treatment system

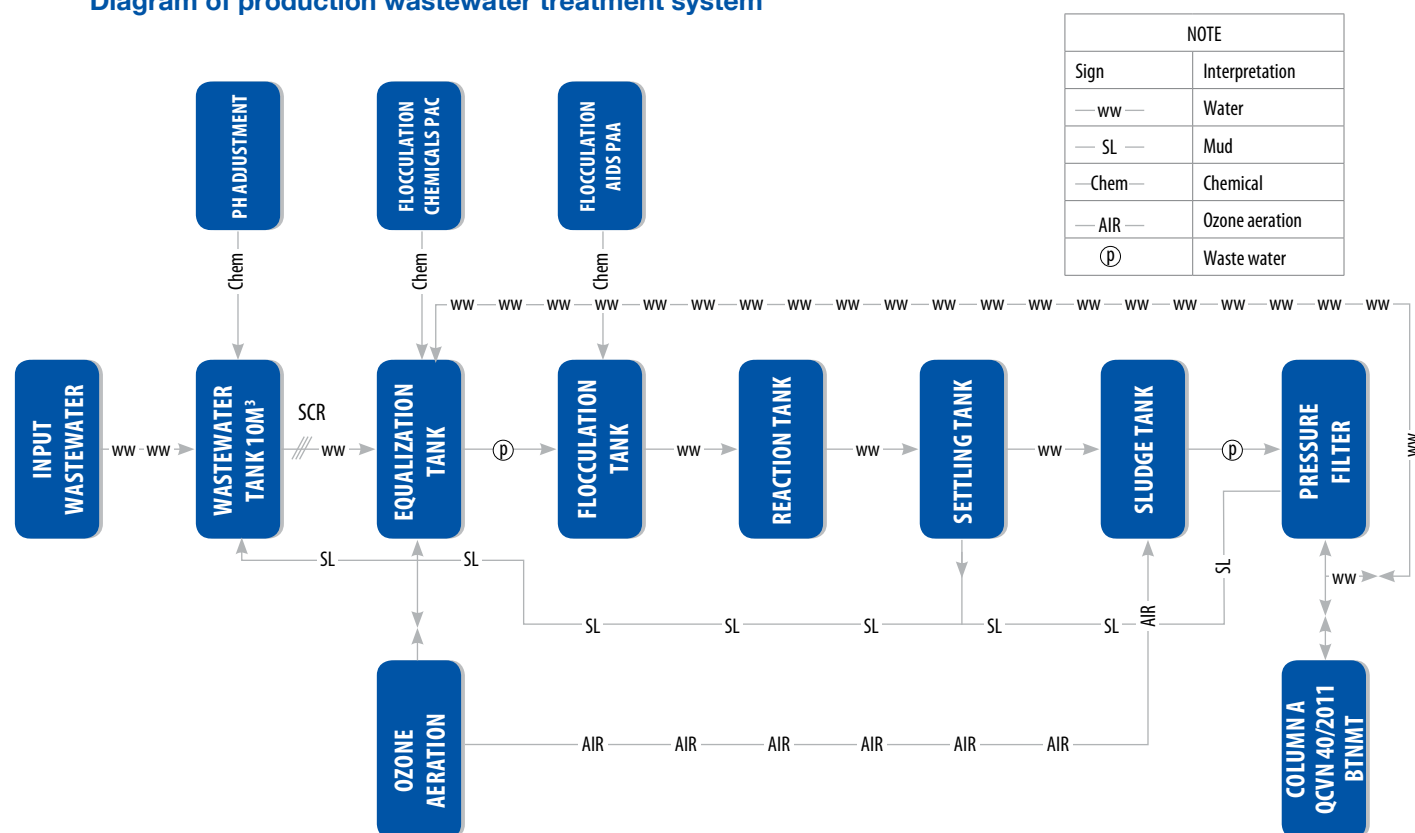
NO.	INDICATORS	UNIT	QCVN 14:2008/ BTNMT(B)	MONITORING RESULTS		
				2017	2018	2019
1	pH	-	5.0-9.0	7.1	6.9	6.8
2	DO	mg/l	-	5	4.5	3
3	BOD ₅	mg/l	50	45	40	26.4
4	COD	mg/l	-	84	81	79
5	TSS	mg/l	100	55	48	36.1
6	TDS	mg/l	1,000	468	321	262.5
7	As	mg/l	-	0.002	0.0019	0.0019
8	Cd	mg/l	-	Kph	Kph	Kph
9	Pb	mg/l	-	0.007	0.007	0.0007
10	Hg	mg/l	-	Kph	Kph	Kph
11	* S ²⁻	mg/l	4	<0.1	<0.1	<0.1
12	NO ₃ ⁻ -N	mg/l	50	0.8	0.72	0.71
13	* NH ₄ ⁺ -N	mg/l	10	8.4	7.1	4.6
14	PO ₄ ³⁻ -P	mg/l	10	4.2	2.9	1.12
15	* Mineral oil	mg/l	20	<0.3	<0.3	<0.3
16	* Coliform	MPN/100ml	5,000	4,800	4,000	2,500

ENVIRONMENTAL ISSUES (CONTINUED)

EMISSIONS, WASTEWATER AND WASTE (continued)

WASTEWATER AND WASTE (continued)

Diagram of production wastewater treatment system



The above results show that the wastewater treatment systems and the system operation methods always meeting requirements, ensuring that the pollution indicators are within the allowable limits.

Waste generated in TNG includes domestic waste (generated from shift meals). For this type of waste, the Company has signed a contract on waste collection and treatment with a qualified unit for daily collection and treatment - Environmental sanitation branch - Thai Nguyen Urban Construction and Environmental Joint Stock Company.

For production waste (fabric waste, cotton waste, waste paper, etc.), the Company has signed contracts with units specializing in treatment and units with needs to reuse these waste for making stuffed animals and other items such as Hong Ngoc Green Environment Company.

For hazardous waste, the Company has been issued waste source owner book by the Department of Natural Resources and Environment with book no. QLCTNH 19.000024.T, issued for the fourth time on 01 December 2016. TNG is responsible for temporarily collecting and storing these waste as prescribed and then they are transported and processed periodically by functional units - Anh Dang Environmental Services Company Limited.



Results of wastewater quality monitoring after the treatment system for years

NO.	INDICATOR	UNIT	QCVN 14:2008/ BTNMT(B)	MONITORING RESULTS FOR YEARS		
				2017	2018	2019
1	pH	-	5.5-9.0	6.8	6.6	6.4
2	*Flow	m ³ /day and night	-	-	-	-
3	DO	mg/l	-	3.2	3.1	3.1
4	* Color	Pt/Co	150	80	40	20.5
5	* Temperature	oC	40	28	25	24.4
6	BOD ₅	mg/l	50	45	35	26.1
7	COD	mg/l	150	101	82	65.5
8	TSS	mg/l	100	89	56	41.6
9	As	mg/l	0.1	0.002	0.0019	0.0018
10	Cd	mg/l	0.1	Kph	Kph	Kph
11	Pb	mg/l	0.5	0.0007	0.006	0.0006
12	Total Cr	mg/l	-	0.00112	0.00111	0.0111
13	* Co	mg/l	-	0.0016	0.0015	0.0015
14	Cu	mg/l	2	0.013	0.00129	0.0127
15	Hg	mg/l	0.01	Kph	Kph	Kph
16	Ni	mg/l	0.5	0.002	0.0018	0.0016
17	* Sb	mg/l	-	0.003	0.0026	0.0025
18	Zn	mg/l	3	0.2	0.15	0.109
19	Fe	mg/l	5	<0.3	<0.3	<0.3
20	* S ₂ -	mg/l	0.5	<0.1	<0.1	<0.1
21	*CN-	mg/l	0.1	<0.01	<0.01	<0.01
22	*NH ₄ +N	mg/l	10	3.5	3.1	2.1
23	Total P	mg/l	6	1.4	1.2	1.1
24	* Chlorine residual	mg/l	2	<0.2	<0.15	<0.15
25	* Mineral oil	mg/l	10	<0.3	<0.3	<0.3

- The value after the mark "<" indicates the detection limit of the measurement
- The mark (-) is not specified
- The mark * are indicators not recognized in accordance with ISO 17025:2005
- KPH: Not detected

ENVIRONMENTAL ISSUES (CONTINUED)

EMISSIONS, WASTEWATER AND WASTE (continued)

Process for notice of environmental incidents to local agencies

WORKING STEPS	FLOWCHART	IMPLEMENTATION/ RESPONSIBILITY	NOTES FORM
Step 1		Employees	
Step 2		Management at levels	
Step 3		Branch Manager/Head of Labor Protection Department	
Step 4		Response team Branch, district	
Step 5		Branch leaders Head of labor protection department	
Step 6		Branch leaders Head of labor protection department	
Step 7		Labor protection department	

It hereby aims to identify environmental aspects and evaluate meaningful environmental aspects to take measures to control and manage, thereby training employees on how to minimize adverse impacts on the environment and respond when incidents occur. TNG has not had any environmental incidents.

The discharge gates of the Company flow into the sewers of the city and industrial zones (with secondary treatment system); therefore, wastewater from TNG causes insignificant impacts on the surrounding environment.

TNG has measures to prevent and respond to environmental incidents, specifically as follows:



For TNG's factories, fire incidents are the most likely to occur and will cause environmental incidents due to fire, oil spill, incidents to boilers and wastewater treatment stations.

The most serious risk of oil spill is when the incident occurs with the substation. Thus, factories shall make plan to prevent and respond to the oil spill at substations. When an incident occurs, employees shall quickly use tools such as pails, basins, cans, etc. to recover the spilled oil. Use other materials to prevent oil from spreading (bricks, clouts, etc.). Recover the maximum amount of spilled oil, timely coordinate with competent authorities to handle incidents. Waste oil collected and treated is hazardous waste.



For incidents of fire and flood

Specific fire fighting equipment at Song Cong Branch as follows:

- Water sources at factory for fire fighting: Use water sources from water tanks at factory with capacity of 400 m³ and 12 fire hydrants.
- Water sources outside factory: 06 fire hydrants of Song Cong Industrial Zone (1471/s/ hydrant).
- 53 wall-hydrants, 250 portable fire extinguisher, ladders, ceiling hooks, regulations and rules of fire fighting.

At Phu Binh Branch:

- Separate fire alarm system, automatic fire alarm system (Fire detector), about 270 MFZ4 sprayers, fire pumps: 02 MB of electricity (P=11 kw/pump), D51 fire hoses (57 hoses, 57 nozzles), 51 sets of regulations and rules of fire fighting; Arrange wall-hydrants and ensure the maximum distance between hydrants and walls, factories to be 5m.
- Water tanks to blow out fire within 3 hours: 15 liters/s x 3h x 3,600 s = 162 m³



For incident of flood

- Build large scale drainage system at each branch, prevent from flooding and spilling water into factories.
- Conduct training to evacuate employees in cases of storm and flood.
- Always provide storm and flood prevention and fighting facilities such as: Pillars, ladders, fasteners, soil bags, raincoats, flashlights, boots, etc. when incidents occur.



For incident of lightning protection

- Invest in lightning conductor system, inspect and repair lightning conductor and earthing systems at areas which are likely to be struck by lightning before rainy season (in June every year)

ENVIRONMENTAL ISSUES (CONTINUED)

ENVIRONMENTAL COMPLIANCE

THE COMPANY HAS ESTABLISHED SPECIALIZED DEPARTMENT AND ARRANGED SPECIALIZED OFFICERS IN CHARGE OF ENVIRONMENT AND WATER RESOURCES TO COMPLY WITH THE REGULATIONS OF LAW ON ENTERPRISES. AT THE SAME TIME, SPECIALIZED OFFICERS RE-INSPECT HALF-SPECIALIZED OFFICERS AT EACH FACTORY, ON A MONTHLY BASIS, ON MAINTAINING THE REGULATIONS OF THE LAWS AND THE COMPANY ON ENVIRONMENT AND WATER RESOURCES FOR RAISING AWARENESS OF EVERY OFFICER AND EMPLOYEE.



The Company has set up environmental protection schemes in accordance with the regulations for factories built before 2013; and approved on environment impact assessment for factories built after 2013 by Thai Nguyen Province People's Committee before construction.

Every year, the Company hires functional unit (Center for Natural Resource and Environmental Monitoring - Department of Natural resources and Environment) four times with budget of VND 349 million to take samples and make reports on results of environmental monitoring.

Responding to the World Environment Day, the Company hang banners and made responsive statements to broadcast on internal speaker system to enhance awareness of employees. In addition, on World Environment Day on 05 June, the Company sponsored VND 10 million for Provincial environmental protection fund to organize and spend for environment activities in province.

In order to raise awareness of employees on environmental protection, the Company promoted propaganda on environment protection, maximum reduction of emissions, exhaust gas and waste to the environment. Implement waste classification prior to transferring to functional units in charge of collection and handling.



IMPLEMENTATION METHOD

- Through the briefings with the leaders of the Company and factories, broadcasting on internal speaker system.
- Establish effective process of managing and operating environmental protection facilities.
- Save energy sources, electricity, water, etc.
- Reduce emissions at offices by developing administrative software to circulate electronic texts, contributing to cost reduction while preventing from waste generated from discarded paper.
- Provide recycle bins, bins for inorganic and organic waste for classification prior handling.
- Launch the green - clean - beautiful movement through establishment of labor protective corner at every factory. Implement 5S at workplace: Sort - Straighten - Shine - Standardize - Sustain.
- Complying with the laws on environment makes TNG become the leading unit on full implementation of the regulations of the Vietnamese laws and requirements from partners in term of environment. During recent years, TNG has not been fined for violation of environmental regulations, number and penalty of environmental violation has been zero.

SOLUTIONS FOR A MORE ENVIRONMENTALLY FRIENDLY TNG

- Operate wastewater treatment systems according to technological process, and regularly inspect and maintain to for wastewater quality meeting QCVN 40:2011/ BTNMT and QCVN 14:2008/BTNMT.
- Promote industrial hygiene at production areas, means of transportation and internal roads; take care for factory campuses for green - clean - beautiful landscape.
- Provide the personal protective equipment and supervise the implementation of environmental protection activities of all employees.
- Collect, classify and temporarily store (if any) to well handle solid waste generated during production and business.
- Fully implement the periodic environmental monitoring programs to control pollution factors within allowable limits.
- Plant more trees in factory campuses.
- Establish a roadmap to implement LOTUS certified green factory.

ASEAN CORPORATE GOVERNANCE SCORECARD

SCORECARD		WELL COMPLETED	SHORT – TERM IMPROVABLE (< 1 YEAR)	LONG – TERM IMPROVABLE (> 5 YEAR)	BASES FOR ASSESSMENT
A	QUYỀN CỦA CỔ ĐÔNG				
A.1.1	Does the company pay (interim and final/annual) dividends in an equitable and timely manner; that is, all shareholders are treated equally and paid within 30 days after being (i) declared for interim dividends and (ii) approved by shareholders at general meetings for final dividends? In case the company has offered scrip dividend, did the company pay the dividend within 60 days?	100%			Pursuant to the Resolution No. 859/2019/NQ - DHDCD dated April 21, 2019 by the General Meeting of Shareholders, the General Meeting of Shareholders approved the dividend payment in 2018; 20% of dividends shall be paid by shares. The Company carried out the dividend payment procedures right after the date of the 2019 General Meeting of Shareholders. Information disclosure documents related to the dividend payment by shares are uploaded on the Website: tng.vn (http://tng.vn/ Shareholder Relations/Information Disclosure/Share offering) or those documents can be found in Website: hnx.vn (search for TNG code).
A.2.1	Amendments to the company's constitution?	100%			TNG consulted shareholders about the amendment of the Company's regulation at the AGM. This right is also defined in: - Article 14.2 Charter of organization and operation of TNG Company
A.2.2	The authorisation of additional shares?	100%			TNG has consulted shareholders about issuing additional shares at the Annual General Meeting of Shareholders. This right is also defined in: - Article 14.2 of TNG Company 's Organization and Operation Charter. - Article 4 of the Resolution No. 859/ 2019 NQ - DHDCD dated April 21, 2019 by the General Meeting of Shareholders.
A.2.3	The transfer of all or substantially all assets, which in effect results in the sale of the company?	100%			At TNG, this case has not happened yet. However, this right has been stipulated in Article 14.2 of TNG Company 's Organization and Operation Charter.
A.3.1	Do shareholders have the opportunity, evidenced by an agenda item, to approve remuneration (fees, allowances, benefit - in - kind and other emoluments) or any increases in remuneration for the non-executive directors/commissioners?	100%			This right is stipulated in Article 14.2 of TNG Company 's Organization and Operation Charter. According to Article 1.3 of the Resolution No. 859/2019 NQ - DHDCD dated April 21, 2019 by the General Meeting of Shareholders, the General Meeting of Shareholders agreed that the remuneration for the Board of Directors in 2018 was 4.5% of the 2017 profit after tax in cash.
A.3.2	Does the company provide non - controlling shareholders a right to nominate candidates for board of directors/commissioners?	100%			Provisions in Article 24.3 of the Company's Organization and Operation Charter.
A.3.3	Does the company allow shareholders to elect directors/ commissioners individually?	100%			The 2019 General Meeting of Shareholders: TNG's shareholders have rights to select member of the Board of Directors stipulated at Provisions in Article 20.2 of the Company's Organization and Operation Charter.
A.3.4	Does the company disclose the voting procedures used before the start of meeting?	100%			Regulations of the Annual General Meeting of Shareholders are attached to the Documents of the Annual General Meeting of Shareholders that can be found in the Website: tng.vn (http://tng.vn/ Shareholder Relations/Corner of Shareholders/General Meeting of Shareholders).
A.3.5	Do the minutes of the most recent AGM record that the shareholders were given the opportunity to ask questions and the questions raised by shareholders and answers given recorded?	70%			The minutes of the General Meeting of Shareholders shall be posted on the website: tng.vn (http://tng.vn/ shareholder relations/Resolution/Resolution of the General Meeting of Shareholders).
A.3.6	Does the company disclose the voting results including approving, dissenting, and abstaining votes for all resolutions/each agenda item for the most recent AGM?	100%			The 2018 General Meeting of Shareholders: - Vote Counting Report No. 857/TNG - DHDCD 2019 dated April 21, 2018 shows the total votes with voting rights and the approval rate for each agenda. - The Vote Counting Report is posted on website: http://tng.vn (http://tng.vn/Shareholder Relations/Resolution/ Resolution of the General Meeting of Shareholders).
A.3.7	Does the company disclose the list of board members who attended the most recent AGM?	100%			The 2018 Minutes of the General Meeting of Shareholders No. 858/TNG - DHDCD 2019 dated April 21, 2019.
A.3.8	Does the company disclose that all board members and the CEO (if he is not a board member) attended the most recent AGM?	90%			The 2018 Minutes of the General Meeting of Shareholders No. 858/TNG - DHDCD 2019 dated April 21, 2019.
A.3.9	Does the company allow voting in absentia?	100%			Quy định tại Điều 19 Điều lệ tổ chức và hoạt động Công ty TNG.Provisions in Article 19 Charter of organization and operation of TNG Company.
A.3.10	Did the company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM?	100%			Provisions in Section II: Voting through issues at the meeting in the Working Regulations of the General Meeting of Shareholders, published together with the documents of the General Meeting of Shareholders, accessed to the Website: tng.vn according to the path of Shareholder Relations/Corner of shareholders/General Meeting of Shareholders.

ASEAN CORPORATE GOVERNANCE SCORECARD (continued)

SCORECARD		WELL COMPLETED	SHORT – TERM IMPROVABLE (< 1 YEAR)	LONG – TERM IMPROVABLE (> 5 YEAR)	BASES FOR ASSESMENT
A.3.11	Does the company disclose that it has appointed an independent party (scrutineers/inspectors) to count and/or validate the votes at the AGM?		✓		Provisions at the 2020 Annual General Meeting of Shareholders
A.3.12	Does the company make publicly available by the next working day the result of the votes taken during the most recent AGM/EGM for all resolutions?	100%			The Resolution No. 859/2019NQ - DHDCD dated April 21, 2019 by the Annual General Meeting of Shareholders was published on April 22, 2019.
A.3.13	Does the company provide at least 21 days notice for all AGMs and EGMs?	100%			According to the provisions of Circular No. 155: The annual extraordinary general meeting of shareholders must be announced 10 days before the opening date of the General Meeting of Shareholders. The 2019 General Meeting of Shareholders: TNG announced the disclosure of information of the 2018 General Meeting of Shareholders Feb 28, 2019 on the home page: http://tng.vn (tng.vn Shareholder relations/Shareholders' corner/General meeting of shareholders) 51 days before the opening date (Minutes of the General Meeting of Shareholders No. 858/TNG - DHDCD 2018 dated April 21, 2019).
A.3.14	Does the company provide the rationale and explanation for each agenda item which require shareholders' approval in the notice of AGM/circulars and/or the accompanying statement?	100%			The 2019 General Meeting of Shareholders: - Provide specific information in each report. - Issues under the approval authority of the General Meeting of Shareholders are detailed in the plan statements. Reports and statements are included in the documents sent to Shareholders before the meeting and published on the website http://tng.vn (http://tng.vn/Shareholder relations/Shareholders' corner/General Meeting of Shareholders)
A.3.15	Does the company give the opportunity for shareholder to place item/s on the agenda of AGM?	100%			Provisions in Article 17.4 of the Company's Organization and Operation Charter: Proposals must be made in writing and sent to the Company at least 3 working days before the opening date of the General Meeting of Shareholders.
A.4.1	In cases of mergers, acquisitions and/or takeovers requiring shareholders' approval, does the board of directors/ commissioners of the company appoint an independent party to evaluate the fairness of the transaction price?	100%			Not happening at TNG.
A.5.1	Does the company disclose its practices to encourage shareholders to engage with the company beyond AGM?		✓		The Company will implement a program to encourage the participation of shareholders outside the framework of the General Meeting of Shareholders in the coming years.
B	EQUITABLE TREATMENT OF SHAREHOLDERS				
B.1.1	Does the company's ordinary or common shares have one vote for one share?	100%			Article 11.1 of the Company's Organization and Operation Charter: Shareholders have rights and obligations corresponding to the number of shares and types of shares they own. - The 2019 General Meeting of Shareholders: Each voting card clearly states the total number of voting shares of the Shareholders. - In Section II.3 "Working Regulations of the Annual General Meeting of Shareholders", the content is sent to shareholders, HNX, State Securities Commission (SSC), Web page: tng.vn (http://tng.vn/Shareholder Relations/Shareholders/General Meeting shareholders).
B.1.2	Where the company has more than one class of shares, does the company publicise the voting rights attached to each class of shares (e.g. through the company website / reports/ the stock exchange/ the regulator's website)?	100%			TNG has only one type of share.
B.2.1	Does each resolution in the most recent AGM deal with only one item, i.e., there is no bundling of several items into the same resolution?		✓		The 2019 Resolution of the General Meeting of Shareholders: Each issue shall be detailed in its statement that must be approved in the Resolution. The 2020 Resolution of the General Meeting of Shareholders: Each issue shall be detailed in a separate Resolution.
B.2.2	Are the company's notice of the most recent AGM/circulars fully translated into English and published on the same date as the local - language version?	100%			The 2019 Resolution of the General Meeting of Shareholders: TNG published information on the homepage http://tng.vn (http://tng.vn/Shareholder Relations/Shareholder's Corner/General Meeting of Shareholders) in both Vietnamese and English on March 5, 2019 (47 days) before the opening date of the Annual General Meeting of 2019 (April 21, 2019).
B.2.3	Are the profiles of directors/commissioners (at least age, academic qualification, date of appointment, experience, and directorships in other listed companies) in seeking election/re - election included?	100%			2019: TNG additional voted 04 members of the Board of Directors. The related information of the election/ re- election meeting, the curriculum vitae of each member of the Board of Directors will be attached to the Statement and published on the website http://tng.vn (http://tng.vn/Shareholder Relations/ Corner of shareholders/General Meeting of Shareholders).

ASEAN CORPORATE GOVERNANCE SCORECARD (continued)

SCORECARD		WELL COMPLETED	SHORT – TERM IMPROVABLE (< 1 YEAR)	LONG – TERM IMPROVABLE (> 5 YEAR)	BASES FOR ASSESMENT
B.2.4	Are the auditors seeking appointment/re - appointment clearly identified?	100%			The 2018 Resolution of the General Meeting of Shareholders: Clause 1, Article 3 of Resolution No. 859/2018/NQ - DHDCD dated April 21, 2019. The Statement of approval of the audit unit is included in the meeting documents. the Statement was sent by the General Meeting of Shareholders to Shareholders and posted on Website: tng.vn (http://tng.vn/Shareholder Relations/Shareholders' Corner/General Meeting of Shareholders).
B.2.5	Were the proxy documents made easily available?	100%			The 2019 General Meeting of Shareholders: The invitation letter to attend the meeting and the form of authorization letter issued by TNG Company: - The invitation letter was sent via express mail to the address of each Shareholder. - The invitation letter was sent via email based on the registered information of each shareholder. - The invitation letter was sent via SMS according to the shareholders' phone number. - The invitation letter was provided on website http://tng.vn (http://tng.vn/Shareholder Relations/ Corner of shareholders/General meeting of shareholders).
B.3.1	Does the company have policies and/or rules prohibiting directors/ commissioners and employees to benefit from knowledge which is not generally available to the market?	100%			Information is published at the website "tng.vn" under the link "Home/Introduction/Code of conduct for TNG staff". The Code was issued together with Decision No. 600A/QD - TNG dated 25/04/2017 .
B.3.2	Are the directors / commissioners required to report their dealings in company shares within 3 business days?	100%			Follow the provisions in Circular 155: at least 03 working days before the transaction date.
B.4.1	Does the company have a policy requiring directors /commissioners to disclose their interest in transactions and any other conflicts of interest?	100%			Article 22, Article 30 of the Corporate Governance Regulation: Members of the Board of Directors must publicize related benefits.
B.4.2	Does the company have a policy requiring a committee of independent directors/commissioners to review material RPTs to determine whether they are in the best interests of the company and shareholders?		✓		2019 Annual Report: - TNG established an Internal Audit Subcommittee.
B.4.3	Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they are conflicted?	100%			Article 22.4 of the Corporate Governance Regulation: Members of the Board of Directors must not vote on transactions that bring benefits to such members or their related persons according to the provisions of the Enterprise Law and the Company Charter.
B.4.4	Does the company have policies on loans to directors and commissioners either forbidding this practice or ensuring that they are being conducted at arm's length basis and at market rates?	100%			Article 24.4 Corporate Governance Regulation.
B.5.1	Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?	100%			TNG makes full disclosure of transactions of related parties in the Governance Report, publicly available on website http://tng.vn (http://tng.vn/Shareholder Relations/Information Disclosure/ Stock Transactions).
B.5.2	In case of related party transactions requiring shareholders' approval, is the decision made by disinterested shareholders?	100%			Provisions in Article 35.4 of the Company's Organization and Operation Charter.
C	ROLE OF STAKEHOLDERS				
C.1.1	The existence and scope of the company's efforts to address customers' welfare?	100%			2019 annual report.
C.1.2	Supplier/contractor selection procedures?	100%			Published on the website tng.vn under the link: Home/News/Other information/Announcement of bidding for specific bidding packages.
C.1.3	The company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development?	100%			Strategic orientation of the Company is reflected in the Annual Report, Sustainable Development Report, ensuring 17 UN sustainable development goals.
C.1.4	The company's efforts to interact with the communities in which they operate?	100%			Strategic orientation of the Company is reflected in the Annual Report, Sustainable Development Report, ensuring development towards 17 criteria of the sustainable development of the United Nations.

ASEAN CORPORATE GOVERNANCE SCORECARD (continued)

SCORECARD		WELL COMPLETED	SHORT – TERM IMPROVABLE (< 1 YEAR)	LONG – TERM IMPROVABLE (> 5 YEAR)	BASES FOR ASSESMENT
C.1.5	The company's anti - corruption programmes and procedures?	100%			Sent to the stakeholders and published on the website: tng.vn under the link Home/Introduction/ Code of Conduct for suppliers.
C.1.6	How creditors' rights are safeguarded?	100%			Clearly expressed in terms of loan contracts, capital financing contracts.
C.1.7	Does the company have a separate report/section that discusses its efforts on environment/economy and social issues?	100%			Presented separately in the 2018 Sustainable Development Report, ensuring development towards 17 UN goals.
C.2.1	Does the company provide contact details via the company's website or Annual Report which stakeholders (e.g. customers, suppliers, general public etc.) can use to voice their concerns and/or complaints for possible violation of their rights?	100%			On the website: http://tng.vn - Section: Shareholder Relations/Shareholders' Corner/Shareholder Relations Board - Section: Home/Contact. - In addition, the Company provides email, phone number for direct contact with the responsible person on the relevant issues in annual reports and sustainable development reports.
C.3.1	Does the company explicitly disclose the policies and practices on health, safety and welfare for its employees?	100%			Published in sustainable development reports in sections such as Occupational Health and Safety, Education and Training.
C.3.2	Does the company explicitly disclose the policies and practices on training and development programmes for its employees?	100%			Section of Personnel organization in 2019 Annual Report.
C.3.3	Does the company have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures?	100%			Clearly be stipulated in Income distribution regulation No. 190 QD-HDQT/2019 newly issued on 28 January 2019.
C.4.1	Does the company have a whistle blowing policy which includes procedures for complaints by employees and other stakeholders concerning alleged illegal and unethical behaviour and provide contact details via the company's website or annual report?	100%			Clearly be stipulated in Income distribution regulation No. 190 QD-HDQT/2019 newly issued on 28 January 2019.
C.4.2	Does the company have a policy or procedures to protect an employee/person who reveals alleged illegal/unethical behaviour from retaliation?	100%			TNG has Regulation No. 2411/QD - BOD dated October 5, 2018 on a system of warning violations, in which it pledges not to fire, threaten, neglect or have any discriminatory behaviour against employees and business partners who have sent violation warning reports to the Company for resolution.
D	DISCLOSURE AND TRANSPARENCY				
D.1.1	Does the information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more?	100%			Information of major shareholders with 5% shareholding or more is presented at section of Share information in 2019 Annual Report
D.1.2	Does the company disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders?	100%			TNG's major shareholders only hold direct shares but not indirect shares
D.1.3	Does the company disclose the direct and indirect (deemed) shareholdings of directors (commissioners)?	100%			TNG's BOD members only hold direct shares but not indirect shares
D.1.4	Does the company disclose the direct and indirect (deemed) shareholdings of senior management?	100%			TNG's BOM only hold direct shares but not indirect shares
D.1.5	Does the company disclose details of the parent/holding company, subsidiaries, associates, joint ventures and special purpose enterprises/ vehicles (SPEs)/ (SPVs)?	100%			2019 Annual Report: Section of General Information. Notes to the annual financial statements
D.2.1	Corporate objectives.	100%			Vision - Mission - Core values, Messages of the Chairman of the Board of Directors, Strategic orientation of the Board of Directors.
D.2.2	Financial performance indicators.	100%			Financial situation Report of the Board of Directors Highlights of the year
D.2.3	Non - financial performance indicators.	100%			Highlights of the year, awards and titles achieved in the year, Report of the Board of Directors.

ASEAN CORPORATE GOVERNANCE SCORECARD (continued)

SCORECARD		WELL COMPLETED	SHORT – TERM IMPROVABLE (< 1 YEAR)	LONG – TERM IMPROVABLE (> 5 YEAR)	BASES FOR ASSESMENT
D.2.4	Dividend policy.	100%			Report of the Board of Directors
D.2.5	Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of all directors/commissioners.	100%			Selection: Introduction of the Board of Directors
D.2.6	Attendance details of each director/commissioner in all directors/commissioners meetings held during the year.	100%			Selection: Report of the Board of Directors
D.2.7	Total remuneration of each member of the board of directors/commissioners.	100%			Section: Transactions, remuneration and benefits of the Board of Directors, the General Management and Internal Audit Subcommittee.
D.2.8	Does the Annual Report contain a statement confirming the company's full compliance with the code of corporate governance and where there is non - compliance, identify and explain reasons for each such issue?	100%			Section: Report of the Board of Directors. Section: Commitment to the truthfulness and reasonableness of information presented in 2018 Annual Report.
D.3.1	Does the company disclose its policy covering the review and approval of material RPTs?	100%			Article 35 of the Company's Charter of Operation and Organization.
D.3.2	Does the company disclose the name, relationship, nature and value for each material RPTs?	100%			There was no arise at TNG in 2019
D.4.1	Does the company disclose trading in the company's shares by insiders?	100%			Published at the website http://tng.vn under the link: Shareholder Relations/Information Disclosure/ Stock Transactions.Report on corporate governance situation every 6 months according to TT155. Annual reports at the section of transactions, remuneration and benefits of the Board of Directors, the General Management and Internal Audit Subcommittee.
D.5.1	Are the audit and non - audit fees disclosed?			✓	2018 Annual Report: Report of the Board of Directors.
D.5.2	Does the non - audit fee exceed the audit fees?	100%			At TNG, non - audit service fees are much lower than auditing services from the same independent auditing company.
D.6.1	Quarterly reporting.	100%			Published at website http://tng.vn (http://tng.vn/Shareholder Relations). Analyses from securities companies: FPT, BSC, MBS, etc. Articles about the Company on financial media: Investment Newspaper, Cafef, Financial Investment.
D.6.2	Company website.	100%			http://tng.vn http://tngfashion.vn
D.6.3	Analyst's briefing.	100%			Analysis reports from securities companies: FPT, MBS, BSC,...
D.6.4	Media briefings /press conferences.	100%			Press release when there are events related to the Garment Industry and the Company. Press conference to announce major events.
D.7.1	Are the audited annual financial report / statement released within 120 days from the financial year end?	100%			The 2019 audited financial report is published at the electronic website of the company no later than March 30, 2020, within 87 days from the end of the fiscal year under the information disclosure guidelines at TT155.
D.7.2	Is the annual report released within 120 days from the financial year end?	100%			2018 Annual Report is published at the company's electronic website no later than April 8, 2019 within 97 days from the end of the fiscal year under the information disclosure guidelines at TT155.
D.7.3	Is the true and fairness/fair representation of the annual financial statement/reports affirmed by the board of directors/commissioners and/or the relevant officers of the company?	100%			The 2018 financial report: Affirmed by the Chairman of the Board of Directors.
D.8.1	Financial statements/reports (latest quarterly).	100%			Website http://tng.vn (http://tng.vn/Shareholder Relations/Reports/Financial Statements). Published on CIMS, IDS, HNX's website.

ASEAN CORPORATE GOVERNANCE SCORECARD (continued)

SCORECARD		WELL COMPLETED	SHORT – TERM IMPROVABLE (< 1 YEAR)	LONG – TERM IMPROVABLE (> 5 YEAR)	BASES FOR ASSESMENT
D.8.2	Materials provided in briefings to analysts and media.	100%			Website tng.vn (http://tng.vn/Home/News of production and business activities).
D.8.3	Downloadable annual report.	100%			Website http://tng.vn (http://tng.vn/Shareholder Relations/Annual Report/Reports).
D.8.4	Notice of AGM and/or EGM.	100%			Website http://tng.vn (http://tng.vn/Shareholder Relations/Corner of shareholders/General Meeting of Shareholders/Documents related to the meetings of shareholders).
D.8.5	Minutes of AGM and/or EGM.	100%			Website http://tng.vn (http://tng.vn/Shareholder Relations/Resolution/Resolution of the General Meeting of Shareholders).
D.8.6	Company's constitution (company's by - laws, memorandum and articles of association).	100%			Website http://tng.vn (http://tng.vn/Shareholder Relationship/Company Information/Company Charter).
D.9.1	Does the company disclose the contact details (e.g. telephone, fax, and email) of the officer / office responsible for investor relations?	100%			Website http://tng.vn (http://tng.vn/Shareholder Relations/Shareholders' Corner/Shareholder Relations Board).
E	RESPONSIBILITIES OF THE BOARD				
E.1.1	Does the company disclose its corporate governance policy / board charter?	100%			Website http://tng.vn (http://tng.vn/Shareholder Relations/Report/Corporate governance report/ Corporate governance regulations).
E.1.2	Are the types of decisions requiring board of directors/ commissioners' approval disclosed ?	100%			Website http://tng.vn (http://tng.vn/Shareholder Relations/Resolution/Resolution of the Board of Directors).
E.1.3	Are the roles and responsibilities of the board of directors/ commissioners clearly stated?	100%			Provisions in Article 25 and 26 of the Company's Charter of Operation and Organization.
E.1.4	Does the company have an updated vision and mission statement?	100%			Annual report: Vision - Mission - Core Values.
E.1.5	Does the board of directors play a leading role in the process of developing and reviewing the company's strategy at least annually?	100%			Annual report: Report of the Board of Directors. The corporate governance report is made every 6 months as stipulated in TT155.
E.1.6	Does the board of directors have a process to review, monitor and oversee the implementation of the corporate strategy?	100%			Provisions in Article 25 and 26 of the Company's Charter of Operation and Organization.
E.2.1	Are the details of the code of ethics or conduct disclosed?	100%			Published at the website tng.vn under the link Home/Introduction/Code of conduct for TNG staff.
E.2.2	Are all directors/commissioners, senior management and employees required to comply with the code/s?	100%			Published at the website tng.vn under the link Home/Introduction/Code of conduct for TNG staff.
E.2.3	Does the company have a process to implement and monitor compliance with the code/s of ethics or conduct?		✓		This will be implemented from 2020
E.2.4	Do independent directors/commissioners make up at least 50% of the board of directors/commissioners?	70%			Independent members of the Board of Directors: 3/9 people, accounting for 33%.
E.2.5	Does the company have a term limit of nine years or less or 2 terms of five years ¹ each for its independent directors/ commissioners? ¹ The five years term must be required by legislation which pre - existed the introduction of the ASEAN Corporate Governance Scorecard in 2011.	100%			Provisions in Article 24 of the Company's Charter of Operation and Organization: Each member of the Board of Directors has a maximum office term of 05 years.
E.2.6	Has the company set a limit of five board seats that an individual independent/non - executive director/commissioner may hold simultaneously?	100%			Article 10: Corporate governance regulation.
E.2.7	Does the company have any executive directors who serve on more than two boards of listed companies outside of the group?	100%			Not happening at TNG
E.2.9	Is the Nominating Committee comprised of a majority of independent directors/commissioners?	70%			1/3 of the members of the Board of Directors are non - executive independent members.
E.2.10	Is the chairman of the Nominating Committee an independent director/commissioner?	100%			The Chairman of the Subcommittee is an independent member of the Board of Directors.

ASEAN CORPORATE GOVERNANCE SCORECARD (continued)

SCORECARD		WELL COMPLETED	SHORT – TERM IMPROVABLE (< 1 YEAR)	LONG – TERM IMPROVABLE (> 5 YEAR)	BASES FOR ASSESMENT
E.2.11	Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?	70%			2019 Annual Report: Report of subcommittees under the Board of Directors.
E.2.12	Is the meeting attendance of the Nominating Committee disclosed and if so, did the Nominating Committee meet at least twice during the year?	100%			2019 Annual Report: Report of subcommittees under the Board of Directors.
E.2.13	Does the company have a Remuneration Committee?	100%			2019 Annual Report: Report of subcommittees under the Board of Directors.
E.2.14	Is the Remuneration Committee comprised of a majority of independent directors/commissioners?	70%			1/3 of the members of the Board of Directors are non - executive independent members.
E.2.15	Is the chairman of the Remuneration Committee an independent director/commissioner?	100%			The Chairman of the Remuneration Committee is an independent member of the Board of Directors.
E.2.16	Does the company disclose the terms of reference/ governance structure/ charter of the Remuneration Committee?	70%			2019 Annual Report: Report of subcommittees under the Board of Directors.
E.2.17	Is the meeting attendance of the Remuneration Committee disclosed and, if so, did the Remuneration Committee meet at least twice during the year?	100%			2019 Annual Report: Report of subcommittees under the Board of Directors.
E.2.18	Does the company have an Audit Committee?	100%			2019 Annual Report: Report of subcommittees under the Board of Directors.
E.2.19	Is the Audit Committee comprised entirely of non - executive directors/commissioners with a majority of independent directors/ commissioners?	70%			The internal audit subcommittee includes 2/3 non - executive members of the Board of Directors.
E.2.20	Is the chairman of the Audit Committee an independent director/ commissioner?		✓		This will be implemented from 2020
E.2.21	Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?	70%			2019 Annual Report: Report of subcommittees under the Board of Directors.
E.2.22	Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?	70%			TNG has 3 independent BOD members on total of 9 BOD members, in which 2 members have over 20 years of professional qualification and experiences in the accounting and financial sector
E.2.23	Is the meeting attendance of the Audit Committee disclosed and, if so, did the Audit Committee meet at least four times during the year?	100%			2019 Annual Report: Report of subcommittees under the Board of Directors.
E.2.24	Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?	100%			2019 Annual Report: Report of subcommittees under the Board of Directors.
E.3.1	Are the board of directors meeting scheduled before the start of financial year?	100%			The Board of Directors has a quarterly meeting schedule for the next year before the fiscal year begins.
E.3.2	Does the board of directors/commissioners meet at least six times during the year?	100%			In 2019, the Board of Directors met 18 times. The data is shown in the Corporate Governance Report which is prepared every 6 months according to Circular No. 155.
E.3.3	Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year?	100%			In 2019, the Board of Directors met seven times. 88% of the Board members participated in all meetings. The data is shown in the Corporate Governance Report which is prepared every 6 months according to Circular No. 155.
E.3.4	Does the company require a minimum quorum of at least 2/3 for board decisions?	100%			Provisions in Article 28.8 of the Company's Charter of Organization and Operation: Meetings of the Board of Directors shall be conducted and approved only when there are at least three - quarters of the members of the Board of Directors present in person or through their representatives.
E.3.5	Did the non - executive directors/commissioners of the company meet separately at least once during the year without any executives present?				This will be implemented from 2019.
E.3.6	Are board papers for board of directors/commissioners meetings provided to the board at least five business days in advance of the board meeting?	100%			Regulations of Article 28.2 of the Regulations on organization and operation of the Company: the agenda is provided at least seven days before the scheduled meeting date.

ASEAN CORPORATE GOVERNANCE SCORECARD (continued)

SCORECARD		WELL COMPLETED	SHORT – TERM IMPROVABLE (< 1 YEAR)	LONG – TERM IMPROVABLE (> 5 YEAR)	BASES FOR ASSESMENT
E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	100%			Article 16 of the Corporate Governance Regulation.
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices and has kept abreast on relevant developments?	100%			Article 32 of the Company's Charter of Organization and Operation.
E.3.9	Does the company disclose the criteria used in selecting new directors/commissioners?	100%			The criteria are published together with the meeting documents sent directly to shareholders, posted on the website tng.vn according to the link of Shareholder Relations/Corner of shareholders/General Meeting of Shareholders/ Meeting documents for the General Meeting of Shareholders in ... [year].
E.3.10	Did the company describe the process followed in appointing new directors/commissioners?	100%			Provisions in Article 24.2 of the Company's Charter of Organization and Operation: Members of the Board of Directors are nominated by shareholders and groups of shareholders or self - nominated through voting.
E.3.11	Are all directors/commissioners subject to re - election every 3 years; or 5 years for listed companies in countries whose legislation prescribes a term of 5 years ² each? ² The five years term must be required by legislation which pre - existed the introduction of the ASEAN Corporate Governance Scorecard in 2011.	100%			Provisions in Article 24.1 of the Company's Charter of Organization and Operation: Members of the Board of Directors have a maximum office term of 5 years.
E.3.12	Does the company disclose its remuneration (fees, allowances, benefit - in - kind and other emoluments) policy/practices (i.e. the use of short term and long term incentives and performance measures) for its executive directors and CEO?	100%			2019 Annual Report: Report to the Board of Directors Resolution No. 859/2019NQ - DHDCD of the General Meeting of Shareholders in 2019: Under Article 2, remuneration that is equal to equal to 5.5% of the undistributed profit after tax is expected to be paid to the Board of Directors in 2019.
E.3.13	Is there disclosure of the fee structure for non - executive directors/ commissioners?	100%			2019 Annual Report: Section of transactions, remuneration and benefits of the Board of Directors, the General Management and the Internal Audit Subcommittee.
E.3.14	Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives?	100%			The 2018 General Meeting of Shareholders approved the plan to pay remuneration to the Board of Directors. (Article 1, Resolution No. 781/2018/NQ - DHDCD dated April 22, 2018).
E.3.15	Does the company have measurable standards to align the performance - based remuneration of the executive directors and senior executives with long - term interests of the company, such as claw back provision and deferred bonuses?		✓		2018 Annual Report: Report of the Board of Directors.
E.3.16	Does the company have a separate internal audit function?	100%			Internal Audit Subcommittee is under the Internal Audit Subcommittee
E.3.17	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	100%			The head of Internal Audit Subcommittee is a full - time employee at the Company.
E.3.18	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?	100%			The appointment and dismissal of internal audit is approved by the Internal Audit Subcommittee.
E.3.19	Does the company establish a sound internal control procedures/risk management framework and periodically review the effectiveness of that framework?	100%			2019 Annual Report: Risk Management.
E.3.20	Does the Annual Report/Annual CG Report disclose that the board of directors/commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems?	100%			2018 Annual Report: Report of the Board of Directors.
E.3.21	Does the company disclose the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic)?	100%			2019 Annual Report: Risk Management.

ASEAN CORPORATE GOVERNANCE SCORECARD (continued)


SCORECARD		WELL COMPLETED	SHORT – TERM IMPROVABLE (< 1 YEAR)	LONG – TERM IMPROVABLE (> 5 YEAR)	BASES FOR ASSESMENT
E.3.22	Does the Annual Report/Annual CG Report contain a statement from the board of directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/ risk management systems?	100%			2019 Annual Report: Report of the Audit Subcommittee under the Board of Directors.
E.4.1	Do different persons assume the roles of chairman and CEO?		✓		Provisions in Article 24.1 Charter of organization and operation of TNG Company. From 2017 to the day before August 1, 2020: Chairman of the Board of Directors may be the General Director but this must be voted annually at the Annual General Meeting of Shareholders with the approval from at least 51% of the total votes of all shareholders attending the meeting. From August 1, 2020: Chairman of the Board of Directors is not allowed to cum General Director of the Company.
E.4.2	Is the chairman an independent director/commissioner?		✓		Chairman of the Board of Directors is not an independent member of the Board of Directors.
E.4.3	Is any of the directors a former CEO of the company in the past 2 years?	100%			This case does not happen in TNG Company.
E.4.4	Are the roles and responsibilities of the chairman disclosed?	100%			Provisions in Article 26 of the Regulation on organization and operation of TNG Company regarding the responsibilities of the Chairman of the Board of Directors.
E.4.5	If the Chairman is not independent, has the Board appointed a Lead/Senior Independent Director and has his/her role been defined?	100%			TNG has two independent members of the Board of Directors.
E.4.6	Does at least one non - executive director/commissioner have prior working experience in the major sector that the company is operating in?	100%			5 members of the Board of Directors are non - executive members (including two independent members of the Board of Directors) An independent member of the Board of Directors with experience in the garment industry, an independent member of the Board of Directors with experience in law, investment and stock market
E.5.1	Does the company have orientation programmes for new directors/ commissioners?		✓		Only exchanged at the meetings of the Board of Directors.
E.5.2	Does the company have a policy that encourages directors/ commissioners to attend on - going or continuous professional education programmes?	100%			Annual Report, Corporate Governance Report, Corporate Governance: Human Resources and Training.
E.5.3	Does the company disclose the process on how the board of directors/commissioners plans for the succession of the CEO/ Managing Director/President and key management?	100%			Annual Report, Corporate Governance Report, Corporate Governance: Human Resources and Training.
E.5.4	Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?	100%			Annual report, evaluation report of the Board of Directors for the General Director.
E.5.5	Did the company conduct an annual performance assessment of the board of directors/commissioners and disclose the criteria and process followed for the assessment?	100%			Annual report: Report of the Board of Directors.
E.5.6	Did the company conduct an annual performance assessment of the individual directors/commissioners and disclose the criteria and process followed for the assessment?	100%			Annual report: Report of the Board of Directors.
E.5.7	Did the company conduct an annual performance assessment of the board committees and disclose the criteria and process followed for the assessment?	100%			Annual report: Evaluation report of subcommittees directly under the Board of Directors.
BONUS QUESTIONS					
(B)A.1.1	Does the company practice secure electronic voting in absentia at the general meetings of shareholders?		✓		TNG plans to apply this form of voting at the General Meeting of Shareholders in 2020
(B)B.1	Does the company release its notice of AGM (with detailed agendas and explanatory circulars), as announced to the Exchange, at least 28 days before the date of the meeting?	100%			The Hanoi Stock Exchange (HNX) posted the Invitation letter for the 2019 Annual General Meeting of Shareholders on March 04, 2019 before 48 days compared to the date of the 2018 General Meeting of Shareholders on April 21, 2018.
(B)C.1.1	Does the company adopt an internationally recognized reporting framework for sustainability (i.e. GRI, Integrated Reporting, SASB)?	100%			2019 Annual report: Sustainable Development is reporting by GRI Standard.

ASEAN CORPORATE GOVERNANCE SCORECARD (continued)

SCORECARD		WELL COMPLETED	SHORT – TERM IMPROVABLE (< 1 YEAR)	LONG – TERM IMPROVABLE (> 5 YEAR)	BASES FOR ASSESMENT
(B)D.1.1	Are the audited annual financial report /statement released within 60 days from the financial year end?		✓		This will be carried out from the 2020 Financial Statements.
(B)D.1.2	Does the company disclose details of remuneration of the CEO?	100%			Annual report: Transactions, remuneration and benefits of the Board of Directors, the General Management, and the Internal Audit Subcommittee.
(B)E.1.1	Does the company have at least one female independent director/ commissioner?	100%			03 independent member of BOD are male and one independent member of BOD is female.
(B)E.1.2	Does the company have a policy and disclose measurable objectives for implementing its board diversity and report on progress in achieving its objectives?		✓		This will be carried out from the 2020
(B)E.2.1	Is the Nominating Committee comprise entirely of independent directors/commissioners?		✓		This will be carried out from the 2020: The Internal Audit Subcommittee will be include one member of Independent member of BOD
(B)E.2.2	Does the Nominating Committee undertake the process of identifying the quality of directors aligned with the company's strategic directions?	100%			2019 Annual Report: Report of subcommittees under the Board of Directors.
(B)E.3.1	Does the company use professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors/commissioners?	100%			TNG is looking for members of the Board of Directors from the Vietnam Institute of Directors (VIOD), the Vietnam Business Council for Sustainable Development (VBCSD), Vietnam Textile and Apparel Association (VITAS).
(B)E.4.1	Do independent non - executive directors/commissioners make up more than 50% of the board of directors/commissioners for a company with independent chairman?	70%			5/9 (56%) members of BOD are non excutive members, 03 members of BOD are independent members.
(B)E.5.1	Does the board describe its governance process around IT issues including disruption, cyber security, disaster recovery, to ensure that all key risks are identified, managed and reported to the board?	100%			Annual Report: Risk Management.
(B)E.6.1	Does the company have a separate board level Risk Committee?	100%			Internal Audit Subcommittee is in charge of risk management.
PENANTY QUESTIONS					
(P)A.1.1	Did the company fail or neglect to offer equal treatment for share repurchases to all shareholders?	100%			This case does not happen in TNG
(P)A.2.1	Is there evidence of barriers that prevent shareholders from communicating or consulting with other shareholders?	100%			This case does not happen in TNG
(P)A.3.1	Did the company include any additional and unannounced agenda item into the notice of AGM/EGM?	100%			This case does not happen in TNG
(P)A.3.2	Did the Chairman of the Board, Audit Committee Chairman and CEO attend the most recent AGM?	100%			The minutes of the General Meeting of Shareholders recognized the full participation of the Chairman of the Board of Directors, General Director. (Minutes No. 858/TNG - DHDCD 2019 dated April 21, 2019).
(P)A.4.1	Shareholders agreement?	100%			This case does not happen in TNG
(P)A.4.2	Voting cap?	100%			The 2019 General Meeting of Shareholders: Voting cards of shareholders clearly state the number of votes of shareholders corresponding to the total number of voting shares (including ownership and authorization), specified in the Working Regulation with the General Meeting together with the expected documents to hold the General Meeting of Shareholders to be sent to shareholders and posted on the electronic the website tng.vn under the link of Shareholder Relations/Corner of shareholders/General Meeting of Shareholders/Documents for the General Meeting of Shareholders.
(P)A.4.3	Multiple voting rights?	100%			This case does not happen in TNG
(P)A.5.1	Is a pyramid ownership structure and/ or cross holding structure apparent?	100%			This case does not happen in TNG

ASEAN CORPORATE GOVERNANCE SCORECARD (continued)

SCORECARD	WELL COMPLETED	SHORT – TERM IMPROVABLE (< 1 YEAR)	LONG – TERM IMPROVABLE (> 5 YEAR)	BASES FOR ASSESMENT
(P)B.1.1	100%			All insider trading is strictly prohibited at the Company.
(P)B.2.1	100%			This case does not happen in TNG.
(P)B.2.2	100%			This case does not happen in TNG.
(P)C.1.1	100%			This case does not happen in TNG.
(P)C.2.1	100%			This case does not happen in TNG.
(P)D.1.1	100%			Audit opinions are totally accepted.
(P)D.1.2	100%			Audit opinions are totally accepted.
(P)D.1.3	100%			Audit opinions are totally accepted.
(P)D.1.4	100%			Audit opinions are totally accepted.
(P)E.1.1	100%			This case does not happen in TNG
(P)E.1.2	100%			This case does not happen in TNG
(P)E.2.1	100%			This case does not happen in TNG
(P)E.2.2	100%			Three independent members of the Board of Directors are clearly defined in accordance with the laws of Vietnam.
(P)E.2.3	100%			This case does not happen in TNG
(P)E.3.1	100%			This case does not happen in TNG
(P)E.4.1	100%			From 2017 to the day before August 1, 2020: Chairman of the Board of Directors may be also the General Director of the Company but this must be voted annually at the Annual General Meeting of Shareholders with the approval from at least 51% of the total votes of all shareholders attending the meeting. From August 1, 2020: Chairman of the Board of Directors is not allowed to be the General Director of the Company.
(P)E.4.2	100%			Independent non - executive members may not receive call options or bonus shares. Based on the list of names in information disclosure of share issuance times, the choices for employees in the company will not have the names of independent non - executive members.



IN 2019, PROFIT AFTER TAX REACHED VND 230 BILLION, INCREASING ABOUT 28% COMPARED TO 2018, EXCEEDING 11% OF THE PLAN. FURTHER ENHANCING THE DEVELOPMENT MOMENTUM, IN 2020, TNG WILL FOCUS ON INCREASING LABOUR PRODUCTIVITY AND REDUCING THE COST OF CAPITAL, AS WELL AS APPLYING MODERN MANAGEMENT SOLUTIONS TO PROMOTE ITS DEVELOPMENT CAPABILITY IN ALL RESPECTS, ESPECIALLY IN PRODUCTION, BUSINESS AND EXPORT.

”

FINANCIAL STATEMENT REPORT

TNG INVESTMENT AND TRADING JOINT STOCK COMPANY

(Incorporated in the Socialist Republic of Vietnam)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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The Board of Executive Officers of TNG Investment and Trading Joint Stock Company (the "Company") presents this report together with the Company's consolidated financial statements for the year ended 31 December 2019.

THE BOARDS OF DIRECTORS AND EXECUTIVE OFFICERS

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

Board of Directors

Mr. Nguyen Van Thoi	Chairman	
Mr. Nguyen Duc Manh	Member	
Mr. Le Quang Vinh	Member	
Mr. Nguyen Van Duc	Member	
Ms. Do Thi Ha	Member	
Ms. Luong Thi Thuy Ha	Member	(Appointed on 21 April 2019)
Mr. Nguyen Manh Linh	Member	(Appointed on 21 April 2019)
Ms. Dinh Le Hang	Member	(Appointed on 21 April 2019)
Mr. Kim Hwan Kyoon	Member	(Appointed on 21 April 2019)
Ms. Ha Thi Tuyet	Member	(Resigned on 21 April 2019)
Mr. Rusdy Pranata	Member	(Resigned on 21 April 2019)

Board of Executive Officers

Mr. Nguyen Van Thoi	Chief Executive Officer	
Mr. Nguyen Duc Manh	Deputy Chief Executive Officer	
Mr. Tran Minh Hieu	Deputy Chief Executive Officer	
Ms. Luong Thi Thuy Ha	Deputy Chief Executive Officer	
Ms. Doan Thi Thu	Deputy Chief Executive Officer	
Mr. Luu Duc Huy	Deputy Chief Executive Officer	(Appointed on 11 January 2019)

BOARD OF EXECUTIVE OFFICERS' STATEMENT OF RESPONSIBILITY

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

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

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

The Board of Executive Officers confirms that the Company has complied with the above requirements in preparing these consolidated financial statements.

For and on behalf of the Board of Executive Officers,



Luong Thi Thuy Ha
Deputy Chief Executive Officer

Thai Nguyen, 23 March 2020

The Board of Directors approved the accompanying consolidated financial statements, which present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting.

For and on behalf of the Board of Directors,



Nguyen Van Thoi
Chairman

Thai Nguyen, 23 March 2020

**TO: THE SHAREHOLDERS
THE BOARD OF DIRECTORS AND BOARD OF EXECUTIVE OFFICERS
TNG INVESTMENT AND TRADING JOINT STOCK COMPANY**

We have audited the accompanying consolidated financial statements of TNG Investment and Trading Joint Stock Company (the "Company"), prepared on 23 March 2020 as set out from page 05 to page 31, which comprise the consolidated balance sheet as at 31 December 2019, the consolidated income statement and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

THE BOARD OF EXECUTIVE OFFICERS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Executive Officers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting and for such internal control as the Board of Executive Officers determines is necessary to enable the preparation of 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 auditors consider internal control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Executive Officers, 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.

OPINION

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

EMPHASIS OF MATTER

As presented in Note 1 of Notes to the consolidated financial statements, the comparative figures are the figures of the Holding Company's audited financial statements for the year ended 31 December 2018. The comparative figures are presented for reference purpose, not for comparison purpose.

Our opinion is not modified in respect of this matter.



Vu Duc Nguyen
Deputy General Director
Audit Practising Registration Certificate
No. 0764-2018-001-1

DELOITTE VIETNAM COMPANY LIMITED

23 March 2020
Hanoi, S.R. Vietnam

Nguyen Tien Quoc
Auditor
Audit Practising Registration Certificate
No. 3008-2019-001-1

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		1,594,121,719,742	1,374,586,811,751
I. Cash and cash equivalents	110	4	292,672,045,402	12,701,137,291
1. Cash	111		172,672,045,402	12,701,137,291
2. Cash equivalents	112		120,000,000,000	-
II. Short-term receivables	130		364,142,583,991	478,042,278,651
1. Short-term trade receivables	131	5	302,824,175,457	455,673,608,806
2. Short-term advances to suppliers	132		7,473,372,031	5,888,734,884
3. Other short-term receivables	136	6	53,845,036,503	21,625,870,932
4. Provision for short-term doubtful debts	137		-	(5,145,935,971)
III. Inventories	140	7	860,401,903,483	822,431,006,423
1. Inventories	141		865,064,776,706	828,074,058,827
2. Provision for devaluation of inventories	149		(4,662,873,223)	(5,643,052,404)
IV. Other short-term assets	150		76,905,186,866	61,412,389,386
1. Short-term prepayments	151	8	28,684,025,285	22,546,133,628
2. Value added tax deductibles	152		48,221,161,581	38,866,255,758
B. NON-CURRENT ASSETS	200		1,433,288,606,205	1,220,848,391,443
I. Long-term receivables	210		15,605,193,707	18,829,818,987
1. Other long-term receivables	216	6	15,605,193,707	18,829,818,987
II. Fixed assets	220		1,115,764,762,310	979,180,489,301
1. Tangible fixed assets	221	9	1,091,872,805,621	957,762,517,201
- Cost	222		1,788,883,340,065	1,537,420,060,468
- Accumulated depreciation	223		(697,010,534,444)	(579,657,543,267)
2. Intangible assets	227	10	23,891,956,689	21,417,972,100
- Cost	228		40,529,444,412	35,365,206,274
- Accumulated depreciation	229		(16,637,487,723)	(13,947,234,174)
III. Investment property	230	11	34,573,863,793	-
- Cost	231		34,575,722,703	-
- Accumulated depreciation	232		(1,858,910)	-
IV. Long-term assets in progress	240		169,197,150,221	131,895,136,874
1. Construction in progress	242	12	169,197,150,221	131,895,136,874
V. Long-term financial investments	250	13	-	-
1. Investments in associates	252		-	-
VI. Other long-term assets	260		98,147,636,174	90,942,946,281
1. Long-term prepayments	261	8	98,147,636,174	90,942,946,281
TOTAL ASSETS (270=100+200)	270		3,027,410,325,947	2,595,435,203,194

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

CONSOLIDATED BALANCE SHEET

As at 31 December 2019 (continued)

FORM B 01-DN/HN

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		1,960,689,468,846	1,801,370,803,699
I. Current liabilities	310		1,414,614,342,278	1,372,729,685,399
1. Short-term trade payables	311	14	228,968,414,715	219,466,182,042
2. Short-term advances from customers	312		1,541,917,761	1,975,497,747
3. Taxes and amounts payable to the State budget	313	15	22,573,780,044	16,450,848,035
4. Payables to employees	314		59,043,353,646	49,937,186,172
5. Short-term accrued expenses	315	16	34,572,497,229	25,218,209,079
6. Other current payables	319	17	13,820,990,085	19,393,601,950
7. Short-term loans	320	18	1,050,792,460,988	1,030,865,689,212
8. Bonus and welfare funds	322		3,300,927,810	9,422,471,162
II. Long-term liabilities	330		546,075,126,568	428,641,118,300
1. Long-term loans	338	19	381,075,126,568	228,641,118,300
2. Convertible bonds	339	20	165,000,000,000	200,000,000,000
D. EQUITY	400		1,066,720,857,101	794,064,399,495
I. Owners' equity	410	21	1,066,720,857,101	794,064,399,495
1. Owners' contributed capital	411		652,114,760,000	493,401,800,000
2. Share premium	412		35,085,695,123	30,520,475,123
3. Other owners' capital	414		55,419,591	55,419,591
4. Investment and development fund	418		107,333,985,855	56,825,661,884
5. Other reserves	420		42,001,078,262	32,988,054,755
6. Retained earnings	421		230,129,918,270	180,272,988,142
- Retained earnings accumulated to the prior year end	421a		18,806,001	12,518,001
- Retained earnings of the current year	421b		230,111,112,269	180,260,470,141
TOTAL RESOURCES (440=300+400)	440		3,027,410,325,947	2,595,435,203,194

Ta Thi Thu Huong
Preparer

Tran Thi Thu Ha
Chief Accountant



Luong Thi Thuy Ha
Deputy Chief Executive Officer

23 March 2020

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

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

FORM B 02-DN/HN

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	24	4,617,541,777,109	3,612,896,996,945
2. Deductions	02	24	5,318,041,517	-
3. Net revenue from goods sold and services rendered (10=01-02)	10	24	4,612,223,735,592	3,612,896,996,945
4. Cost of sales	11	25	3,825,317,518,490	2,971,920,362,309
5. Gross profit from goods sold and services rendered (20=10-11)	20		786,906,217,102	640,976,634,636
6. Financial income	21	27	21,074,741,162	27,707,563,015
7. Financial expenses	22	28	136,400,434,805	136,193,181,773
- In which: Interest expense	23		101,227,715,040	91,500,188,015
8. Selling expenses	25	29	130,112,095,994	101,799,838,830
9. General and administration expenses	26	29	249,327,669,254	211,464,161,901
10. Operating profit (30=20+(21-22)-(25+26))	30		292,140,758,211	219,227,015,147
11. Other income	31		3,648,015,656	580,054,552
12. Other expenses	32		7,180,662,833	5,500,050,380
13. Losses from other activities (40=31-32)	40		(3,532,647,177)	(4,919,995,828)
14. Accounting profit before tax (50=30+40)	50		288,608,111,034	214,307,019,319
15. Current corporate income tax expense	51	30	58,496,998,765	34,046,549,178
16. Net profit after corporate income tax (60=50-51)	60		230,111,112,269	180,260,470,141
17. Basic earnings per share	70	31	3,717	2,733
18. Diluted earnings per share	71	31	3,201	2,704

Ta Thi Thu Huong
Preparer

Tran Thi Thu Ha
Chief Accountant



Luong Thi Thuy Ha
Deputy Chief Executive Officer

23 March 2020

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2019

FORM B 03-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FORM B 09-DN/HN

For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	288,608,111,034	214,307,019,319
2. Adjustments for:			
Depreciation and amortisation of fixed assets and investment property	02	129,423,455,724	112,871,622,161
Provisions	03	(980,179,181)	243,318,926
Foreign exchange (gain)/loss arising from translating foreign currency items	04	(2,961,046,972)	1,137,446,167
(Gain)/loss from investing activities	05	(321,719,095)	1,993,936,854
Interest expense	06	101,227,715,040	91,500,188,015
3. Operating profit before movements in working capital	08	514,996,336,550	422,053,531,442
Increase, decrease in receivables	09	109,972,474,572	(58,786,469,695)
Increase, decrease in inventories	10	(36,990,717,879)	(211,564,155,241)
Increase, decrease in payables (excluding accrued loan interest and corporate income tax payable)	11	(8,288,651,382)	102,461,812,271
Increase, decrease in prepaid expenses	12	(13,342,581,550)	(16,581,804,332)
Interest paid	14	(98,257,914,352)	(91,231,789,551)
Corporate income tax paid	15	(52,357,132,177)	(27,905,398,083)
Other cash outflows	17	(5,354,177,371)	(2,939,570,117)
Net cash generated by operating activities	20	410,377,636,411	115,506,156,694
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(337,083,106,274)	(209,823,022,385)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	197,056,727	1,748,807,274
3. Interest earned, dividends and profits received	27	-	28,310,410
Net cash used in investing activities	30	(336,886,049,547)	(208,045,904,701)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from share issue and owners' contributed capital	31	24,670,090,000	-
2. Proceeds from borrowings	33	4,219,505,472,027	3,471,389,628,846
3. Repayment of borrowings	34	(4,037,775,419,119)	(3,376,989,402,880)
Net cash generated by financing activities	40	206,400,142,908	94,400,225,966
Net increases in cash (50=20+30+40)	50	279,891,729,772	1,860,477,959
Cash and cash equivalents at the beginning of the year	60	12,701,137,291	10,283,349,259
Effects of changes in foreign exchange rates	61	79,178,339	557,310,073
Cash and cash equivalents at the end of the year (70=50+60+61)	70	292,672,045,402	12,701,137,291

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

1. GENERAL INFORMATION

Structure of ownership

TNG Investment and Trading Joint Stock Company (the "Company") was a State-owned enterprise established under Decision No. 448/QĐ-UB of the People's Committee of Bac Thai Province (currently known as Thai Nguyen Province) dated 12 November 1979. The Company was equitized and transformed into a joint stock company under Decision No. 3744/QĐ-UB dated 16 December 2002 of the People's Committee of Thai Nguyen Province. Since 01 January 2003, the Company has officially been transformed into a joint stock company under Business License No. 1703000036 issued by the Authority for Planning and Investment of Thai Nguyen Province on 02 January 2003. According to the amended Business Registration Certificates No. 4600305723 amended by the Authority for Planning and Investment of Thai Nguyen Province dated 09 January 2020, the authorized charter capital of the Company is VND 652.114.760.000. The Company's shares are listed on Hanoi Stock Exchange (HNX) with the stock code of TNG.

The Company's total number of employees of as at 31 December 2019 was 15,670 (as at 31 December 2018: 14,056).

Operating industry and principal activities

The Company's operating industry and principal activities are manufacture and trade of garments, including:

- Manufacture of corrugated paper and paperboard, and of containers of paper and paperboard (manufacture of containers of paper);
- Manufacture of plastic products (production of plastic for plastic bags, plastic raincoats and garment materials and accessories);
- Wholesale of textiles, made-up clothing, footwear;
- Retail sale of clothing, footwear, leather articles and imitation leather in specialized stores;
- Printing (directly onto textiles, plastic, cardboard, PE bags)
- Finishing of textiles (silk screen-printing, including thermal printing on wearing apparel)
- Trading of own or rented property or land use rights;
- Manufacture of wearing apparel (except being made of animal's skin and fur) – Principal activity;
- Manufacture of knitted and crocheted apparel;
- Vocational education (industrial sewing training);
- Manufacture of made-up articles (except apparel);
- Washing and (dry-) cleaning of textiles and fur products. Details: Industrial washing and pressing of garment products.

Normal production and business cycle

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

Ta Thi Thu Huong
Preparer

Tran Thi Thu Ha
Chief Accountant



Luong Thi Thuy Ha
Deputy Chief Executive Officer

23 March 2020

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

1. GENERAL INFORMATION (continued)

The Company's structure

The Company's structure includes 01 headquarters and 15 dependent branches, of which, the Company's headquarters is located at No. 434/1 Bac Kan Street, Hoang Van Thu Ward, Thai Nguyen City.

As at 31 December 2019, the Company has 02 subsidiaries and 02 associates. General information about subsidiaries and associates is as follows:

Name of Company	Place of incorporation and operation	Proportion of ownership interest (%)	Proportion of voting power held (%)	Principal activity
Subsidiaries				
TNG Fashion Company Limited	Thai Nguyen	100	100	Fashion business
TNG Eco Green Company Limited	Thai Nguyen	100	100	Real estate trade
Associates				
Bac Thai Electric Construction Joint Stock Company	Thai Nguyen	49	49	Electric Construction
TNG Yen Binh Golf Company Limited	Thai Nguyen	49	49	Golf course business

Disclosure of information comparability in the consolidated financial statements

2019 is the first year the Company have prepared the consolidated financial statements, therefore, the comparative figures are the figures of the Holding Company's audited financial statements for the year ended 31 December 2018. The comparative figures are presented for reference purpose, not for comparison purpose.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

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

Financial year

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company.

Intragroup transactions and balances are eliminated in full on consolidation.

Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination (see below) and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the period of acquisition.

The non-controlling interests are initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Interests in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Company's share of the net assets of the associate. Losses of an associate in excess of the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are not recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates (continued)

Where a group entity transacts with an associate of the Company, unrealised profits and losses are eliminated to the extent of the Company's interest in the relevant associate.

Cash and cash equivalents

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

Loan receivables

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

Receivables

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

Provision for doubtful debts is made for receivables that are overdue for six months, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Inventories

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

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use. The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and test running costs.

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

	Years
Buildings and structures	4 - 40
Machinery and equipment	3 - 20
Office equipment	3 - 9
Motor vehicles	6 - 10
Others	5 - 7

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

Intangible assets and amortisation

Land use rights

Intangible assets representing land use rights are stated at cost less accumulated amortisation. Land use rights are allocated over the duration of the right to use the land.

Computer software

Intangible assets representing computer software is measured initially at purchase price and amortized using the straight line method over their estimated useful life.

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

Investment properties

Investment properties are composed a part of commercial area of TNG Village Building at Minh Cau street, Thai Nguyen city held by the Company to earn rentals, stated at cost less accumulated depreciation. The costs of self-constructed investment properties are the finally accounted construction or directly attributable costs of the properties.

Investment properties held to earn rentals are depreciated using the straight-line method over their estimated useful lives of 50 years.

Construction in progress

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

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepayments include the expense which is paid to acquire the land use right, assets on land, good will and other types of prepayments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepayments (continued)

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

Goodwill arising from represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and recognised contingent liabilities of the acquired company. The goodwill is allocated to income statement using straight-line method for the period of 3 years from the date of acquisition.

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

Payable provisions

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

Straight bond issued

Bonds are issued as long-term borrowings.

Carrying value of straight bonds is recorded on net basis, equal to bonds' nominal amount.

Convertible bonds

A convertible bond is a bond that can be converted into common stock of the same issuer under conditions specified in the issuance plan.

Costs relating to the issue of convertible bonds are amortised over the lives of the convertible bonds using the straight-line method and are recorded in the financial expenses. Periodically, costs relating to the issue of convertible bonds are recorded in the financial expenses in line with recognition of convertible bonds' interest expense.

Revenue recognition

Sales of goods

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

- (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;

- (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales of real estate

Revenue from the sale of real estate which the Company is the investor is recognised when all five (5) following conditions are satisfied:

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

Rendering of services

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

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

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

Foreign currencies

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

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

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

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

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

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

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

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

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

4. CASH AND CASH EQUIVALENTS

	Closing balance VND	Opening balance VND
Cash on hand	1,198,591,671	601,453,628
Bank demand deposits (i)	171,473,453,731	12,099,683,663
Cash equivalents (ii)	120,000,000,000	-
	292,672,045,402	12,701,137,291

(i) Include the balance of bank deposits which have been used as collaterals for short-term loans as stated in Note 18.

(ii) Cash equivalents represent term deposits at Joint Stock Commercial Bank for Investment and Development of Vietnam –Thai Nguyen Branch which have the original term of one month and interest rate of 5.5% per annum.

5. SHORT-TERM TRADE RECEIVABLES

	Closing balance VND	Opening balance VND
Desipro Pte. Ltd. (Promiles SNC)	78,881,366,939	124,414,265,176
The Children's Place Services Company, LLC	75,688,998,218	57,227,423,199
Asmara International Limited	38,564,568,231	41,333,010,080
Canda International GMBH & Co OHG	32,784,566,107	22,621,901,274
The Haddad Apparel Group., Ltd.	4,672,556,362	75,051,893,949
Others	72,232,119,600	135,025,115,128
	302,824,175,457	455,673,608,806

6. OTHER RECEIVABLES

	Closing balance VND	Opening balance VND
a. Current		
- Advances to employees	22,539,141,873	339,492,799
- Advance for site clearance compensation	16,816,083,422	10,000,000,000
- Receivables from insurance agency (i)	5,403,502,523	5,017,522,128
- Deposits	3,620,699,730	280,000,000
- Other receivables	5,465,608,955	5,988,856,005
	53,845,036,503	21,625,870,932
b. Non-current		
- Land rentals deductible	10,680,826,157	10,680,826,157
- Deposits	4,924,367,550	8,148,992,830
	15,605,193,707	18,829,818,987

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019 (continued)

FORM B 09-DN/HN

7. INVENTORIES

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	25,080,516,673	-	18,821,271,270	-
Raw materials	246,815,721,827	-	259,193,190,322	-
Tools and supplies	2,233,008,517	-	4,236,966,104	-
Work in progress	181,702,774,059	-	116,198,514,769	-
Finished goods	409,232,755,630	(4,662,873,223)	428,913,539,777	(5,643,052,404)
Goods on consignment	-	-	710,576,585	-
	865,064,776,706	(4,662,873,223)	828,074,058,827	(5,643,052,404)

During the year, VND nil (2018: VND 243,318,926) was provided for devaluation of inventories.

During the year, VND 980,179,181 (2018: VND nil) was reversed as a provision for devaluation of inventories.

As at 31 December 2019, as presented in Note 18, the Company used circulating goods with the minimum value of VND 390 billion as collaterals for the loans obtained from commercial banks (as at 31 December 2018: VND 390 billion).

8. PREPAYMENTS

	Closing balance VND	Opening balance VND
a. Current		
- Tools and dies issued for consumption	14,760,035,302	10,759,089,201
- Property insurance purchase expenses	3,044,239,270	1,321,992,660
- Others	10,879,750,713	10,465,051,767
	28,684,025,285	22,546,133,628
b. Non-current		
- Tools and dies issued for consumption;	35,681,422,831	36,524,716,702
- Cost of acquiring land use right and assets on land (i)	19,275,491,471	19,699,128,647
- The cost of repairing fixed assets	6,070,844,859	6,785,509,818
- Goodwill	32,282,914	3,420,102,120
- Others	37,087,594,099	24,513,488,994
	98,147,636,174	90,942,946,281

(i) The cost of acquiring land use right and assets on land pertains to the land plots for which the Company has been granted certificates of land use right with land rental being paid on an annual basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019 (continued)

FORM B 09-DN/HN

9. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Others VND	Total VND
COST						
Opening balance	687,089,560,356	834,478,186,818	4,505,966,051	9,496,172,515	1,850,174,728	1,537,420,060,468
Additions	20,452,272,586	58,918,844,103	-	-	79,973,905	79,451,090,594
Transfer from construction in progress	72,479,564,299	109,054,402,214	-	-	-	181,533,966,513
Reclassification	432,261,668	(432,261,668)	-	-	-	-
Disposals	-	(10,072,879,468)	-	-	-	(10,072,879,468)
Others	-	551,101,958	-	-	-	551,101,958
Closing balance	780,453,658,909	992,497,393,957	4,505,966,051	9,496,172,515	1,930,148,633	1,788,883,340,065
ACCUMULATED DEPRECIATION						
Opening balance	174,739,834,187	395,978,149,279	3,693,303,231	4,271,488,037	974,768,533	579,657,543,267
Charge for the year	33,698,629,153	91,808,109,154	682,842,955	330,854,705	246,053,270	126,766,489,237
Disposals	-	(9,964,600,018)	-	-	-	(9,964,600,018)
Others	-	551,101,958	-	-	-	551,101,958
Closing balance	208,438,463,340	478,372,760,373	4,376,146,186	4,602,342,742	1,220,821,803	697,010,534,444
NET BOOK VALUE						
Opening balance	512,349,726,169	438,500,037,539	812,662,820	5,224,684,478	875,406,195	957,762,517,201
Closing balance	572,015,195,569	514,124,633,584	129,819,865	4,893,829,773	709,326,830	1,091,872,805,621

As presented in Notes 18 and 19, the Company has mortgaged its machinery, equipment, motor vehicles, buildings and structures to secure its loans obtained from commercial banks and credit institutions.

As at 31 December 2019, the cost of the Company's tangible fixed assets includes VND 188,759,438,470 (as at 31 December 2018: VND 190,269,310,322) of assets which have been fully depreciated but are still in use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019 (continued)

FORM B 09-DN/HN

10. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND	Computer software VND	Total VND
COST			
Opening balance	14,640,818,790	20,724,387,484	35,365,206,274
Additions	2,143,431,587	3,020,806,551	5,164,238,138
Closing balance	16,784,250,377	23,745,194,035	40,529,444,412
ACCUMULATED AMORTISATION			
Opening balance	1,247,276,901	12,699,957,273	13,947,234,174
Charge for the year	449,440,978	2,240,812,571	2,690,253,549
Closing balance	1,696,717,879	14,940,769,844	16,637,487,723
NET BOOK VALUE			
Opening balance	13,393,541,889	8,024,430,211	21,417,972,100
Closing balance	15,087,532,498	8,804,424,191	23,891,956,689

The Company used the land use rights to secure the loans from banks as presented in the Note 19.

11. INCREASES, DECREASES IN INVESTMENT PROPERTY

	Buildings and structures VND	Total VND
COST		
Opening balance	-	-
Transfer from construction in progress	34,575,722,703	34,575,722,703
Closing balance	34,575,722,703	34,575,722,703
ACCUMULATED DEPRECIATION		
Opening balance	-	-
Charge for the year	1,858,910	1,858,910
Closing balance	1,858,910	1,858,910
NET BOOK VALUE		
Opening balance	-	-
Closing balance	34,573,863,793	34,573,863,793

According to VAS No. 05 - Investment Properties, fair value of investment property as at 31 December 2019 is required to be disclosed. However, the Company could not determine the fair value as at 31 December 2019; therefore, no information about the fair value is disclosed in the Notes to the financial statements. In order to determine the fair value, the Company would require an independent consultancy company to perform the valuation. At present, the Company has not found a suitable consultancy company yet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FORM B 09-DN/HN

For the year ended 31 December 2019 (continued)

12. CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
Long-term construction in progress		
- Acquisition	95,366,000	6,959,700,107
- Construction	169,101,784,221	124,935,436,767
In which:		
- TNG Phu Luong Factory	45,230,724,854	43,185,505,800
- Song Cong Auxiliary Home	32,115,670,232	384,218,554
- Phu Binh Project	20,141,747,060	19,817,371,129
- TNG Dong Hy Factory	13,771,680,057	6,529,418,491
- Access road to TNG Village Minh Cau Project	12,079,034,489	2,738,358,164
- TNG Village Phan Dinh Phung Project	12,076,370,000	-
- TNG Vo Nhai Factory	11,649,530,988	779,540,528
- TNG Song Cong Factory	10,352,802,180	7,925,589,148
- Viet Thai Factory Project	7,057,512,479	9,379,286,230
- TNG Dai Tu Factory	1,957,648,181	350,000,000
- Minh Cau Trading Center	324,948,482	1,147,308,921
- TNG Fashion Center Project	206,625,455	206,625,455
- Investments in machinery and equipment	95,366,000	6,959,700,107
- TNG Village Project	-	31,670,466,163
- Others	2,137,489,764	821,748,184
	169,197,150,221	131,895,136,874

The Company used assets formed from loans of the projects to secure for the loans from commercial banks and financial institution as presented in the Note 19.

13. FINANCIAL INVESTMENTS

	Opening balance		Closing balance	
	Cost	Value under equity method	Cost	Value under equity method
	VND	VND	VND	VND
Investments in associates				
Bac Thai Electric Construction Joint Stock Company (ii)	771,150,000	-	771,150,000	-
TNG Yen Binh Golf Company Limited (i)	-	-	-	-
	771,150,000	-	771,150,000	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019 (continued)

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13. FINANCIAL INVESTMENTS (continued)

(i) Details of the Company's capital commitments to associates as at 31 December 2019 are as follows:

Name of subsidiaries, associates	Charter capital under business registration certificate	Proportion of ownership interest under business registration certificate (%)	Capital contribution as at 31 December 2019 (VND)	Remaining capital commitment (VND)
TNG Yen Binh Golf Company Limited	300,000,000,000	49	-	147,000,000,000

The Company has not assessed fair value of its financial investments as at the balance sheet date since there is no comprehensive guidance of relevant prevailing regulations on determination of fair value of these financial investments.

14. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
YKK Vietnam Company Limited	21,103,503,988	21,103,503,988	27,355,908,436	27,355,908,436
Vietnam Consulting Investment Construction and Technology Joint Stock Company	9,920,657,384	9,920,657,384	3,405,458,640	3,405,458,640
Unitex International Button Accessories Co., Ltd.	8,331,740,570	8,331,740,570	8,386,704,556	8,386,704,556
Trung Dung Production and Trading Limited Company	9,545,806,323	9,545,806,323	7,348,179,166	7,348,179,166
Others	180,066,706,450	180,066,706,450	172,969,931,244	172,969,931,244
	228,968,414,715	228,968,414,715	219,466,182,042	219,466,182,042

15. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	Opening balance VND	Payable during the year VND	Paid during the year VND	Closing balance VND
Corporate income tax	14,956,549,178	58,496,998,765	52,357,132,177	21,096,415,766
Personal income tax	1,343,209,746	14,148,396,716	14,255,863,058	1,235,743,404
Others	151,089,111	11,947,504,994	11,856,973,231	241,620,874
	16,450,848,035	84,592,900,475	78,469,968,466	22,573,780,044

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For the year ended 31 December 2019 (continued)

16. SHORT-TERM ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
Accruals for salary and leave	23,478,321,233	20,443,403,057
Accruals for interest expenses	4,520,299,656	1,550,498,968
Transportation expense	1,738,489,333	831,218,458
Other accruals	4,835,387,007	2,393,088,596
	34,572,497,229	25,218,209,079

17. OTHER CURRENT PAYABLES

	Closing balance VND	Opening balance VND
Investment received for TNG Village Project	3,169,349,789	13,655,748,111
Trade union fee	1,735,850,668	-
Others	8,915,789,628	5,737,853,839
	13,820,990,085	19,393,601,950

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For the year ended 31 December 2019 (continued)

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18. SHORT-TERM LOAN

	Opening balance		In the year		Closing balance	
	Amount	Amount able to be paid off	Increases	Decreases	Amount	Amount able to be paid off
		VND		VND		VND
Short-term loans	885,923,478,927	885,923,478,927	3,887,773,741,095	3,870,401,167,795	903,296,052,227	903,296,052,227
Current portion of long-term loans (Details stated in Note 19)	144,942,210,285	144,942,210,285	148,503,436,105	145,949,237,629	147,496,408,761	147,496,408,761
	1,030,865,689,212	1,030,865,689,212	4,036,277,177,200	4,016,350,405,424	1,050,792,460,988	1,050,792,460,988

Details of short-term loans are as follows:

	Closing balance VND	Opening balance VND
Short-term loans	903,296,052,227	885,923,478,927
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch (i)	445,711,551,257	538,069,479,257
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch (ii)	426,028,658,421	329,920,509,390
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch (iii)	19,160,820,562	17,383,440,280
Military Commercial Joint Stock Bank - Thai Nguyen Branch (iv)	12,045,971,987	-
Others (v)	349,050,000	550,050,000
Current portion of long-term loans (Detail stated in Note 19)	147,496,408,761	144,942,210,285
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch	70,147,692,193	87,350,712,000
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch	27,799,272,040	21,406,266,475
Military Commercial Joint Stock Bank - Thai Nguyen Branch	25,012,124,528	36,185,231,810
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch	24,537,320,000	-
	1,050,792,460,988	1,030,865,689,212

(i) Loans from Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch under Credit Contract dated 07 October 2019 with the credit limit of VND 1,000 billion (including loans in VND and foreign currencies equivalent, the balance of L/C less deposits and guarantee balances), interest rates are determined in respect of each disbursement. The loans are secured by the Company's collaterals of the Company, balances of all Company's deposits in VND at the bank and other credit institutions.

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For the year ended 31 December 2019 (continued)

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(ii) Short-term loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch under Credit Contract dated 10 September 2019 with the credit limit of VND 500 billion (including loans in VND and USD). The loan bears interest of 7% per annum as at contract signing date for loans in VND and 4.3% per annum for loans in USD and to be determined in respect of each disbursement after contract signing date. The loans are secured by assets including industrial sewing machines and office equipment; buildings and structures attached to the Company's land; 04 automatic embroidery machines; buildings and structures attached to the land in Zone B - Song Cong Industrial Zone, circulating goods and receivables arising from the economic contract of the Company financed by Vietnam Joint Stock Commercial Bank for Industry and Trade.

(iii) Short-term loans from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch under Credit Contract dated 09 April 2019 with the credit limit of VND 100 billion. Interest rates are determined by notice from the lender for each disbursement. The loans are secured by the machinery and equipment from the Project for additional investment in machinery and equipment for TNG Phu Binh Factory and TNG Song Cong Factory, the Project of investment in additional machinery and equipment investment in 2014 under Collateral Contract No. 210/18/HDTC/TN dated 18 June 2018, assets formed from the loans and equity capital of the Project for machinery and equipment investment in 2019 under Collateral Contract No. 86/19/HDTC/TN dated 09 April 2019, and receivables under Collateral Contract No. 87/19/HDTC/TN dated 09 April 2019.

(iv) Short-term loan from Military Commercial Joint Stock Bank ("MB") - Thai Nguyen Branch under Credit Contract dated 14 October 2019 with the credit limit of VND 50 billion. Applicable interest rate is specified for each disbursement.

(v) Other short-term loans from the Company's employees with terms not exceeding 12 months.

19. LONG-TERM LOANS

	Opening balance		In the year		Closing balance	
	Amount	Amount able to be paid off	Increases	Decreases	Amount	Amount able to be paid off
		VND		VND		VND
Long-term loans	373,583,328,585	373,583,328,585	176,410,130,298	157,421,923,554	392,571,535,329	392,571,535,329
Straight bonds issued (Details stated in Note 20)	-	-	136,000,000,000	-	136,000,000,000	136,000,000,000
	373,583,328,585	373,583,328,585	312,410,130,298	157,421,923,554	528,571,535,329	528,571,535,329
In which:						
- Amount due for settlement within 12 months	144,942,210,285				147,496,408,761	
- Amount due for settlement after 12 months	228,641,118,300				381,075,126,568	

19. LONG-TERM LOANS (continued)

Details of long-term loans are as follows:

	Closing balance VND	Opening balance VND
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch (i)	137,997,280,123	104,980,862,635
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch (ii)	111,713,965,473	-
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch (iii)	93,487,215,280	183,853,393,859
Military Commercial Joint Stock Bank - Thai Nguyen Branch (iv)	49,373,074,453	84,749,072,091
	392,571,535,329	373,583,328,585

(i) Long-term loans from Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch include:

- Loans under Credit Contract No. 02/2015/469075/HDTD dated 04 December 2015 and its amendments, with total credit limit of VND 112.75 billion to finance construction of the Company's TNG Fashion Center. The loan term is 84 months from the next day after the day on which the Bank disburses the first loan to the Company. The loans in VND bear interest rates of 11% per annum and of 6.8% per annum for the loans in USD (floating interest rate adjusted on a semi-annual basis). The Company has pledged its machinery, equipment, motor vehicles, buildings and structures, and assets formed from the project to secure the loans.

- Loans under the Credit Contract No. 01/2017/469075/HDTD dated 03 April 2017 with the total credit limit of VND 32,681,000,000 for investment in Cotton Factory Project of the Company. The loan term is 84 months from the next day after the day on which the Bank disburses the first loan to the Company. The floating interest rate is adjusted every 6 months with current interest rates for loans in VND of 11.5% per annum and for loans in USD of 6.8% per annum. The loan is secured by all assets formed from the Cotton Factory Project of the Company and all guarantee measures signed between the Company and the Bank, including this credit contract.

- Loans under credit contract No. 02/2018/469075/HDTD dated 10 September 2018 with the total credit limit of USD 1,327,591 and VND 3,92 billion used to finance Machinery and equipment investment Project in the last 6 months of 2018 of the Company. The loan term is 60 months from the next day after the day on which the Bank disburses the first loan to the Company. The loans in VND bear interest rates of 11.5% per annum and of 7.2% per annum for loans in USD. The loans are secured by all assets formed from the Company's Machinery and equipment investment Project in the last 6 months of 2018.

- Loans under credit contract No. 02/2019/46975/HDTD dated 10 June 2019 with the total credit limit of VND 187,667,000,000 for investment in TNG Dong Hy Garment Factory. The loan term is 84 months from the next day after the day on which the Bank disburses the first loan to the Company. The loans in VND bear interest rates of 11.5% per annum and of 7.0% per annum for loans in USD which are adjusted every 6 months. The loans are secured by all assets formed from Dong Hy Garment Factory Project of the Company.

(ii) Medium and long-term loans from Joint Stock Commercial Bank for Foreign Trade of Vietnam under Credit Contract No. 94/19/HDTD/TN dated 09 April 2019 with the total credit limit of VND 130 billion for investment in fixed assets. The loan term is 48 months from the first disbursement. Interest rates are determined in respect of each disbursement. The loans are secured by the machinery and equipment of the Project for additional investment in machinery and equipment for TNG Phu Binh Factory and TNG Song Cong Factory, and the Project for additional machinery and equipment investment in 2014 under Collateral Contract No. 210/18/HDTN/TN dated 18 June 2018, assets formed from the loans and equity capital of the Project for additional machinery and equipment investment in 2019 under Collateral Contract No. 86/19/HDTN/TN dated 09 April 2019, and receivables under Collateral Contract No. 87/19/HDTN/TN dated 09 April 2019.

(iii) Long-term loans from Commercial Joint Stock Vietnam Bank for Industry and Trade - Thai Nguyen Branch include:

- Loans under valid credit contracts with total credit limit of VND 223 billion for payment of machines and equipment imported for cotton production lines of the Cotton branch of the garment factories located in Zone B, Song Cong Industrial Zone, for investment in the Project for production capacity improvement of TNG Dai Tu Factory, and for investment in the Company's project on equipment system renovation and capital improvement, capital construction investment. The current interest rate is 10.5% to 11.5% per annum for loans in VND and 4.5% to 7.5% per annum for loans in USD (floating rate adjusted on a monthly basis). Loans are secured by the cotton production line installed at Cotton Branch located in Zone B, Song Cong Industrial Zone and assets formed from therefrom.

- Loans under Credit contract No. 300065363/2017-HDCVNT/NHCT220-TNG dated 27 July 2017 with the total credit limit of VND 33 billion, used to cover the financing costs of the Machinery Investment Project Phase II of 2017. The loan term is 60 months from the next day after the day on which the lender grants the first disbursement. The current interest rate is 9.5% per annum for loans in VND and 6.5% per annum for loans in USD. The loans are secured by assets formed therefrom.

(iv) Loans from Military Commercial Joint Stock Bank ("MB") - Thai Nguyen Branch under valid credit contracts with the total credit limit of USD 3,324,900 and VND 19,612,742,199. The loans are used to make L/C payment under the contract to import garment machinery, equipment and payment for purchases of local goods. The floating interest rate, date of interest rate adjustment, and period of interest calculation are determined in each debenture. These loans are secured by all assets formed from the loans including garment machinery and equipment specified by each purchasing contract.

Long-term loans are repayable as follows:

	Closing balance VND	Opening balance VND
On demand or within one year	147,496,408,761	144,942,210,285
In the second year	81,562,921,990	117,058,559,462
In the third to fifth year inclusive	299,512,204,578	111,582,558,838
	528,571,535,329	373,583,328,585
Less: Amount due for settlement within 12 months (shown under short-term loans)	147,496,408,761	144,942,210,285
Amount due for settlement after 12 months	381,075,126,568	228,641,118,300

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20. BONDS ISSUED

Straight bonds

	Closing balance			Opening balance		
	Amount	Interest rate	Term	Amount	Interest rate	Term
	VND	%/Year	Year	VND	%/Year	Year
Privately issued bonds	136,000,000,000	11.50	3	-	-	-
	136,000,000,000					

According to Resolution No. 2181/2019/TNG-NQHDQT dated 03 October 2019 and subscription agreement dated 21 October 2019, the Company issued 136 unsecured no-warrants non-convertible bonds with par value of VND 1,000,000,000 per bond with term of 36 months from the issuance date of 25 October 2020 and interest rate of 11.5% per annum for entire term. The purpose of bond issuance is to increase working capital and to implement programmes, and investment projects of the Company. After 12 months from issuance date, the Company has the right to re-purchase all or a part of the bonds in circulation.

Convertible bonds

	Closing balance			Opening balance		
	Amount	Interest rate	Term	Amount	Interest rate	Term
	VND	%/Year	Year	VND	%/Year	Year
Convertible bonds	165,000,000,000	4.80	3	200,000,000,000	4.80	3
	165,000,000,000			200,000,000,000		

The convertible bonds were issued on 12 December 2018 with the total number of 200 bonds and par value of VND 1 billion each. The bonds have a term of 3 years with interest rate of 4.8% per annum at the issuance date which can be adjusted based on the exchange rate of each interest calculation period, interest is paid every 3 months and principal is repaid at the maturity date.

From one year after the issuance date to 2 months before the maturity date, Bondholders have the option to convert the entire or part of the issued bonds into the Company's shares with conversion price of the convertible bonds at the convertible bond issuance date of VND 13,800 per share, which can be adjusted under contractual scheme. The shares issued for conversion is the Company's common shares and will be additionally listed after conversion. Bondholders have the option to request the Company to early redeem part of or the entire issued bonds and the largest shareholder of the Company has the right to re-purchase 10% of bonds under the contractual terms.

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As presented in Note 21, on 12 December 2019, the Company has completed the issuance of 3,043,478 shares with par value of VND 10,000 per share for the Bondholder by converting convertible bonds to shares with issuance price of VND 11,500/share. Accordingly, the total remaining number of convertible bonds issued is 165 bonds (equivalent to total par value of VND 165,000,000,000), which decreased by 35 bonds (equivalent to total par value of VND 35 billion).

21. OWNERS' EQUITY

Movement in owners' equity

	Owners' contributed capital		Share premium		Other owners' capital		Investment and development fund		Other reserves		Retained earnings		Total	
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
Prior year's opening balance	411,172,910,000	30,575,475,123	55,419,591	50,955,069,016	21,486,544,468	115,021,928,873	629,267,347,071							
Profit for the year	-	-	-	-	-	180,260,470,141	180,260,470,141							
Fund distributed from 2017 profit	-	-	-	5,870,592,868	11,501,510,287	(28,873,613,442)	(11,501,510,287)							
Share dividend of 2017 declared	82,228,890,000	(55,000,000)	-	-	-	(82,228,890,000)	(55,000,000)							
Remuneration of the Board of Directors and Supervisory Board	-	-	-	-	-	(3,906,907,430)	(3,906,907,430)							
Current year's opening balance	493,401,800,000	30,520,475,123	55,419,591	56,825,661,884	32,988,054,755	180,272,988,142	794,064,399,495							
Profit for the year	-	-	-	-	-	230,111,112,269	230,111,112,269							
Fund distributed from 2018 profit (i)	-	-	-	50,508,323,971	9,013,023,507	(68,534,370,985)	(9,013,023,507)							
Remuneration of the Board of Directors and Supervisory Board (i)	-	-	-	-	-	(8,111,721,156)	(8,111,721,156)							
Share dividend of 2018 declared (ii)	103,608,090,000	-	-	-	-	(103,608,090,000)	-							
EOSP share issuance in 2018 (iii)	24,670,090,000	-	-	-	-	-	24,670,090,000							
Share issuance for conversion of convertible bonds (iii)	30,434,780,000	4,565,220,000	-	-	-	-	35,000,000,000							
Current year's closing balance	652,114,760,000	35,085,695,123	55,419,591	107,333,985,855	42,001,078,262	230,129,918,270	1,066,720,857,101							

21. OWNERS' EQUITY (continued)

Movement in owners' equity (continued)

- (i) According to Resolution No. 859/2019/NQ-DHDCD dated 21 April 2019 passed by 2019 Annual General Meeting of Shareholders, the Company made profit distribution to investment and development fund, reserves for working capital, bonus and welfare funds and remuneration for the Board of Directors and Supervisory Board with the amounts of VND 50,508,323,971, VND 9,013,023,507, VND 9,013,023,507 and VND 8,111,621,156 respectively.
- (ii) According to Resolution No. 859/2019/NQ-DHDCD dated 21 April 2019 passed by 2019 Annual General Meeting of Shareholders, the Company made share dividend payment out of 2018 profits to current shareholders at the ratio of 10:2 with additional issuance of 10,360,809 shares and issued shares under 2018 Employee Stock Ownership plan (ESOP) with total shares issued of 2,467,009 shares. On 04 July 2019, the Company revised its Business Registration Certificate with the charter capital of VND 621,679,980,000.
- (iii) According to Resolution No. 859/2019/NQ-DHDCD dated 21 April 2019 passed by 2019 Annual General Meeting of Shareholders, the General Meeting of Shareholders approved the plan for conversion of convertible bonds issued under Resolution No. 781/2018/NQ-DHDCD dated 22 April 2018 to shares under request of the bondholder. Board of Director's Resolution No. 2433/NQHDQT-TNG dated 30 October 2019 approved the conversion of convertible bonds issued on 12 December 2018 to common shares. On 12 December 2019, the Company has completed the issuance of 3,043,478 shares with par value of VND 10,000 per share for the Bondholder by converting convertible bonds to shares with issuance price of VND 11,500/share. Accordingly, the total remaining number of convertible bonds issued under Resolution No. 781/2018/NQ-DHDCD dated 22 April 2018 is 165 bonds (equivalent to total par value of VND 165,000,000,000), which decreased by 35 bonds (equivalent to total par value of VND 35 billion).

Shares

	Closing balance	Opening balance
Number of shares issued to the public	65,211,476	49,340,180
<i>Ordinary shares</i>	65,211,476	49,340,180
Number of outstanding shares in circulation (*)	65,211,476	49,340,180
<i>Ordinary shares</i>	65,211,476	49,340,180

(*) Included 4,685,272 common shares subject to restricted transfer as at 31 December 2019.

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

22. OFF BALANCE SHEET ITEMS

Foreign currencies

	Closing balance VND	Opening balance VND
United States Dollar (USD)	7,144,784	400,911

Bad debts written off:

	Current year VND	Prior year VND
The Children's Place - Disney Store	1,476,984,012	-
Gama OB	1,103,895,250	-
Steve & Berrys	653,562,659	-
Buda Bean	599,415,428	-
Resources Vietnam Corporation	593,781,199	-
Others	718,297,423	-
	5,145,935,971	-

In 2019, the Company has written-off bad debts for which 100% provision was made in prior years.

23. BUSINESS AND GEOGRAPHICAL SEGMENTS

Geographical segments

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

Business segments

During the year, the principal activities of the Company are manufacturing and trading of garment products (for export and domestic sales). Therefore, no reports by business segment need to be presented. Revenue and cost of sales have been detailed by revenue and cost of goods sold and services rendered provided in Note 24 and Note 25.

24. REVENUE OF GOODS SOLD AND SERVICES RENDERED

	Current year VND	Prior year VND
Total revenue from goods sold and services rendered		
Sales of goods	2,727,514,538,176	1,906,375,098,096
Sales of processing services rendered	1,688,255,787,888	1,572,316,900,873
Sales of fashion products sold	159,745,373,564	134,204,997,976
Sales of real estate sold	42,026,077,481	-
	4,617,541,777,109	3,612,896,996,945
Deductions		
Sales rebates	5,318,041,517	-
Net revenue from goods sold and services rendered	4,612,223,735,592	3,612,896,996,945

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25. COST OF SALES

	Current year VND	Prior year VND
Cost of goods sold	2,561,139,119,825	1,576,492,156,712
Cost of processing services rendered	1,104,001,862,119	1,331,009,806,569
Cost of fashion products sold	118,154,213,970	64,418,399,028
Cost of real estate sold	42,022,322,576	-
	3,825,317,518,490	2,971,920,362,309

26. PRODUCTION COST BY NATURE

	Current year VND	Prior year VND
Raw materials and consumables	2,163,903,057,207	1,561,448,214,907
Labour	1,479,423,163,797	1,280,360,936,719
Depreciation and amortisation of fixed assets and investment property	129,423,455,724	112,871,622,161
Out-sourced services	205,388,323,295	161,937,274,595
Other monetary expenses	272,442,758,857	284,877,345,533
	4,250,580,758,880	3,401,495,393,915

27. FINANCIAL INCOME

	Current year VND	Prior year VND
Bank interest	517,419,195	28,310,410
Foreign exchange gain	20,557,321,967	27,679,252,605
	21,074,741,162	27,707,563,015

28. FINANCIAL EXPENSES

	Current year VND	Prior year VND
Interest expense	101,227,715,040	91,500,188,015
Foreign exchange loss	14,360,047,816	44,692,993,758
Other financial expenses	20,812,671,949	-
	136,400,434,805	136,193,181,773

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29. SELLING AND GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Prior year VND
General and administration expenses arising in the year		
Management labour cost	165,259,171,882	143,225,544,684
Raw materials and consumables	4,860,580,895	4,888,735,304
Depreciation and amortisation	7,256,271,356	7,290,750,950
Out-sourced expenses	1,454,771,233	1,106,446,637
Other monetary expenses	70,496,873,888	54,952,684,326
	249,327,669,254	211,464,161,901
Selling expenses arising in the year		
Labour	19,442,079,850	15,802,299,241
Raw materials and consumables	12,570,714,711	11,922,401,023
Transportation	14,953,589,741	14,731,380,421
Ex-import expenses	19,088,429,972	11,431,808,314
Other selling expenses	64,057,281,720	47,911,949,831
	130,112,095,994	101,799,838,830

30. CURRENT CORPORATE INCOME TAX EXPENSES

	Current year VND	Prior year VND
Current corporate income tax expense		
Corporate income tax expense based on taxable profit in the current year	52,634,111,936	34,046,549,178
Adjustments for corporate income tax expense in previous years to the current year (i)	5,862,886,829	-
Total current corporate income tax expense	58,496,998,765	34,046,549,178

(i) In the period, the Company recorded and declared additional corporate income tax expense arising from 2016 to 2018 of TNG Dai Tu branch.

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

	Current year VND	Prior year VND
Profit before tax	288,608,111,034	214,307,019,319
Adjustments for taxable profit	7,322,925,217	10,880,906,164
Add back: Non-deductible expenses	7,322,925,217	10,880,906,164
Taxable profit	295,931,036,251	225,187,925,483
Tax rate	0% và 20%	0%, 15% và 20%
Corporate income tax	52,937,411,936	34,307,549,178
Less: Expense for female employees	(303,300,000)	(261,000,000)
Current corporate income tax	52,634,111,936	34,046,549,178

31. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share as at 31 December 2019 is based on profit attributable to ordinary equity holders and weighted average number of ordinary shares in circulation in the year. Details are as below:

	Current year VND	Prior year (Restated) (ii) VND
Accounting profit after corporate income tax	230,111,112,269	180,260,470,141
Appropriation to bonus and welfare funds, remuneration of the Board of Directors and Supervisory Board (i)	-	(17,124,744,663)
Profit or loss attributable to ordinary shareholders	230,111,112,269	163,135,725,478
Average ordinary shares in circulation for the year (share)	61,902,192	59,700,989
Basic earnings per share	3,717	2,733

(i) As at 31 December 2019, the Company had not estimated reliably the amount of profit appropriated to bonus and welfare funds. If the Company makes appropriation to bonus and welfare funds out of 2019 profit, profits to calculate the basic earnings per share would be reduced, accordingly.

(ii) The earnings per share ratio of 2018 was restated due to the effects from profits distributed to bonus and welfare funds, remuneration for Board of Directors and Supervisory Board in compliance with Circular No. 200/2014/TT-BTC issued on 22 December 2014 by Ministry of Finance, and from the payment of 2018 share dividends made in 2019, as follows:

	Reported amount VND	Adjustment from reported amount VND	Restated amount VND
Net profit after corporate income tax	180,260,470,141	-	180,260,470,141
Appropriation to bonus and welfare funds, remuneration of the Board of Directors and Supervisory Board (i)	-	(17,124,744,663)	(17,124,744,663)
Profit attributable to ordinary shareholders	180,260,470,141	(17,124,744,663)	163,135,725,478
Weighted average number of ordinary shares in circulation for the year (share)	49,340,180	10,360,809	59,700,989
Basic earning per share	3,653		2,733

Diluted earnings per share

The calculation of the diluted earnings per share attributable to ordinary shareholders of the Company is based on the following data:

	Current year VND	Prior year VND
Profit for the year attributable to equity holders of the Company	230,111,112,269	163,135,725,478
Effect of dilutive potential ordinary shares (Convertible bonds) (share)	6,336,000,000	427,051,811
Earnings for the purposes of calculating diluted earnings per share	236,447,112,269	163,562,777,289
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share (share)	61,902,192	59,700,989
Effect of dilutive potential ordinary shares (share)	11,956,522	794,123
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share (share)	73,858,714	60,495,112
Diluted earning per share	3,201	2,704

32. RELATED PARTY TRANSACTIONS AND BALANCES

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

	Current year VND	Prior year VND
Remuneration of the Board of Executive Officers and Board of Directors	18,508,150,608	12,257,980,347
	18,508,150,608	12,257,980,347

33. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental non-cash disclosures

Cash outflows for purchases of fixed assets and construction in progress during the year exclude an amount of VND 31,375,248,834 (in 2018: VND 16,571,721,028), representing an addition in fixed assets and construction in progress during the year that has not yet been paid. Consequently, increase, decrease in accounts payable have been adjusted by the same amount.

34. SUBSEQUENT EVENTS

2019 dividend advance

According to Board of Directors’ Resolution No. 55/NQ-HDQT dated 08 January 2020, the Board of Directors of the Company approved the cash dividend advance plan phase 1 for 2019 with the rate of 8% par value per share (equivalent to VND 800/share), book closure date of 21 February 2020 and payment date of 06 March 2020.

Listing shares converted from convertible bonds

On 09 January 2020, Vietnam Securities Depository granted the securities registration certificate for the shares converted from convertible bonds issued on 12 December 2019 as presented in Note 21. On 25 February 2020, Hanoi Stock Exchange approved additional listing of share from the issuance for the Company.

Transfer of convertible bonds

On 11 March 2020, Mr. Nguyen Van Thoi – Chairman of the Company (“The Buyer”) registered to buy 10 convertible bonds with total par value of VND 10 billion from Asam Mezzanine Focus Hedge Fund 1 – the organization related to Mr. Kim Hwan Kyoon – Member of Board of Directors. Asam Mezzanine Focus Hedge Fund 1 (“The Seller”) registered to sell 10 convertible bonds which is equivalent to the purchase register. The Buyer and Seller are processing procedure related to the transfer of convertible bonds.

Impact of COVID-19

Due to impacts of COVID-19 disease outbreak, the Company’s operating industries have been subject to risks of changes in garment market. Such significant changes may dramatically affect economic benefits and obligations of the Company. The Company’s Board of Directors assessed that market changes due to COVID-19 disease outbreak may have impact on the Company. Therefore, the Company’s Board of Directors has prudently monitored and evaluated the possible effects of this matter on the Company’s operations in 2020.

Ta Thi Thu Huong
Preparer

Tran Thi Thu Ha
Chief Accountant



Luong Thi Thuy Ha
Deputy Chief Executive Officer

23 March 2020



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