



SUSTAINABLE DEVELOPMENT FUTURE CREATION

Letter from editors

Year 2018 is the third consecutive year that TNG Investment and Trading Joint Stock Company has obtained the Vietnam's Sustainable Business award. For the last 40 years, the Company has been consistent with the goal of becoming Vietnam's leading export garment enterprise, bringing Vietnam's textile and garment brand to the global market step by step. With the efforts of the labour collectives, the acumen in orientation and the implementation of specific strategies in accordance with the actual context, TNG has gained many great achievements.

TNG's 2018 Annual Report selects the topic of "Sustainable Growth – Future Creation" along with images of people, factories and production and business activities to send a message of solidarity, constantly endeavour and promotion of the fundamental strength to develop and elevate the TNG brand.

In 2018, TNG developed a specific and suitable roadmap for each period, in which garment remained the main pillar, steadily investing in new productions and business sectors which directly serving for laundry, packaging, printing, embroidery, etc. TNG concreted the development of export markets, gradually increase in the percentage of domestic sales and expand business and production activities by investment in enlarging garment factories in the province. In 2019 - 2024 development strategy, TNG has invested in the new construction projects such as TNG Vo Nhai factory, TNG Dong Hy factory, the factory within Son Cam 1 Industrial Cluster with a total capital of up to VND 1,437 billion, continuing to research auxiliary products for the garment industry, etc. to go further on the path of innovation and development.

Besides, facing the continuous fluctuations of the international textile and garment market, TNG has researched and applied new advanced techniques into production. TNG's Green factory project has been researched and implemented to satisfy the following criteria: Enhance production capacity, save energy; properly use water and environment - friendly materials, etc. Along with the strong development, TNG also focused on and remained the green development for the environment which will be presented in details in TNG's 2018 Sustainable Development Report.

TNG looks forward to receiving constructive comments from the Shareholders, investors, employees, and the readers to improve our reports.

Sincerely thank!

TNG's 2018 Annual Report Board of Editors.

With the commitment to the honesty and reasonableness of the 2018 Annual Report (January 1st, 2018 - December 31st, 2018), 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 2018 Annual Report (January 1st, 2018 - December 31st, 2018) meet the requirements of specific information disclosure as required by Circular 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 2018 Annual Report (January 1st, 2018 - December 31st, 2018).

The Internal Audit Subcommittee finds that the Company's 2018 Annual Report (January 01st, 2018 - December 31st, 2018) 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.

HEAD OF INTERNAL AUDIT SUBCOMMITTEE



HA THI TUYET

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KEY PERFORMANCE INDICATORS

KEY FINANCIAL INDICATORS

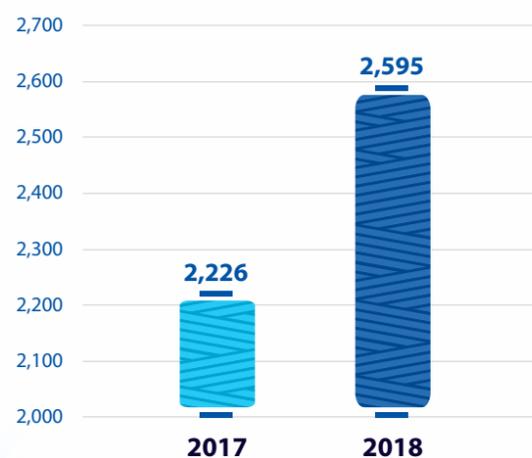
ITEM	2017	2018
Liquidity ratios		
◆ Current ratio	0.81	0.93
◆ Quick ratio	0.35	0.39
Solvency ratios		
◆ Total debt/Total assets	71.75%	70.38%
◆ Total debt/Total equity	2.54	2.38
Operational capacity ratios		
◆ Inventory turnover	3.88	4.17
◆ Net revenue/Total assets	1.22	1.50
Profitability ratios		
◆ Net profit after tax/Net revenue	4.63%	5.00%
◆ ROE	20.02%	25.39%
◆ ROA	5.66%	7.52%

ASSETS AND CAPITAL

(UNIT: VND)	DECEMBER 31 ST 2017	DECEMBER 31 ST 2018	RATE OF INCREASE/ DECREASE (%)
Total assets	2,225,689,630,879	2,595,435,203,194	16.6
Short-term assets	1,110,697,005,651	1,374,586,811,751	23.8
Long-term assets	1,114,992,625,228	1,220,848,391,443	9.5
Total equity	2,225,689,630,879	2,595,435,203,194	16.6
Account payables	1,596,422,283,808	1,801,370,803,699	12.8
Owner's equity	629,267,347,071	794,064,399,495	26.2
Charter capital	411,172,910,000	493,401,800,000	20.0
Total revenues	2,491,018,919,278	3,612,896,996,945	45.0
Total expenses	2,368,120,867,147	3,426,877,595,193	44.7
Interest	73,972,440,896	91,500,188,015	23.7
EBIT	273,657,431,006	350,500,201,092	28.1
Profit before tax	136,728,778,395	214,307,019,319	56.7
Profit after tax	115,154,170,028	180,260,470,141	56.5
Obligation to the State budget	16,398,000,000	47,328,000,000	188.6
Construction and equipment procurement	110,039,100,233	209,823,022,385	90.7

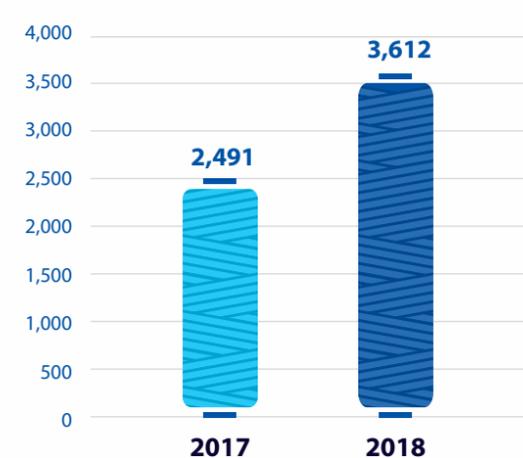
TOTAL ASSETS

Billion VND



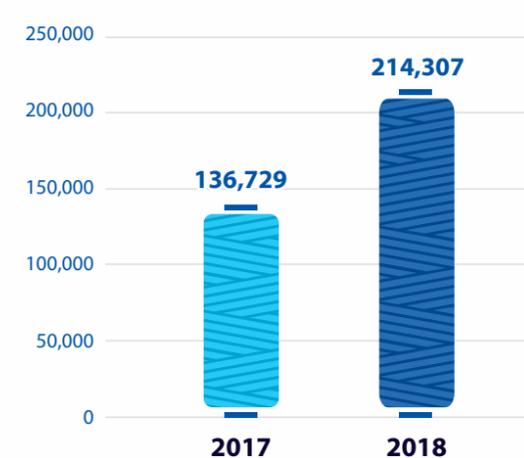
TOTAL REVENUES

Billion VND



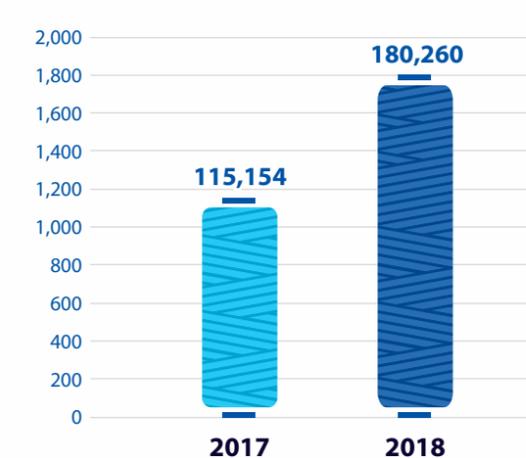
PROFIT BEFORE TAX

Billion VND



PROFIT AFTER TAX

Billion VND





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

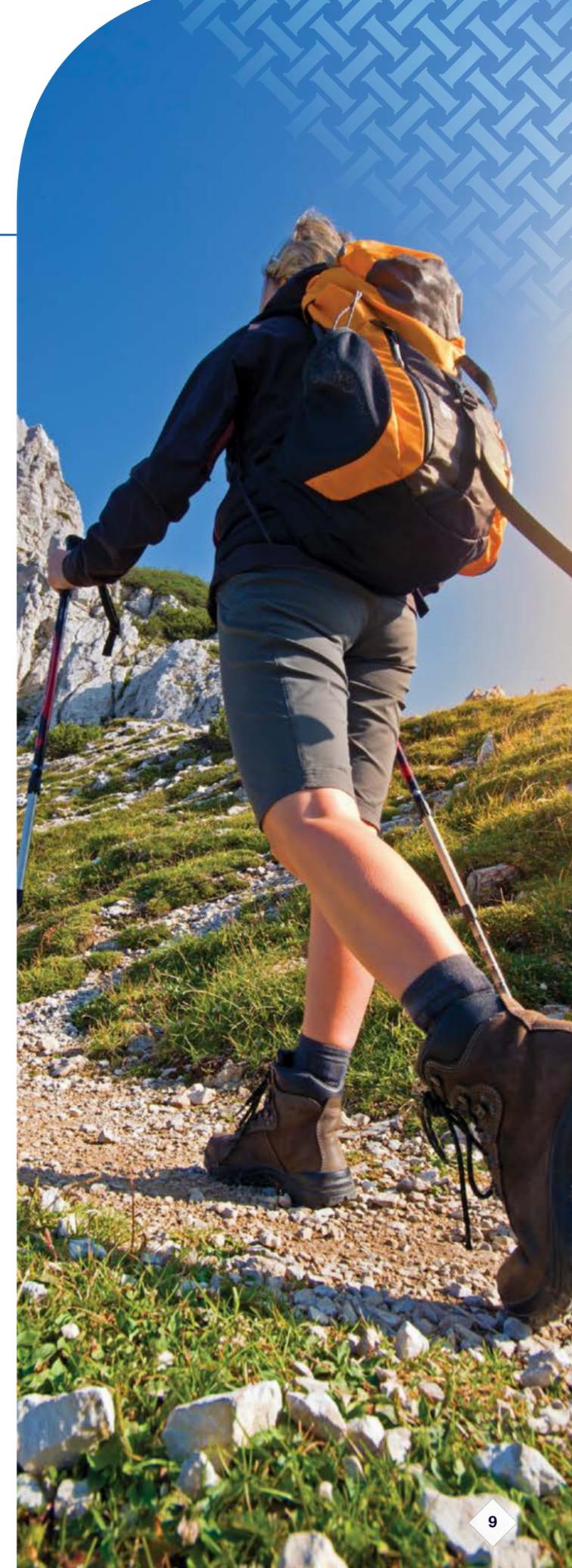
- ◆ Have public, transparent, fair information related to business activities.
- ◆ Maximize values and benefits for shareholders.
- ◆ Ensure sustainable development, effective business and prestige in the market.
- ◆ Enhance the spirit of joint development cooperation.

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.





TNG has currently operated 13 factories, over 35 fashion stores and dealers across the country and a Representative Office in New York - the United States. In 2018, TNG reached VND 3,612 billion in total revenue, VND 180 billion in profit with a contribution of VND 47 billion to the State budget



“FIRMLY STEP ON THE ROAD TO SUCCESS”

Dear Shareholders, investors, customers and all employees of TNG,

In 2018, TNG and Vietnam’s textile and garment industry faced many challenges due to market fluctuations. Facing this situation, we were very happy to receive your trust and companion, sharing of responsibilities from the Shareholders, investors and all employees. During the past time, TNG promoted its advantages from the fundamental strength along with the constant efforts of the Board of Management and the labor collectives. Thus the business results of the Company still had impressive growth, bringing many benefits to our Shareholders, improving the income for employees, providing consumers with quality products and the highest responsibility, actively contribute to the local budget, join hands to develop the society. In terms of production and business operations, TNG has currently operated 13 factories, over 35 fashion stores and dealers across the country and a Representative Office in New York - the United States. In 2018, TNG reached VND 3,612 billion in total revenue, VND 180 billion in profit with a contribution of VND 47 billion to the State budget. Especially, we have been taking care of more than 14,000 employees daily, strengthening the local development.

In 2019, in the process of innovation and integration of Vietnam’s economy, TNG is determined to complete the set plans, conquer the big goals to develop and bring sustainable and long-term values to the Shareholders and stakeholders. TNG will continue to implement the medium and long-term strategies, spread our scale coupled with quality control, improve technology levels, and perform social security well. The Board of Directors expects that the Board of Management and all employees will unite and strive to fulfil and even

exceed the production plan, and gain achievements to celebrate the 40th anniversary of TNG brand. The Board of Directors commits itself to accompany with the Board of Management in developing suitable strategies for constantly - expanding scale, applying modern technology in production and business, setting up internal administration and risk management systems in accordance with international standards.

We are deeply aware that the achievements obtained also belong to all employees, and the Company would like to share this joy with you with the deepest gratitude. Although it is predicted that 2019 will be full of difficulties and challenges, I believe that with the consensus of all employees, the determination of the Board of Management, the trust of Shareholders and constant efforts of labor collectives, TNG will surely achieve the goal of strong and sustainable development. As long as we persist in moving forward, we will definitely reach greater achievement on the development path.

Sincerely thank!

CHAIRMAN OF THE BOARD OF DIRECTORS

NGUYEN VAN THOI



GENERAL INFORMATION

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Company name: **CÔNG TY CỔ PHẦN ĐẦU TƯ VÀ THƯƠNG MẠI TNG**
International business name: **TNG INVESTMENT AND TRADING JOINT STOCK COMPANY**

Charter capital : 493,401,800,000 VND Stock code : TNG

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 26th amendment on July 27th, 2018

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

Telephone : 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, United States Email: linh@tng.vn Telephone: +1.732.406.4006

CHARTER CAPITAL

493,401,800,000

VND





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.

November 04th, 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.



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

2003

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.

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.

2013

The Company started constructing TNG Dai Tu factory.

2010

The Company started constructing TNG Phu Binh factory.

2016

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



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.



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



PRINCIPAL BUSINESS ACTIVITIES, BUSINESS AND MANUFACTURE NETWORK

PRINCIPAL BUSINESS ACTIVITIES

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.

01

Headquarter is at in
Thai Nguyen City

01

Associated company

01

Domestic Fashion
Garment Factory

01

Representative Office in New
York - the United States

02

Auxiliary Factories

11

Export Garment Factories are
at in Thai Nguyen Province area

32

fashion stores are operating
across the country

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

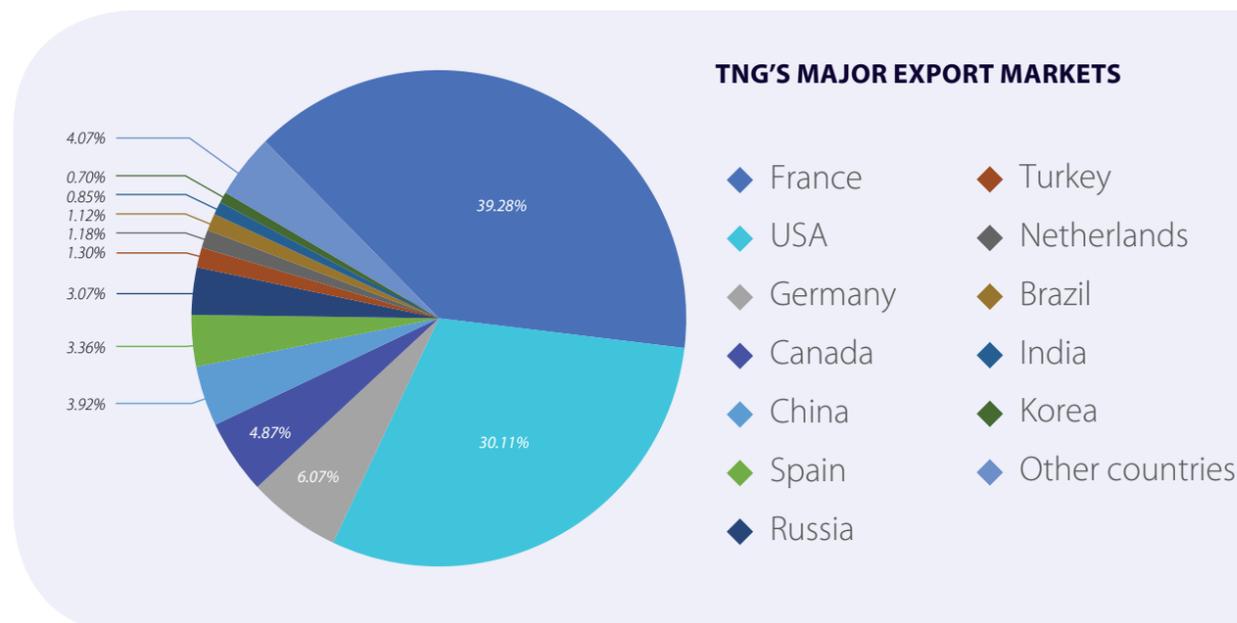
Address: No 434/1, Bac Kan Street, Hoang Van Thu Ward, Thai Nguyen City, Thai Nguyen Province

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 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
 Address: No 166 Minh Cau Street, Thai Nguyen City, Thai Nguyen Province
 Factory area: 9,847 m²
 Production line: 25
 Employees: 1,350 persons
 Production capacity: 2.2 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

ACCOUNTING FACTORIES UNDER TNG



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 yds cotton/day

ASSOCIATED COMPANIES



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.

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



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

Making office fashion products with TNG trademark, etc.





- ◆ Applying standards according to the ASEAN Capital Markets Forum (ACMF) to assess corporation administration situation in 2018.
- ◆ Using the GRI standard in the preparation and presentation of 2018 Sustainable Development Report.
- ◆ Issuing successfully convertible bonds equivalent to VND 200 billion to the investors of Korea Investment & Securities Co., Ltd on December 12th, 2018 (a trustee of Asam Vietnam Mezzanine Focus Hedge Fund 1).
- ◆ Seamless products with fashionable design, using environmentally friendly materials, were issued Copyright registration certificate No. 2773/2018/QTG dated June 04th, 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".
- ◆ Total cost for charity, social security activities towards the community in 2018: VND 6,646,000,000, 4 times higher than the one for 2017 of VND 1,587,764,000.
- ◆ Revenue reached VND 3,613 billion, the growth rate was up to 57%, which is the largest level in the period 2014 - 2018.
- ◆ Profit after tax reached VND 181 billion, the growth rate was up to 45%, which is the largest level in the period of 2014 - 2018.
- ◆ The Company started constructing Green Factory project, making the total investment of up to VND 290 billion. The Company also 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.
- ◆ The Company bought up and established TNG Dong Hy Factory with the capacity of 06 production lines (expected to build the project with a total investment of VND 250 billion, up capacity to 30 production lines).

3,612
Billion VND 2018 Revenue

57%
Growth rate

180
Billion VND Profit after tax

Remark

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 (World GBC).



◆ **JANUARY 16TH, 2018**

TNG was honored to receive the Emulation Flag awarded by the Prime Minister in 2017.

◆ **MARCH 08TH, 2018**

TNG was honored to receive the Certificate of Merit for outstanding achievements in job creation awarded by Chairman of Thai Nguyen Province People's Committee in 2017.

◆ **MARCH 14TH, 2018**

TNG was honored to receive the Certificate of typical Vietnamese brands granted by the Ministry of Industry and Trade in 2017.

◆ **APRIL 20TH, 2018**

TNG was honored to receive the Award of Merit for outstanding achievements in Occupational Safety and Hygiene granted by the Bureau for Safe Work in 2017

◆ **JUNE 05TH, 2018**

TNG was honored to receive the Certificate of Merit for outstanding achievements in Occupational Safety and Hygiene and fire prevention and fighting awarded by the Ministry of Industry and Trade in 2017.

◆ **JULY 27TH, 2018**

TNG was honored to receive the Certificate of Merit for outstanding achievements in implementing the Resolution on agriculture, farmers and rural areas of the 7th plenum of the 10th - tenure Party Central Committee in the period of 2008 - 2018 awarded by Thai Nguyen Provincial Communist Party Committee

◆ **OCTOBER 10TH, 2018**

TNG was honored to receive the Certificate of "Top 50 enterprises having the largest contribution to the development of Thai Nguyen Province in the period of 2016 - 2018" awarded by the Thai Nguyen Province People's Committee

◆ **NOVEMBER 20TH, 2018**

TNG was honored to receive the Sustainable enterprises for 03 consecutive years (2016, 2017 and 2018) awarded by the Vietnam Chamber of Commerce and Industry

◆ **DECEMBER 21ST, 2018**

TNG was honored to receive the Certificate of Typical unit in the entire population movements in performing fire fighting and protection in 2018 awarded by Thai Nguyen Province Public Security

◆ **NOVEMBER 2ND, 2018**

Ho Chi Minh City Stock Exchange and Investment Newspaper: TNG was honored to receive Top 5 best enterprises in the business administration and Top 5 Best Annual Reports – Small - cap companies in 2018



ORIENTATION DEVELOPMENT

THE GENERAL DEVELOPMENT STRATEGY IN THE PERIOD OF 2019 - 2024

- ◆ 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.

THE FOLLOWING ARE THE DETAILS IN EACH YEAR

YEAR 2019 - 2020

- ◆ 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 2019, invest in the stage 1 of TNG Vo Nhai Garment Factory with 18 production lines. In 2020, further invest in the stage 2 with 18 production lines.
- ◆ Prepare to invest and move Viet Duc Garment Factory and Viet Thai Garment Factory to Son Cam Industrial Cluster.
- ◆ Further invest in 17 - floor TNG Village in Phan Dinh Phung Ward, Thai Nguyen City.
- ◆ 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.

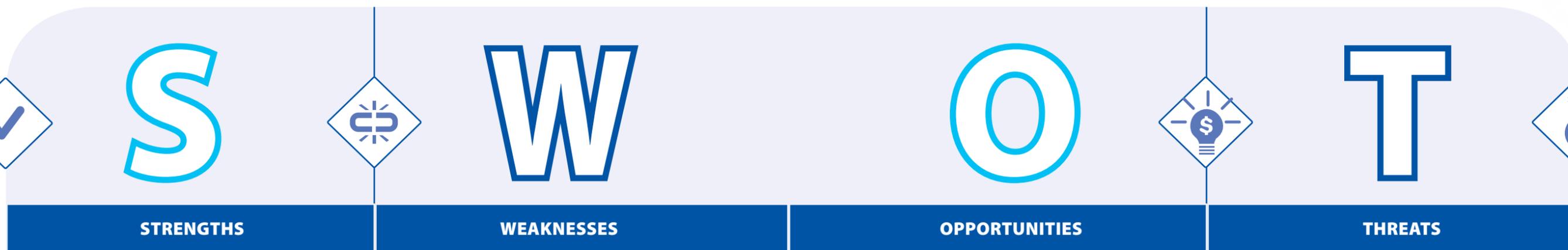


YEAR 2020 - 2024

- ◆ Further invest in 17 - floor TNG Village in Phan Dinh Phung Ward, Thai Nguyen City.
- ◆ 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 Factory and TNG Viet Thai Garment Factory 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 260 million and profit after tax of about USD 16 million in the next 4 years.

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
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



- ◆ 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.

- ◆ 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.

- ◆ 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.

- ◆ 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 07 members, 01 Chairman cum General Director; 02 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







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. HA THI TUYET
BOD member
Year of birth: 1984
Nationality: Vietnam
Appointment time: 2017

Qualifications

- Bachelor of Law, Lawyer
- Lawyer practising certificate
- Having management experience at the company with more than 10 years of experience at TNG

Working experience

2007 – current: Secretary of the Chairman of BOD of TNG Investment and Trading Joint Stock Company
 2013 – 2017: Member of the Supervisory Board of TNG Investment and Trading Joint Stock Company
 2017 – current: Member of the BOD of TNG Investment and Trading Joint Stock Company

Responsibility

- Legally control the records of the BOD, the Board of Management.
- Closely monitor under the legal documents of TNG.
- Monitor the Company's social security system.



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. RUSDY PRANATA

Independent member of BOD

Year of birth: 1975

Nationality: Indonesia

Appointment time: 2014

Qualifications: CFA

Working experience

2001- 2005: Financial control officer at the Company Toys'R'Us – Indonesia.

2005- 2014: Corporate Finance Director, Deputy General Director of PT Great River International Tbk Garment Manufacturing and Retailers/ PT Samudra Biru/ Garment Manufacturing for Export and Local Market.

2014 – current: General Director of PT Surya Berkas Indonesia Klaten, Central Java/PT Aseli Garmen Indonesia; TNG's independent member of BOD.



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 VAN THOI
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



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 Factory under TNG Investment and Trading Joint Stock Company
2011 - 2013: Director of Business of TNG Trading and Investment Joint Stock Company
2013 - 2017: Director of Business branch of TNG
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 Quality, 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
Deputy General Director of Human Resources

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.



Ms. TRAN THU HA
Chief accountant

Year of birth: 1973
Nationality: Vietnam
Appointment time: 2018

Qualifications

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

Working experience

2009 – 2016: Ms Tran Thu Ha worked at TNG under the positions: Deputy of Accountant department, Chief accountant of branch, Chief of Accountant 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



Ms. HA THI TUYET

Head of Internal Audit Subcommittee

Year of birth: 1984

Nationality: Vietnam

Appointment time: 2017

Qualifications

- Bachelor of Law, Lawyer
- Lawyer practising certificate
- Having management experience at the company with more than 10 years of experience at TNG

Working experience

2007 – current: Secretary of the Chairman of BOD of TNG Investment and Trading Joint Stock Company

2013 – 2017: Member of the Supervisory Board of TNG Investment and Trading Joint Stock Company

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

Responsibility

- Monitor activities of Internal auditor in line with law, environment and social responsibilities.
- Legally control the records of the BOD, the Board of Management.
- Closely monitor under the legal documents of TNG.
- Monitor the Company's social security system.



Mr. NGUYEN VAN DUC

*Deputy Chairman of BOD
Member of Internal Audit Subcommittee*

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 Investment and Trading Joint Stock Company

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

*Deputy General Director of Business
Member of Internal Audit Subcommittee*

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 Factory 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.

POLICY FOR HUMAN RESOURCES

As a Textile company with 14,056 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:



14,056
Employees

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.

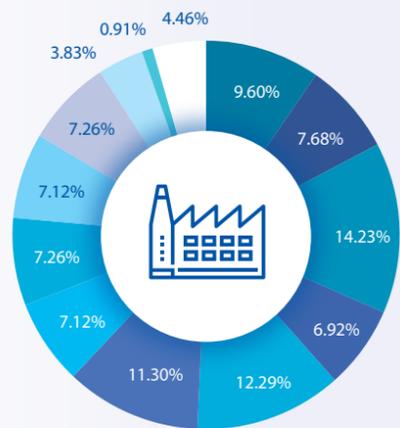
PERSONAL BENEFITS

- ◆ 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 STRUCTURE

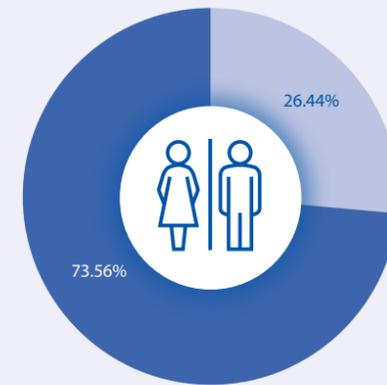
Total of employees: 14,056 (as at December 31st 2018)



STRUCTURE BY GARMENT FACTORY

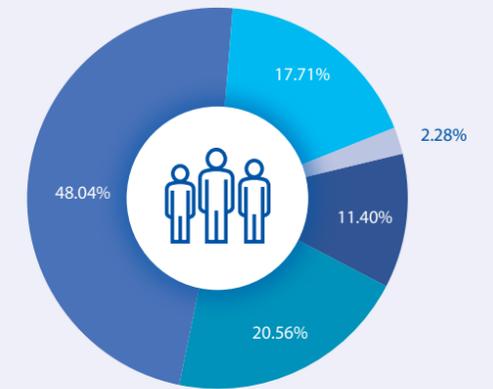
◆ Viet Duc	1,350	9.60%	◆ Phu Binh 3	1,001	7.12%
◆ Viet Thai	1,080	7.68%	◆ Phu Binh 4	1,021	7.26%
◆ Dai Tu	2,000	14.23%	◆ Dong Hy	539	3.83%
◆ Song Cong 1	972	6.92%	◆ TNG offices	128	0.91%
◆ Song Cong 2	1,728	12.29%	◆ TNG Fashion Center TNGF	627	4.46%
◆ Song Cong 3	1,588	11.30%			
◆ Phu Binh 1	1,001	7.12%	Total	14,056	100%
◆ Phu Binh 2	1,021	7.26%			

STRUCTURE BY GENDER



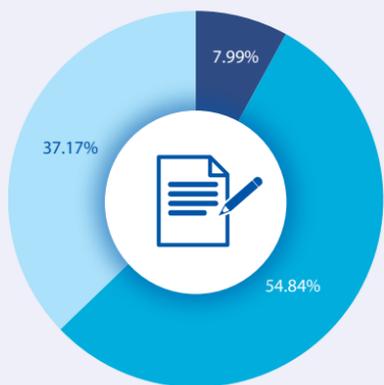
◆ Male	3,716	26.44%
◆ Female	10,340	73.56%
Total	14,056	100%

STRUCTURE BY AGE



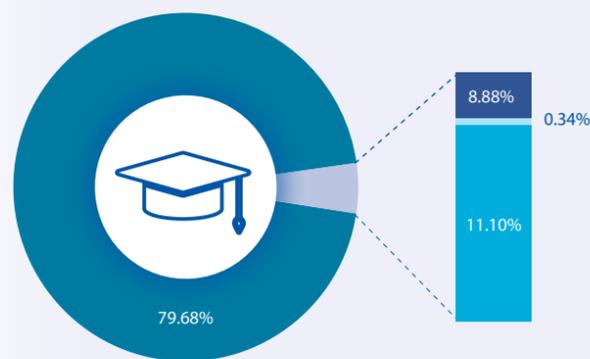
◆ 18 to 20	1,602	11.40%
◆ 21 to 25	2,892	20.56%
◆ 26 to 35	6,753	48.04%
◆ 36 to 45	2,489	17.71%
◆ Above 45	320	2.28%
Total	14,056	100%

STRUCTURE BY TERM OF LABOR CONTRACT



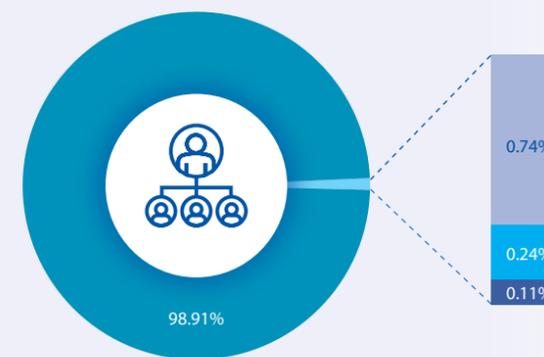
◆ Short-term contract - less than 1 year	1,123	7.99%
◆ Fixed-term contract - from 1 years to 3 years	7,708	54.84%
◆ Indefinite contract	5,225	37.17%
Total	14,056	100%

STRUCTURE BY QUALIFICATION



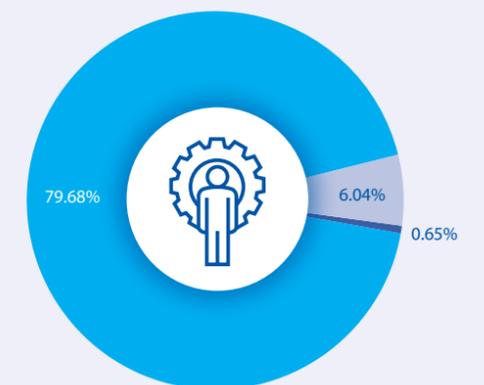
◆ Postgraduate	48	0.34%
◆ University	1,248	8.88%
◆ College	1,560	11.10%
◆ Vocational employees	11,200	79.68%
Total	14,056	100%

STRUCTURE BY MANAGEMENT LEVEL



◆ Senior manager	15	0.11%
◆ Intermediate managers	34	0.24%
◆ Branch-level management	104	0.74%
◆ Specialist	13,903	98.91%
Total	14,056	100%

STRUCTURE BY FUNCTIONAL DIVISION



◆ Business	91	0.65%
◆ Production	13,116	93.31%
◆ Production Support	849	6.04%
Total	14,056	100%

WORK OF PERSONNEL

- ◆ Discharge Mrs. Ly Thi Lien from the position of Deputy General Director.
Reason: Voluntary separation for enjoying pension scheme since January 08th, 2018.
- ◆ Discharge Mrs. Luong Thi Thuy Ha from the position of Chief Accountant.
Reason: Allocation since January 08th, 2018.
- ◆ Appoint Mrs. Luong Thi Thuy Ha to hold the position of Deputy General Director since January 08th, 2018.
- ◆ Appoint Mrs. Tran Thi Thu Ha to hold the position of Chief Accountant since January 08th, 2018.

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 6.5 billion.

Detailed figures are as follows:

CONTENTS	NUMBER OF CLASSES	NUMBER OF PARTICIPANTS
Orientation training	170	8,800
Periodic training	14	15,000
Vocational training	35	1,718
DEVELOPMENT TRAINING		
Line design training	01	14
Leadership training	02	80
QA, QC training	1	13
Lab staff training	1	10
Internal auditor training	02	8
OSH TRAINING		
Training on fire prevention and fighting and rescue	8	632
OSH training group 1	2	156
OSH training group 2	1	30
OSH training group 3	3	104
OSH training group 4	14	12,613
OSH training group 6		322
Training on risk assessment, Occupational safety and fire prevention	1	30
SKILL TRAINING		
Training on prevention of sexual harassment and abuse	2	300
Propaganda about gynaecological diseases and prevention methods	14	12,000
Planning skill training	1	30

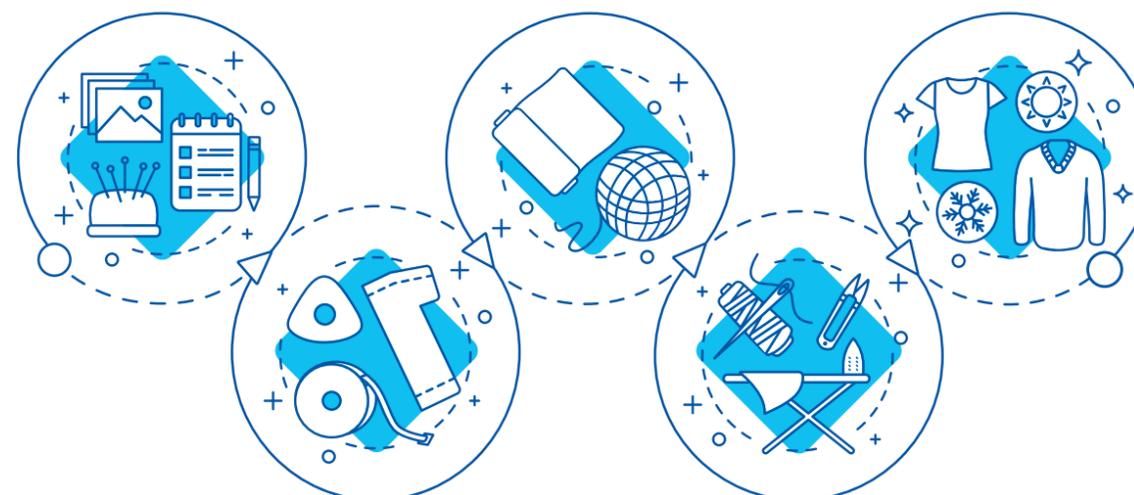
The Company is issued a tuition support policy for the employees' children studying at Textile and Garment schools at the support level of 100% during the study time and job creation after graduation.

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.

The typical example is that the 5th training class for Directors of the subsidiaries held at Hanoi Industrial Textile Garment University. This was the second course which TNG sent its employees to attend. Participants were the Deputy Directors, the Head of the Departments with working experience and the prospect of becoming the Branch Director. The purpose of the course was to train management associates to meet the development of TNG in the following years.

As a result, 06 members have obtained the good achievements. After the training course, there were 02 members appointed to be Branch Director.

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.



INFORMATION OF SHAREHOLDERS AND SHAREHOLDER STRUCTURE



INFORMATION OF SHAREHOLDERS

Market capitalization value on November 16, 2018:	VND 937,463,420,000
Charter capital of the Company:	VND 493,401,800,000
Face value per share:	VND 10,000/share
Total number of shares:	49,340,180 shares
Number of outstanding shares:	49,340,180 shares
Number of restricted share:	2,395,946 shares
Treasury stock:	0 (zero)
Treasury stock transaction in 2018:	No
Market value of share:	VND 19,000 (closing price on November 16, 2018)
Overseas trading securities	No

Other securities

Bond name: Convertible bond of TNG Investment and Trading Joint Stock Company in 2018

Bond type:	Convertible bonds, no collateral
Investor:	KIS Investment & Securities Company Limited (a trustee of ASAM Vietnam Focus Investment Fund 1), a company established under Business Registration Certificate No. 116 - 81- 04504, headquartered at 88, Uisadang-daero, Yeongdeungpo - gu, Seoul, South Korea
Form:	Private issuance
Issuance time:	December 12, 2018
Total value of bonds issued:	VND 200 billion (Two hundred billion Vietnamese dong)
Bond term:	3 years from the issued date
Conversion price:	VND 13,800/share

Conversion time: 1 year from the issued date until 2 months before maturity date. The bondholder may convert all or a part of the issued bonds into shares of TNG Investment and Trading Joint Stock Company (TNG). Shares issued for conversion will be TNG common shares and additionally listed at the Stock Exchange after conversion.

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	9,539,265	19.33
2	Nguyen Duc Manh	Deputy Chairman of BOD (General Director of TNG Fashion Branch)	3,998,103	8.10
3	Nguyen Van Duc	Deputy Chairman of BOD	96,033	0.19
4	Ha Thi Tuyet	Member of BOD	12,436	0.03
5	Do Thi Ha	Member of BOD	1,244,649	2.52
6	Rusdy Pranata	Independent member of BOD	0	0
7	Le Quang Vinh	Independent member of BOD	0	0
BOARD OF MANAGEMENT				
1	Nguyen Van Thoi	General Director	9,539,265	19.33
2	Doan Thi Thu	Deputy General Director	118,699	0.24
3	Tran Minh Hieu	Deputy General Director	30,905	0.06
4	Luong Thi Thuy Ha	Deputy General Director	364,548	0.74
CHIEF ACCOUNTANT				
1	Tran Thi Thu Ha	Chief Accountant	42,214	0.08
INTERNAL AUDIT SUBCOMMITTEE				
1	Ha Thi Tuyet	Chief	12,436	0.03
2	Nguyen Van Duc	Member	96,033	0.19
3	Tran Minh Hieu	Member	30,905	0.06
REPRESENTATIVE OFFICE IN NEW YORK				
1	Nguyen Manh Linh	Chief of Representative Office	1,836,385	3.72

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	9,539,265	19.33
2	Nguyen Duc Manh	090882528	Phan Dinh Phung Ward, Thai Nguyen City, Thai Nguyen Province	3,998,103	8.10
3	TUNDRA VIETNAM FUND	CA7008	Birger Jarlsgatan 33, 111 45 Stockholm Sweden	2,541,210	5.20

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	198,116	0.40
2	Nguyen Thi Mien	091902622	The sister of the BOD	187,264	0.38
3	Nguyen Thi Mien	090688967	The sister of the BOD	48,844	0.09
4	Nguyen Van Thoi	090784558	The brother of the BOD	3,644	0.01

SHAREHOLDER STRUCTURE AND OWNERSHIP RATIO AS AT JUNE 26TH 2018

NO.	SHAREHOLDERS	QUANTITY (INDIVIDUAL/ ORGANIZATION)	NUMBER OF SHARES (SHARE)			PERCENTAGE (%)
			ALREADY DEPOSITED	NOT YET DEPOSITED	TOTAL	
I	Domestic shareholders	2,479	36,968,271	1,793,426	38,761,697	78.56
1	Shareholders which are organizations	29	207,498	-	207,498	0.42
2	Shareholders which are individuals	2,450	36,760,773	1,793,426	38,554,199	78.14
2.1	In which major shareholder: Nguyen Van Thoi		9,504,218	35,047	9,539,265	19.33
2.2	In which major shareholder: Nguyen Duc Manh		1,681,975	1,316,128	2,998,103	6.08
II	Foreign shareholders	65	10,578,483	-	10,578,483	21.44
1	Shareholders which are Individuals	17	9,231,546	-	9,231,546	18.71
	In which major shareholder: TUNDRA VIETNAM FUND		2,541,210	-	2,541,210	5.15
2	Shareholders which are Individuals	48	1,346,937	-	1,346,937	2.73
	Total	2,544	47,546,754	1,793,426	49,340,180	100

SHAREHOLDER STRUCTURE AND OWNERSHIP RATIO AS AT FEBRUARY 26TH 2019

NO.	SHAREHOLDERS	QUANTITY (INDIVIDUAL/ ORGANIZATION)	NUMBER OF SHARES (SHARE)			PERCENTAGE (%)
			ALREADY DEPOSITED	NOT YET DEPOSITED	TOTAL	
I	Domestic shareholders	3,199	38,523,937	1,471,640	39,995,577	81.06
1	Shareholders which are organizations	34	1,290,999	-	1,290,999	2.62
2	Shareholders which are individuals	3,165	37,232,938	1,471,640	38,704,578	78.44
2.1	In which major shareholder: Nguyen Van Thoi		9,504,218	35,047	9,539,265	19.33
2.2	In which major shareholder: Nguyen Duc Manh		2,681,975	1,316,128	3,998,103	8.10
II	Foreign shareholders	70	9,344,603	-	9,344,603	18.94
1	Shareholders which are Individuals	17	8,240,413	-	8,240,413	16.70
	In which major shareholder: TUNDRA VIETNAM FUND		2,541,210	-	2,541,210	5.15
2	Shareholders which are Individuals	53	1,104,190	-	1,104,190	2.24
	Total	3,269	47,868,540	1,471,640	49,340,180	100



CHANGE OF OWNERS' INVESTMENT CAPITAL

Treasury stock transaction: In 2018, there was no treasury stock transaction.

According to the resolution No. 781/2018/NQ-DHDCD dated April 22, 2018 by the General Meeting of Shareholders, the Board of Directors made payment for the 2017 dividends in 2018 by shares at the rate of 20%, thereby increasing the capital contribution of the owners from VND 411,172,910,000 to VND 493,401,800,000.

OWNERSHIP LIMITATION FOR FOREIGNERS

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%.

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.

On March 11, 2016, the Board of Directors issued the Resolution No. 03/NQ - HDQT approving



REPORT ON BUSINESS ACTIVITIES

- 56 Situation of project investment and implementation
- 60 Report and assessment of the Board of Management
- 72 Report of the Board of Directors
- 76 Report of the Internal Audit Subcommittee

//
2018 was the year that the company had the most impressive growth in revenue and profit after tax for the last 4 years.
//

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
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.



PROJECT OF SON CAM 1 INDUSTRIAL CLUSTER

PROJECT NAME	: Son Cam 1 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.

PROJECT OF INVESTING AND CONSTRUCTING RESETTLEMENT AND SOCIAL HOUSING AREAS OF SON CAM 1 INDUSTRIAL CLUSTER

PROJECT NAME : Resettlement and social housing area of Son Cam 1 Industrial Cluster.

INVESTOR : TNG Investment and Trading Joint Stock Company.

INVESTMENT FORM : 100% domestic investment.

OBJECTIVES :

- ◆ To construct synchronously the infrastructure of resettlement and social housing areas to meet the demands of selling and leasing land associated with residential infrastructure, as a basis for investors to implement site clearance for all households located in the planning area of Son Cam Industrial Complex, as well as to meet the demands for accommodation of people in the area.
- ◆ To specify the general construction adjustment plan in Thai Nguyen City and the detailed plan of resettlement and social housing area of Son Cam 1 Industrial Cluster at a rate of 1/500.

- ◆ Estimated population size of about 4,000 people.
- ◆ Major items:

PROJECT SCALE :

- ◆ Allotting housing area for resettlement.
- ◆ Commercial allotting housing area.
- ◆ Social housing area (high - rise, low - rise).
- ◆ Public land area, mixed land for expected development
- ◆ Area of green trees, roads, parking lots, etc.

LOCATION : Son Cam Hamlet, Son Cam Commune, Thai Nguyen City, Thai Nguyen Province.

USED LAND AREA : 18.18 ha.

TOTAL INVESTMENT CAPITAL : VND 312 billion.

TIME AND PROGRESS OF PROJECT :

- ◆ Quarter II/2017 to Quarter IV/2017: Preparing for investment.
- ◆ Quarter I/2018 to Quarter I/2019: Implementing the first phase with an area of about 5 hectares.
- ◆ Quarter II/2019 to Quarter II/2020: Investing in the second phase with the remaining area of about 13.18 ha.

TNG VILLAGE COMMERCIAL HOUSING PROJECT

TNG VILLAGE COMMERCIAL HOUSING AREA

AREA : 2841 m², Structure: 1 basement, 17 storeys, 1 roof floor, construction area of about 1,117 m².

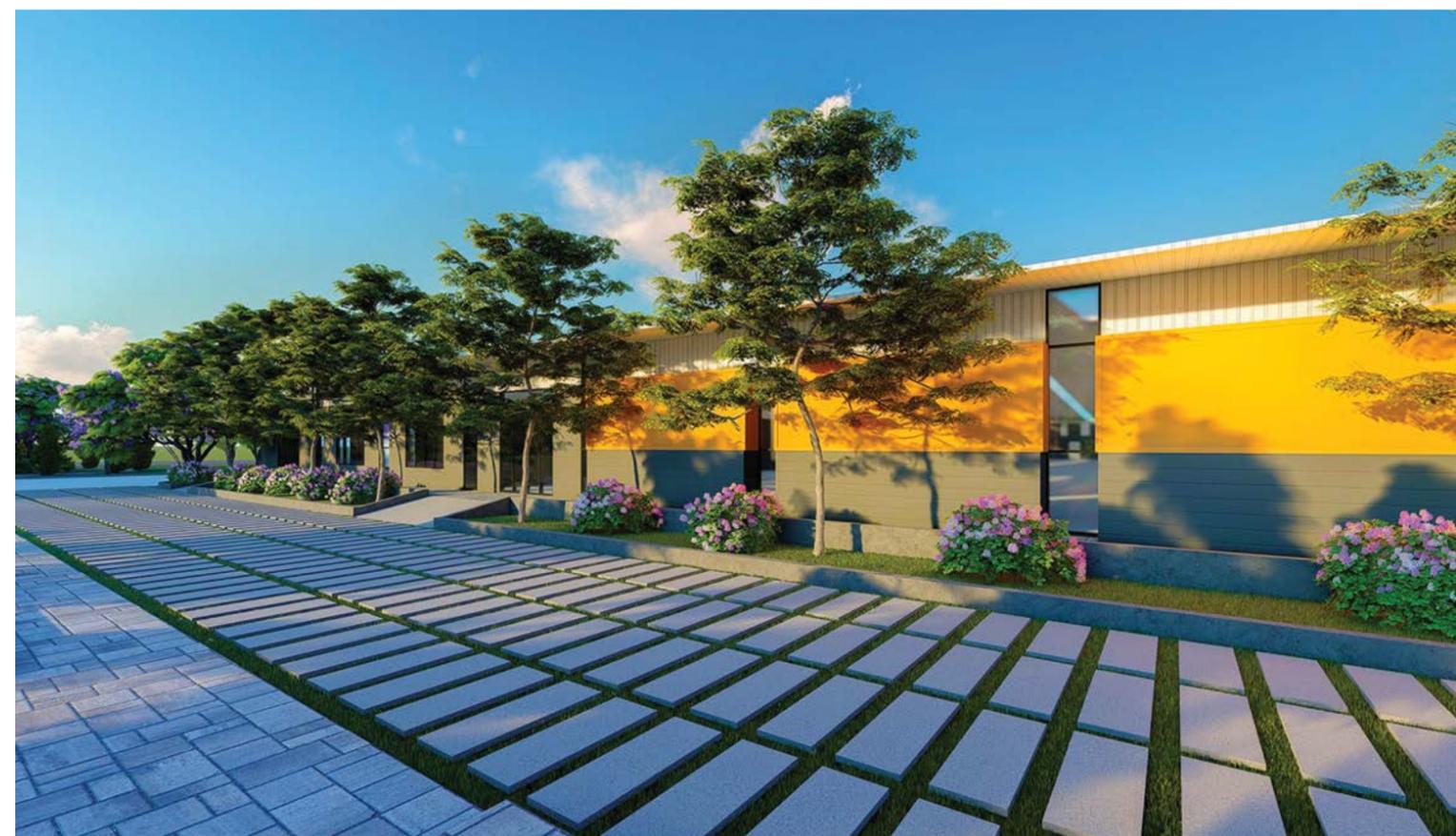
LOW - RISE COMMERCIAL HOUSING

AREA : 848 m².

TOTAL INVESTMENT CAPITAL : VND 170 billion.

The project is adapted from the TNG Social Housing Project due to changing in investment objectives.

PROJECT PROGRESS : TNG Village commercial housing area will be handed over in Quarter II – Quarter III of 2019.



TNG factories operate more than 290 days in the year, making an important contribution to completing the production plan in 2018 2 months earlier than the plan. The number of products consumed reached 30,044,797 products, reaching 113% compared with that at the same period in 2017.

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 in 2018
- ◆ 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.

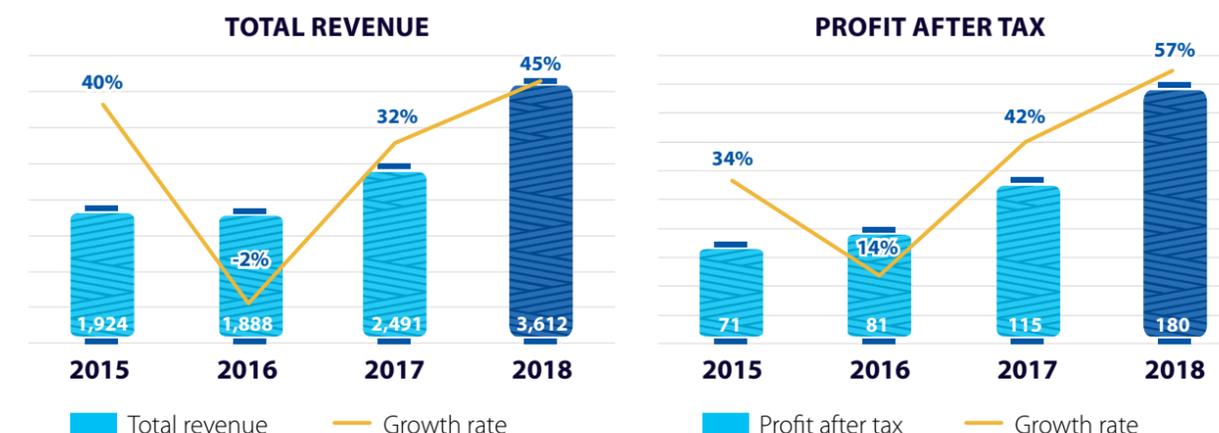
BUSINESS REPORT AND PERFORMANCE ASSESSMENT IN 2018

IMPLEMENTATION RESULTS OF BUSINESS TARGETS

NO.	ITEM	UNIT	IMPLEMENTED IN 2017	2018		COMPARISON (%)	
				PLAN	IMPLEMENTATION	4=3/2	5=3/1
A	B	C	1	2	3	4=3/2	5=3/1
1	Total export turnover	Million dollars	164	180	207	115%	126%
2	Total import turnover	Million dollars	84	92	108	117%	129%
3	Total revenue	Million VND	2,491	2,750	3,612	131%	145%
4	Profit before tax	Million VND	136	153	214	140%	157%
5	Profit after tax	Million VND	115	127	180	142%	157%
6	Profit after tax / Total revenue	%	4.6%	4.6%	5.0%	108%	108%
7	Contribution to the State Budget	Billion VNĐ	16,398	33,203	47,382	143%	289%
8	Value of investment and procurement of machinery and equipment	Million VND	140	201	209	105%	151%
9	Average number of employee	Person	11,076	12,712	14,199	112%	128%
10	Number of product lines	Production line	220	235	253	108%	115%
11	Number of products consumed	Product	26,471,700	28,589,436	30,044,797	105%	113%

2018 WAS THE YEAR THAT THE COMPANY HAD THE MOST IMPRESSIVE GROWTH IN REVENUE AND PROFIT AFTER TAX FOR THE LAST 4 YEARS. THE SPECIFIC INFORMATION IS AS FOLLOWS:

- ◆ The 2018 revenue increased by 45% compared with that in 2017
- ◆ The 2018 profit after tax increased by 57% compared with that in 2017



- ◆ Report business results in 10 months of 2018: accumulated revenue of VND 3,040 billion, exceeding 2 months of the production and business plan in 2018, corresponding to 10.5%; Post - corporate income tax profit reached VND 147 billion, exceeding 2 months of the production and business plan in 2018, corresponding to 15.7%.

PRODUCTION OPERATIONS

- ◆ TNG factories operate more than 290 days in the year, making an important contribution to completing the production plan in 2018 2 months earlier than the plan (Under the report of 10 - 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 30,044,797 products, reaching 113% compared with that at the same period in 2017.
- ◆ Average consumption of input materials for production decreased from 3% to 1.89%.
- ◆ 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 errorous tools are fixed and replaced in time to ensure production activities.

BUSINESS - MARKETING COMMUNICATION

- ◆ Continuing to affirm the brand of TNG factories through cooperation with major customers such as Adidas, G-III (the US), IMPERAL (Canada), CHOIS (Korea).
- ◆ Maintaining business cooperation with traditional customer brands such as Nike, Mango, Zara, Decathlon, Jordan, Tom Tailor, C&A, TCP, Mango, 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 CONSTRUCTION INVESTMENT 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.
- ◆ Starting to improve the construction of TNG Dong Hy factory, reaching 30 sewing lines, increasing the plant capacity to 2.6 million jackets / year, and putting the factory into operation at the third quarter, 2019.
- ◆ Under completing progress the TNG Village commercial housing area, and will be handed over in Quarter II - Quarter III of 2019.

IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE AND MANAGEMENT IN 2018

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 2018, 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 fashionable non - thread seam product with environment - friendly materials. The Certificate of Copyright No. 2773/2018/QTG was granted by the Ministry of Culture, Sports and Tourism (Copyright Office) to this product for "The article on the production of non - thread shirts by the seam pressing method"



COST MANAGEMENT, SAVINGS

- ◆ In 2018, TNG saved VND 14,451,587,987 (the money saved from raw materials and energy was VND 9,682,563,951; the money saved from management and good sale was VND 4,769,024,036).
- ◆ 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 2018, 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.
- ◆ 9,576 people were trained, reaching 116% of the plan in 2018.

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.



FINANCIAL SITUATION, USE OF CAPITAL AND ASSETS

- Highlights: The net cash flow from production and business activities is VND 116.9 billion. In 2018, net cash flow from production and business activities was improved significantly. With efforts to implement an international automatic electronic payment program via HSBC and Standard Chartered, the cash flow from positive business operations shows that the efficiency in debt recovery from customers was better than in 2017.
- On December 12, 2018, the Company successfully issued convertible bonds worth VND 200 billion to the investor named Korea Investment & Securities Co., Ltd (a trustee of Vietnam Asam 1 Investment Concentration Fund). This additional capital was mobilized to serve the main production and business activities of the Company, while helping to restructure the Company's capital source.
- Summary table of financial indicators of TNG over the years (data from the audited financial statements over the years):
- Short-term liabilities are mainly short-term loans from banks of VND 1,030 billion (accounting for 75% of short-term liabilities). The short-term amount payable to suppliers is VND 219 billion (accounting for 15% of short-term liabilities).
- The ratio of short-term solvency was raised from 0.81 to 0.92, the ratio of quick solvency was raised from 0.35 to 0.39, indicating that in 2018 the Company improved its payment management ability.
- ROA index increased from 5.7% to 7.5%, showing that the efficiency of asset use of the Company increased markedly.
- Benefits of ROS increased from 4.6% to 5%, showing that the Company was focusing on the management of production and business expense items with the aim of increasing revenue, reducing costs, maximizing profit.

	2010	2011	2012	2013	2014	2015	2016	2017	2018
COST MANAGEMENT COEFFICIENT									
Cost of goods sold/Net revenue	78.2%	83.7%	80.5%	81.5%	81.0%	81.9%	82.3%	82.4%	82.3%
Interest expense/Net revenue	3.7%	4.5%	6.4%	6.3%	4.5%	3.0%	3.6%	3.0%	2.5%
Selling expenses/Net revenue	2.5%	1.7%	2.2%	2.3%	2.0%	1.9%	1.5%	2.7%	2.8%
Enterprise management costs/Net revenue	10.8%	7.0%	9.2%	8.7%	7.8%	7.6%	7.4%	6.0%	5.9%
PROFITABILITY									
Revenue increase	32.1%	84.1%	5.5%	-2.4%	16.7%	39.7%	-1.9%	31.8%	45.2%
Gross profit rate	21.8%	16.3%	19.5%	18.5%	19.0%	18.1%	17.7%	17.6%	17.7%
ROS	3.9%	2.1%	1.8%	1.2%	3.9%	3.7%	4.3%	4.6%	5.0%
ROE	20%	14%	10%	7%	22%	21%	17%	20%	25%
ROA	5.6%	3.7%	2.5%	1.5%	4.9%	5.1%	4.7%	5.7%	7.5%

	2010	2011	2012	2013	2014	2015	2016	2017	2018
DEBT STRUCTURE RATIO									
Bank loan/Equity	2.19	1.80	2.39	3.08	3.08	2.53	2.20	2.17	1.83
Total Liabilities/Total Assets	72.58%	72.74%	75.88%	77.80%	78.06%	75.45%	72.57%	71.75%	70.46%
Total liabilities/Equity	2.65	2.67	3.15	3.50	3.56	3.07	2.65	2.54	2.38
INVESTMENT EFFECTS									
Revenue/Total assets	1.44	1.72	1.36	1.23	1.28	1.37	1.09	1.22	1.50
Production capacity of fixed assets	11.25%	7.41%	4.80%	2.75%	9.05%	10.36%	9.93%	12.72%	19.13%
SOLVENCY									
Loan interest solvency	2.74	2.01	1.35	1.25	2.11	3.27	2.73	3.07	3.83
General solvency	1.38	1.37	1.32	1.29	1.28	1.33	1.38	1.39	1.42
Short-term solvency	0.77	0.79	0.78	0.75	0.72	0.75	0.77	0.81	0.92
Fast solvency	0.39	0.40	0.37	0.30	0.27	0.34	0.35	0.35	0.39
OPERATIONAL CAPACITY									
Inventory turnover	4.84	5.98	4.44	3.72	3.78	4.68	3.92	3.88	4.15
Receivable turnover	11.00	14.80	10.31	9.01	9.99	9.19	7.47	7.57	8.39
Payable turnover	16.01	17.44	16.35	15.03	16.59	11.69	10.50	15.14	16.13
ABILITY TO GENERATE MONEY									
Inventory transfer period	74	60	81	97	95	77	92	93	87
Receivable transfer period	33	24	35	40	36	39	48	48	43
Payable transfer period	22	21	22	24	22	31	34	24	22
Cash transfer period	85	64	94	113	110	85	106	117	107

- Comparison table of financial indicators of TNG compared with other companies in the garment industry in 2018 (Data of MSH and TNG are post-audit data; data of the remaining companies are pre-audit data)

SHARE CODE	VGT	TDT	GMC	TCM	MSH	TNG
COST MANAGEMENT COEFFICIENT						
Cost of goods sold/Net revenue	90.6%	78.7%	82.3%	81.5%	79.9%	82.3%
Interest expense/Net revenue	2.4%	1.7%	0.6%	1.4%	0.9%	2.5%
Interest expense/Net revenue	2.8%	2.8%	3.1%	3.9%	3.7%	2.8%
Enterprise management costs/Net revenue	4.5%	8.7%	6.3%	6.3%	5.3%	5.9%
PROFITABILITY						
Gross profit margin	9.4%	21.3%	17.7%	18.5%	20.1%	17.7%
ROS	3.8%	7.2%	6.6%	7.1%	9.4%	5.0%
ROE	9%	21%	41%	22%	44%	25.4%
ROA	3.4%	9.0%	14.1%	8.3%	15.1%	7.5%
DEBT STRUCTURE RATIO						
Bank loan/Equity	1.28	1.04	1.04	1.06	1.00	1.83
Total Liabilities/Total Assets	63.14%	56.54%	65.34%	62.63%	65.54%	70.46%
Total liabilities/Equity	1.71	1.30	1.88	1.68	1.90	2.38
INVESTMENT EFFECTS						
Revenue/Total assets	0.91	1.24	2.13	1.17	1.61	1.50
Production capacity of fixed assets	10.43%	32.77%	74.10%	22.73%	58.89%	19.13%
SOLVENCY						
Loan interest solvency	1.66	5.96	15.07	7.41	14.68	3.83
General solvency	1.58	1.77	1.53	1.60	1.53	1.42
Short-term solvency	1.25	1.30	1.21	1.05	1.21	0.92
Fast solvency	0.73	0.47	0.74	0.47	0.81	0.39
OPERATIONAL CAPACITY						
Inventory turnover (time)	4.16	2.28	6.02	3.07	5.29	4.15
Receivable turnover (time)	8.78	10.52	7.38	9.56	8.40	8.39
Payable turnover (time)	15.29	15.89	12.79	11.20	20.95	16.13
ABILITY TO GENERATE MONEY						
Inventory transfer period (day)	87	158	60	117	68	87
Receivable transfer period (day)	41	34	49	38	43	43
Payable transfer period (day)	24	23	28	32	17	22
Cash transfer period (day)	104	170	80	123	94	107

HUMAN RESOURCE, WAGES AND POLICIES

- Average number of working employees reaches 14,199 people, accounting for 112% of the 2018 plan, 128% compared to the same period in 2017.
- Average Income: VND 9,257,305/employee/month, increasing by 18% compared to 2017 (VND 7,788,449/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 (412 people); providing regular trainings for more than 12,000 workers in Group 4 working at the Company.
- Preparing records, books to monitor and verify 138 machines and equipment under strict requirements on labor safety and health.
- Monitoring 1,581 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 2.7 billion.
- Implementing the periodic health check twice a year for workers with a budget of more than VND 1.3 billion.
- In 2018, the Company implemented two fire fighting and rescue rehearsals, with a total of 406 turns of participants. In which, the Company implemented an internal rehearsal and a rehearsal with the local fire prevention and fighting police. Besides, the Company implemented a rehearsal on seven basic fire fighting plans.

18%

Average income of employee is increased 18% compared to the 2017

180

— Billion VND
Accounting for 142% of the 2018 plan, 157% compared to the same period in 2017

ANALYSIS OF PRODUCTION AND BUSINESS RESULTS

The number of products consumed reached 40,004,797 products, accounting for 105% of the 2018 plan and 113% of the 2017 plan.

Total revenue reached VND 3,612 billion, accounting for 131% of the 2018 plan, 145% of the 2017 plan.

Export turnover reached USD 207 million, accounting for 115% of the 2018 plan, 126% of the 2017 plan.

State budget remittance reached VND 47,382 million, accounting for 143% of the 2018 plan, 289% of the 2017 plan.

Profit before tax reached VND 214 billion, accounting for 140% of the 2018 plan, 157% of the 2017 plan.

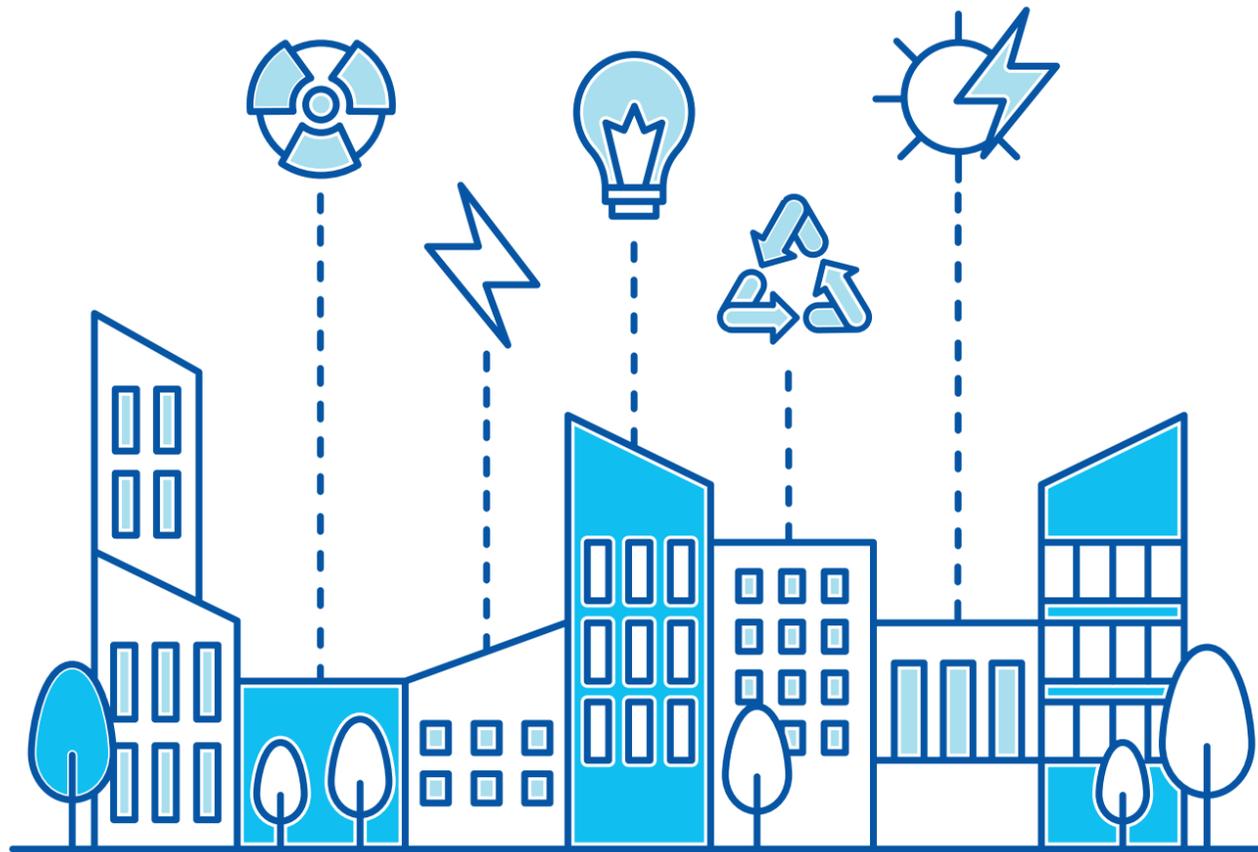
Profit after tax reached VND 180 billion, accounting for 142% of the 2018 plan, 157% of the 2017 plan.

The value of investment in procurement of equipment and other assets was VND 209.82 billion, accounting for 105% of the 2018 plan, 151% of the 2017 plan.

All indicators of production, consumption, revenue, profit, number of employees, investment value for machinery and equipment in TNG in 2018 were completed exceeding the plan. The growth is considerable compared to the same period in 2017.

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.

2019 BUSINESS AND PRODUCTION PLAN

2018 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 2019:

- ◆ 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.
- ◆ Deploying the housing investment projects such as TNG Village (completing and handing over houses in Quarter II of 2019), TNG Dong Hy Garment Factory (2.6 million jackets/year), 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.



OUTPUT TARGETS

FINANCIAL PLAN FOR THE WHOLE COMPANY

34,555,517
Products in 2019

NO.	ITEM	UNIT	2019 PLAN
1	Total export turnover	Million USD	238
2	Total import turnover	Million USD	124
3	Total revenue	Billion VND	4,154
4	Profit before tax	Billion VND	246
5	Profit after tax	Billion VND	208
6	Profit after tax/revenue	%	5.7%
7	Contribution to the State Budget	Million VND	54,489
8	Investment value for machinery and equipment	Billion VND	243
9	Average number of workers	Person	16,329
10	Number of sewing lines	Line	291
11	Number of products consumed	Product	34,551,517

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:

- ◆ 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

ABOUT 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.

ASSESSMENT ON THE COMPANY'S PERFORMANCE

3,612
Billion VND
Total revenue

BUSINESS RESULTS

The Company meets the production and business plan 60 days before the end of the fiscal year, December 12, 2018. Total revenue reached VND 3,612 billion, accounting for 131% of the 2018 plan; profit after tax reached VND 180 billion, accounting for 142% of the 2018 plan. The inventory turnover increased from 3.88 times (2017) to 4.15 times (2018). The production capacity of fixed assets increased from 12.72% (2017) to 19.13% (2018). The ratio of profit after tax/revenue increased from 4.6% (in 2017) to 5% (in 2018).



ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

The Company fully complies with legal regulations relating to environmental and social responsibilities.

PRODUCTION MANAGEMENT

The Company constantly improves the application of streamlined VSM value chain into the production system so that the information of production and business activities exchanged between the departments is updated online on the internal system in a timely manner, reducing the information exchange time and facilitating the easy information search. After applying, the purchase order staff of the sales department can:

85
Minutes/ 01 person / 01 day
Save time is on working day for purchase order confirmation

155
Minutes
for each process of transferring a material product

1120
Seconds
Save time from the start of receiving production materials on the line to get the finished product at the end of the line

64%
Productivity increased after applying VSM

- ◆ Save 85 minutes/person/working day for purchase order confirmation.
- ◆ Reduce 40% for production deployment stage/01 day.
- ◆ Reduce 155 minutes for each process of transferring a material product from the stage of importing raw materials to supplying raw materials for production.
- ◆ The workers do not have to wait for work.
- ◆ Reduce equipment costs.
- ◆ The workers do not need to take time to move between locations.
- ◆ Save 1120 seconds from the start of receiving production materials on the line to get the finished product at the end of the line.
- ◆ Productivity increased by 64% after applying VSM (Value Stream Mapping).
- ◆ No more stagnant goods, ensuring 5S for clean, tidy factory.
- ◆ Control the technology time of each stage of completing the product code.
- ◆ Export the sufficient quantity of goods at the request of customers



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 2018 and the implementation process to achieve the plan assigned by the General Meeting of Shareholders in 2018.
- ◆ 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.



The Internal Audit Subcommittee under the Board of Directors of TNG Investment and Trading Joint Stock Company consists of 03 members:

NO.	INTERNAL AUDIT SUBCOMMITTEE	POSITION	NUMBER OF SHAREHOLDERS OWNING	PERCENTAGE (%)
1	Ms Ha Thi Tuyet	Head of Internal audit subcommittee	12,436	0.03%
2	Mr Nguyen Van Duc	Member	96,033	0.19%
3	Mr Tran Minh Hieu	Member	30,905	0.06%

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.

In the fiscal year ended on December 31, 2018, the Internal Audit Subcommittee held 04 meetings with the direct participation of all 03 members (in March, June, September and December 2018). 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.

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.





CORPORATE GOVERNANCE

- 80 Member and operation of the Board of Directors
- 88 Transactions, remuneration, benefits of the Board of Directors, Board of Management and Internal Audit subcommittee
- 90 Risk management

MEMBERSHIP AND STRUCTURE

As of December 31, 2018, the Board of Directors consists of 07 members including the Chairman and General Director, four full-time members and two independent members.

NO.	BOARD OF DIRECTORS	POSITION	NUMBER OF SHARES OWNED	PERCENTAGE (%)	REMARK
1	Nguyen Van Thoi	Chairman	9,539,265	19.33	Cum BOM
2	Nguyen Duc Manh	Member	3,998,103	8.10	Deputy of BOD
3	Nguyen Van Duc	Member	96,033	0.19	Deputy of BOD
4	Ha Thi Tuyet	Member	12,436	0.03	Head of Internal audit subcommittee
5	Do Thi Ha	Member	1,244,649	2.52	
6	Rusdy Pranata	Member	0	0	Member of BOD (Independent)
7	Le Quang Vinh	Member	0	0	Member of BOD (Independent)

The Board of Directors successfully organized the 2018 Annual General Meeting on April 22, 2018, with the participation of all members, the General Management and subcommittees under the Board of Directors. At the meeting, the leaders of the Company gave satisfactory answers to questions of shareholders. The voting results of each content recorded in the Meeting Minutes and Resolutions and published fully and on time.



SOME MAIN CONTENTS OF THE RESOLUTION NO. 781/2018/NQ - GMS ARE SUMMARIZED AS FOLLOWS:

APPROVAL OF THE 2017 INCOME STATEMENT AND PROFIT DISTRIBUTION

Approval of the 2017 income statement

- ◆ Consumption revenue: VND 2,491 billion
- ◆ Profit before tax: VND 136.66 billion
- ◆ Profit after tax: VND 115 billion

Profit distribution in 2017

- ◆ Payment of stock dividends (20%): VND 82,234 billion
- ◆ Appropriation for development investment fund: VND 5.8 billion
- ◆ Appropriation for reserve fund to supplement working capital: VND 11.5 billion
- ◆ Appropriation for bonus and welfare fund: VND 11.5 billion
- ◆ Remuneration for the Board of Directors: VND 3.9 billion

Payment of remuneration for the Board of Directors in 2017

3.4% of profit after tax in 2017 in cash.

Dividend payment for shareholders in 2017

20% of charter capital by stock.



APPROVAL OF THE 2018 BUSINESS AND PRODUCTION PLAN

- ◆ Revenue: VND 2,750 billion
- ◆ Profit after tax: VND 127 billion
- ◆ Dividend payment: Minimum of 16 - 20% of charter capital.
- ◆ Remuneration of the Board of Directors: Expected to pay 4.5% of undistributed after-tax profit.

OTHER ISSUES

- ◆ Selecting Deloitte Vietnam Co., Ltd. to be the auditing organization for auditing the 2018 financial statements.
- ◆ Approving Mr. Nguyen Van Thoi, Chairman of the Board of Directors to concurrently hold the General Director of the Company.
- ◆ Amending and supplementing the Company Charter (the 20th time).
- ◆ Approving corporate governance regulations.

ISSUANCE PLAN

- ◆ Paying dividends in 2017 by shares at the rate of 20% and issuing shares under the employee selection program (Esop) 5%;
- ◆ Offering shares to existing shareholders at the rate of 10%.
- ◆ Issuing shares for strategic partners 10,000,000 shares; and/or
- ◆ Issuing corporate bonds with a total value of VND 200 billion.



THE SITUATION OF ATTENDING THE OFFICIAL MEETINGS OF THE BOARD OF DIRECTORS IN 2018

In 2018, the Board of Directors held 07 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 2018. 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.	BOARD OF DIRECTORS	POSITION	NUMBER OF MEETINGS ATTENDED	PERCENTAGE (%)	REMARK
1	Nguyen Van Thoi	Chairman	07	100%	Cum BOM
2	Nguyen Duc Manh	Member	07	100%	Deputy of BOD
3	Nguyen Van Duc	Member	07	100%	Deputy of BOD
4	Ha Thi Tuyet	Member	07	100%	Head of Internal audit subcommittee
5	Do Thi Ha	Member	07	100%	
6	Rusdy Pranata	Member	07	100%	Member of BOD (Independent)
7	Le Quang Vinh	Member	07	100%	Member of BOD (Independent)

SUMMARY OF SOME MAIN CONTENTS OF MEETINGS OF THE BOARD OF DIRECTORS IN 2018

RESOLUTION	DATE	MAIN CONTENT
897TNG/NQ - HDQT	10/05/2018	Implementing the plan to issue shares for dividend payment according to the resolution of the General Meeting of Shareholders dated April 22, 2018
1598/NQ - HDQT	12/07/2018	Establishing TNG Dong Hy Garment Branch directly under TNG Investment and Trading Joint Stock Company
1608/NQ - HDQT	13/07/2018	Amending the Charter of the Company under the authorization of the General Meeting of Shareholders
2275/NQ - HDQT	24/09/2018	Implementing convertible bonds for foreign investors
2910/NQ - HDQT	26/11/2018	Approving the principles to determine the number of shares distributed to each object participating in the employee selection program in the Company
2888/NQ - HDQT	06/12/2018	Adjusting the principle of determining the number of shares to be distributed to each object participating in the employee selection program in the Company
2976/NQ - HDQT	18/12/2018	Convening the 2019 annual meeting of the General Meeting of Shareholders

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.

ACTIVITIES OF SUBCOMMITTEES UNDER THE BOARD OF DIRECTORS

INTERNAL AUDIT SUBCOMMITTEE

Members

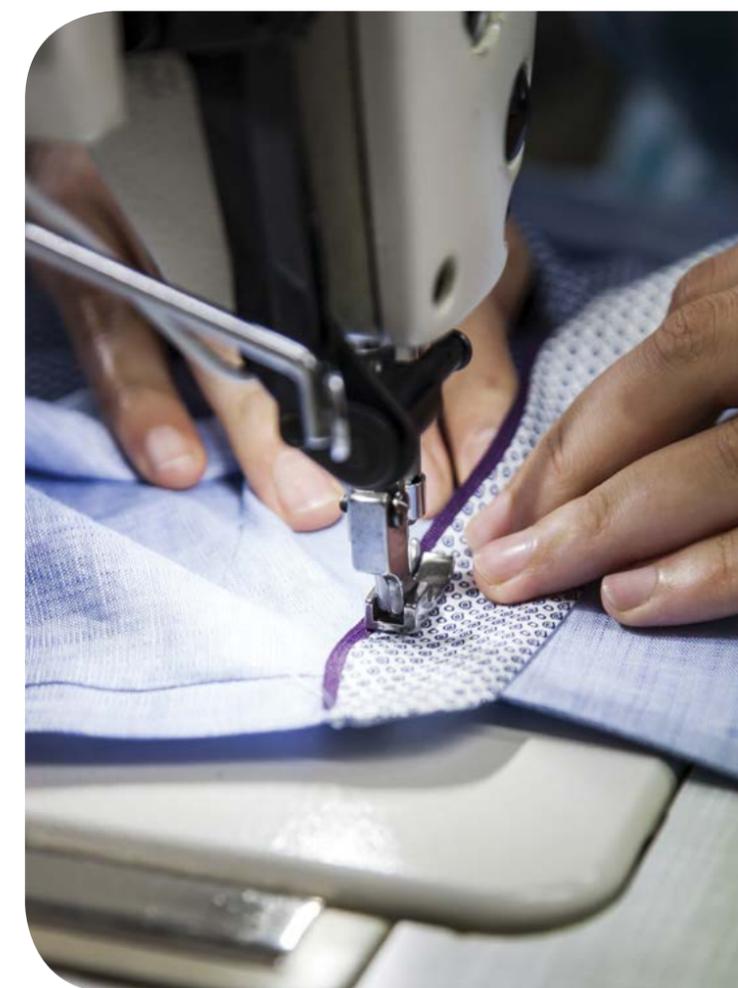
Including 03 members: Ms. Ha Thi Tuyet, Mr. Nguyen Van Duc and Mr. Tran Minh Hieu.

In 2018, the Internal Audit Subcommittee had 08 meetings with the full participation of all members.

Responsibilities of Internal Audit Subcommittee

- ◆ Proposing or drafting a proposal submitted to the Board of Directors regarding the appointment, re-appointment 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 2018: Please see the Report of the Internal Audit Subcommittee on the performance of duties and responsibilities of the Internal Audit Subcommittee for the fiscal year ended December 31, 2018.



DEVELOPMENT POLICY SUBCOMMITTEE

In 2018, the subcommittee conducted 12 meetings with full participation of members.

Member

NO.	DEVELOPMENT POLICY SUBCOMMITTEE	POSITION	NUMBER OF SHARES OWNED	PERCENTAGE (%)	REMARK
1	Mr. Nguyen Van Thoi	Chairman	9,539,265	19.33%	Chairman of BOD
2	Mr. Nguyen Duc Manh	Member	3,998,103	8.1%	Deputy of BOD
3	Mr. Tran Minh Hieu	Member	30,905	0.06%	Deputy of BOM

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 2018

- ◆ 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 2018, the Subcommittee conducted 06 meetings related to the contents of the subcommittee's responsibilities with full participation of members of the subcommittee.

Members

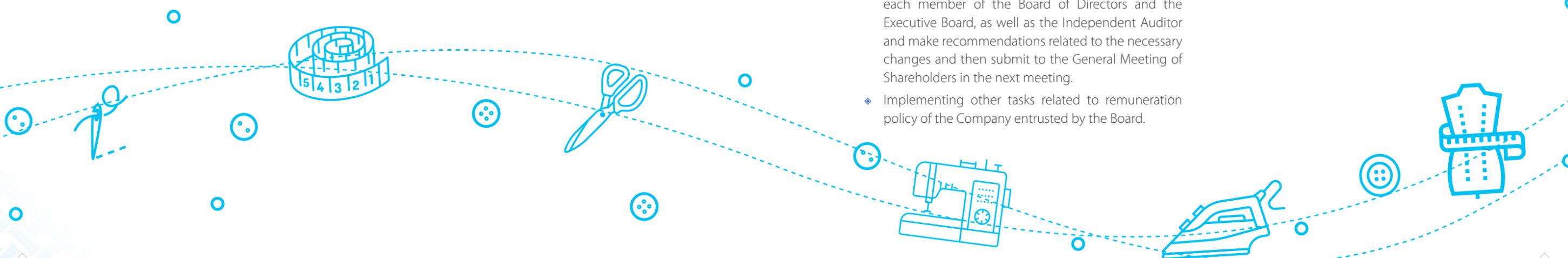
NO.	PERSONNEL AND REMUNERATION SUBCOMMITTEE	POSITION	NUMBER OF SHARES OWNED	PERCENTAGE (%)	REMARK
1	Ms. Luong Thi Thuy Ha	Chairman	364,548	0.74%	Deputy of BOM
2	Mr. Le Quang Vinh	Member	0	0%	Member of BOD (Independent)
3	Mr. Do Thi Ha	Member	1,244,649	2.52%	Member of BOD (non operating)

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 2018

- ◆ 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.



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	Chairman	96,033	0.19%	Deputy of BOD
2	Mr. Nguyen Manh Linh	Member	1,836,385	3.72%	Head of Representative Office in New York
3	Mr. Rusdy Pranata	Member	0	0%	Member of BOD (Independent)



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 2018

- ◆ 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

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

◆ **Mr. RUSDY PRANATA**

- ◆ **Responsibilities:** 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.

CHANGES IN MEMBERS OF THE BOARD OF DIRECTORS IN 2018

In 2018, TNG Investment and Trading Joint Stock Company had no changes in members of the Board of Directors.

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.

Training course after December 31, 2018

On 10 – 12 January 2019, Mr. Nguyen Van Thoi (Chairman of Board of Directors) and Mr. Nguyen Van Duc (Vice Chairman of Board of Directors) attended the “Director Certification Program - Dcp1” course for members of the Board of Directors organized by the Vietnam Institute of Directors (VIOD).

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

BOARD OF DIRECTORS AND INTERNAL AUDIT SUBCOMMITTEE

NO.	NAME	POSITION	SALARY, REMUNERATION UNIT: VND
BOARD OF DIRECTORS			
1	Nguyen Van Thoi	Chairman of the BOD	3,396,648,527
2	Nguyen Duc Manh	Deputy Chairman of BOD	1,245,372,768
3	Nguyen Van Duc	Deputy Chairman of BOD	1,571,975,669
4	Ha Thi Tuyet	BOD member	600,798,637
5	Do Thi Ha	BOD member	120,000,000
6	Rusdy Pranata	BOD member independent	60,000,000
7	Le Quang Vinh	BOD member independent	120,000,000
INTERNAL AUDIT SUBCOMMITTEE			
1	Ha Thi Tuyet	Head of Internal audit subcommittee	600,798,637
2	Nguyen Van Duc	Member	1,571,975,669
3	Tran Minh Hieu	Member	1,518,350,805

BOARD OF MANAGEMENT AND CHIEF OF ACCOUNTANT

NO.	NAME	POSITION	SALARY, REMUNERATION UNIT: VND
BOARD OF MANAGEMENT			
1	Nguyen Van Thoi	General Director	3,396,648,527
2	Tran Minh Hieu	Deputy of BOM	1,518,350,805
3	Đoan Thi Thu	Deputy of BOM	1,573,167,190
4	Luong Thi Thuy Ha	Deputy of BOM	1,263,520,282
CHIEF ACCOUNTANT			
1	Tran Thi Thu Ha	Chief accountant	915,476,358

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

NO.	THE PERSONS PERFORMING THE TRANSACTION	INTERNAL SHAREHOLDERS/ RELATIONS WITH INTERNAL SHAREHOLDERS	NUMBER OF SHARES OWNED (JANUARY 1, 2018)	NUMBER OF SHARES OWNED (DECEMBER 31, 2018)	INCREASE /DECREASE
1	Nguyen Duc Manh	Deputy Chairman of BOD	2,498,420	3,998,103	1,499,683
2	Nguyen Manh Linh	Head of Representative Office in New York	983,988	1,836,385	852,397
3	Nguyen Thi Mien	The sister of the BOD	58,620	48,844	(9,776)
4	Nguyen Thi Nhuan	The sister of the BOD	240,159	198,116	(42,043)
5	Nguyen Thi Mien	The sister of the BOD	239,214	187,264	(51,950)
6	Nguyen Van Thoi	The brother of the BOD	421,744	3,644	(418,100)
7	Doan Thi Thu	Deputy of BOM	241,750	118,699	(123,051)

CONTRACTS OR TRANSACTIONS WITH INTERNAL SHAREHOLDERS

In 2018, 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

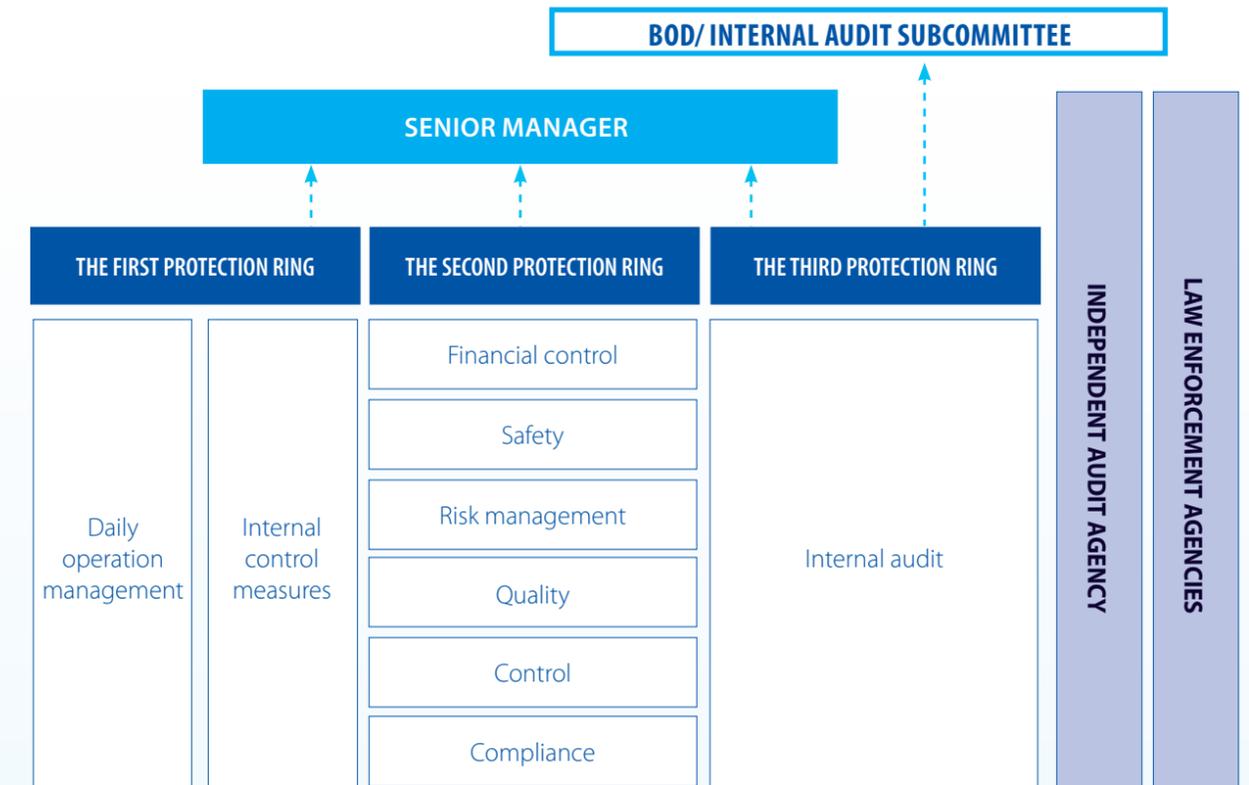
In order to sign a contract for each customer, TNG must ensure to meet special standards related to environmental assessment as well as social responsibility. Therefore, the risks related to the environment and social responsibility are always controlled during the implementation of the development strategies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

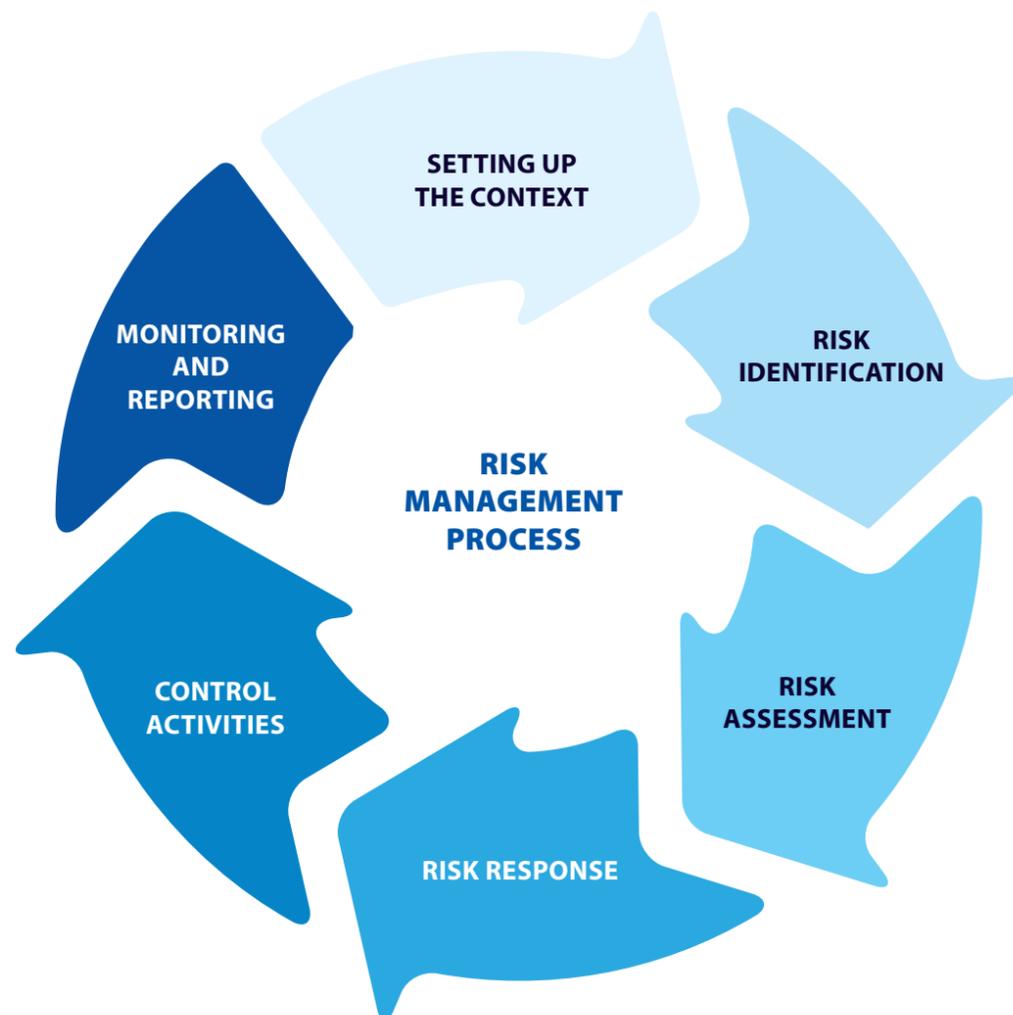
The second protection ring is responsible for general risk management for the whole enterprise and compliance. This protection ring is set up to consolidate, build and monitor the first protection ring and ensure that the first protection ring has been appropriately designed in terms of process and control 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 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.

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	Loss of important customer relationships, resulting in loss of revenue.	TNG tracks relationships with customers, regularly evaluates sales, and has corresponding policies for important customers. TNG constantly expands and develops business with new customers.
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

98 TNG's sustainable development in relation to sustainable development of the textile and garment industry in Vietnam and in the world

104 Green factory – Vo Nhai TNG

108 Asean Corporate Governance Scorecard



INTERNATIONAL AND DOMESTIC CONTEXTS

In the past years, the world economy suffered significantly from Brexit events and economic and financial policies of the new US president. Tense relations between the United States and North Korea and Syria, between Euro countries and Russia escalated causing many negative impacts that make the overall aggregate demand declined, including the textile and garment industry. Textile and garment exporting countries are facing a shortage of orders, higher and higher requirements from customers, and pressure to reduce prices while import tax and quality control barriers are major obstacles. In response to this situation, countries such as China, India and Indonesia have adopted policies to support domestic textile enterprises. These policies include reducing corporate income tax and import tax on raw materials, especially the policy to devalue the domestic currency making difficulties for Vietnamese textile enterprises. Under pressure from competitors, as well as negative signals from the world political economy, participating in trade agreements is indispensable for Vietnam to increase its competitiveness. Particularly, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) has brought many opportunities and challenges in the short and long term to Vietnam's textile industry.

OPPORTUNITIES: Preferential tariffs, investment promotion, development of auxiliary industries, state-of-the-art technology, and modern management processes from FDI enterprises, expansion of export and import markets.

CHALLENGES: When participating in the CPTPP, one of the biggest barriers to Vietnam's textile and garment industry is the requirement of a "yarn forward" rule of origin. In general, all production stages from yarn forward, including spinning, weaving, dyeing, cutting and sewing, must be done under the CPTPP. In fact, fabric for production is imported from China, Turkey, Korea; 80% of the yarn for production is imported from the US, West Africa, India. These countries do not participate in the CPTPP. Storing records and documents strictly, as well as declaring and proving origin are not implemented by these countries. Under the impacts of Foreign Direct Investment (FDI) into Vietnam for benefits, domestic enterprises will be under great pressure from competition on production scale, cost, labour recruitment, capital, experience, and available models.

SOLUTIONS FOR VIETNAM'S TEXTILE AND GARMENT 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'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

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.	17 UN SUSTAINABLE DEVELOPMENT GOALS	TNG'S GOALS	ACHIEVEMENTS IN 2018
Goal 1	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 2,946 employees are working for the company
Goal 2	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 486 employees as well as to changing infrastructure in the factory locations
Goal 3	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"
Goal 4	Quality Education	Improving skills and capacity of the employees so that they can meet cultural principles	<ul style="list-style-type: none"> Training 9,576 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 specialties
Goal 5	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%

NO.	17 UN SUSTAINABLE DEVELOPMENT GOALS	TNG'S GOALS	ACHIEVEMENTS IN 2018
Goal 6	Clean water and Sanitation	Complying with legal requirements; Using water resources efficiently and responsibly; Treating 100% of hazardous wastewater; enhancing safe water reuse.	<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 2017: 6.41%
Goal 7	Affordable and clean energy	Prioritizing the use of renewable energy, natural light; saving electricity, water, coal.	<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 2017: 7.2% A rate of coal use/unit price compared to 2017: 5.89%
Goal 8	Sustainable Employment and Economic Growth	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.	<ul style="list-style-type: none"> The company has 2,946 employees in 2018 accounting for 2.51 times higher than the number of employees in 2017 (1,566 employees in 2017) Income per person per month increases from VND 7.7 million to VND 9.2 million The company does not use forced labour and child labor 0 labour accident Contributing more than VND 47 billion to the State Budget
Goal 9	Building synchronous infrastructure, encouraging comprehensive and sustainable industrialization process, and promoting innovation	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.	<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
Goal 10	Inequality reduction	Equality, no discrimination in all areas.	<ul style="list-style-type: none"> There are no complaints about inequality and discrimination in the organization

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

NO.	17 UN SUSTAINABLE DEVELOPMENT GOALS	TNG'S GOALS	ACHIEVEMENTS IN 2018
Goal 11	Building sustainable, synchronous, safe and effective urban and residential communities	Managing waste effectively in compliance with the law	<ul style="list-style-type: none"> 100% of output wastewater is treated under the standards Building green factories to meet green standards, directly contributing to changing the local landscape where factories are located and contributing indirectly to changing environmental and social factors
Goal 12	Ensuring Sustainable Consumption and Production Models	Promoting the development, use of new energy, renewable energy, new materials and fuels to replace traditional resources, especially fossil fuels; control the waste effectively; complying with legal requirements; putting sustainable development into strategy; releasing the sustainable development report every year.	<ul style="list-style-type: none"> 100% of TNG's factories meet social responsibility standards of BSCI (Business Social Compliance Initiative), WRAP (Worldwide Responsible Accredited Production), and Better work. Exporting products to 47 countries (2018) and continuing to expand the market Being one of the Top 10 Sustainable Enterprises for three years (2016, 2017, 2018) in the manufacturing sector organized by VCCI
Goal 13	Taking urgent actions to combat climate change and its impacts	Proactively making plans for resilience and adaptability to climate change and natural disasters	<ul style="list-style-type: none"> Buying construction and cargo insurance for force majeure events Training the employees on how to handle in the case of rain and storm
Goal 14	Conserving and sustainably using the oceans, seas and marine resources for sustainable development		

NO.	17 UN SUSTAINABLE DEVELOPMENT GOALS	TNG'S GOALS	ACHIEVEMENTS IN 2018
Goal 15	Protecting, restoring and promoting sustainable use of terrestrial ecosystems, sustainably managing forests, combating desertification, and halting and reversing land degradation and biodiversity loss	Suitably using the inland freshwater ecosystem	<ul style="list-style-type: none"> Exploiting water sources in plant areas with the permitted volume The rate of water use/unit price compared to 2017: 6.41%
Goal 16	Promoting peaceful and effective societies for sustainable development, providing access to justice for all and building effective, accountable and inclusive institutions at all levels	<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
Goal 17	Improving the ability to implement and renew the global partnership for sustainable development	<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 convertible bonds valued at VND 200 billion to Korea Investment & Securities Co., Ltd, a company based in Korea. After conversion, KIS will become a major shareholder of TNG In 2018, the main export markets of TNG include France, America, Germany, Canada, China, Spain, and Russia Complying with laws on product standards of importing countries

GREEN FACTORY – VO NHAI TNG

During 2018, TNG continued to prepare the Annual Report and Sustainable Development Report separately. In the Annual Report, TNG shared some issues concerning TNG Vo Nhai Factory. For more details on sustainable development, please read the 2018 Sustainable Development Report of 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.

TNG invests in building projects according to green factory model. TNG Vo Nhai is one of the company's special projects.

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.

IMPLEMENTING INTEGRATED DESIGNS

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



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.

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.



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

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

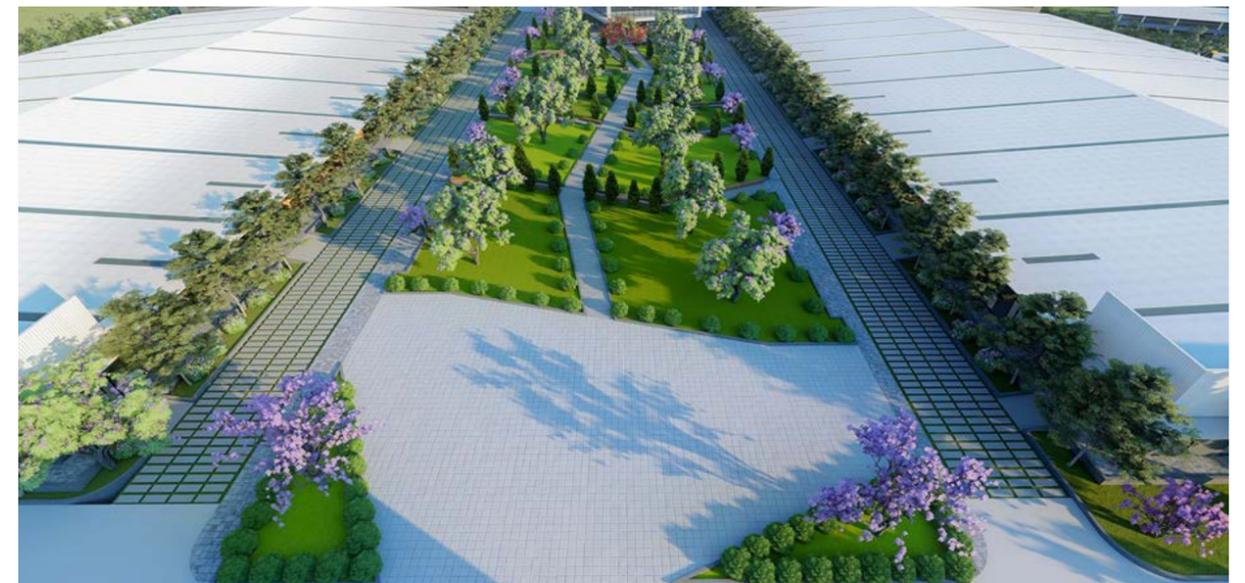
FRESH AIR SUPPLY SYSTEM

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.

SCORECARD		WELL COMPLETED	SHORT - TERM IMPROVABLE (< 1 YEAR)	MEDIUM- LONG TERM IMPROVABLE (1 - 5 YEARS)	BASES FOR ASSESSMENT
A	RIGHTS OF SHAREHOLDERS				
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 paid the dividend within 60 days?	100%			Pursuant to the Resolution No. 781/2018/NQ - DHDCD dated April 22, 2018 by the General Meeting of Shareholders, the General Meeting of Shareholders approved the dividend payment in 2017; 20% of dividends shall be paid by shares. The Company carried out the dividend payment procedures right after the date of the 2018 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 - Item No. 3, Article 3, the Resolution No. 781/2018/NQ - DHDCD dated April 22, 2018 by the General Meeting of Shareholders
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 2 of the Resolution No. 781.2018 NQ - DHDCD dated April 22, 2018 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. 781.2018 NQ - DHDCD dated April 22, 2018 by the General Meeting of Shareholders, the General Meeting of Shareholders agreed that the remuneration for the Board of Directors in 2017 was 3.4% 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 2018 General Meeting of Shareholders: No election/replacement of additional members of the Board of Directors. 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. 779/TNG - DHDCD 2018 dated April 22, 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. 780/TNG - DHDCD 2019 dated April 22, 2018.

SCORECARD		WELL COMPLETED	SHORT - TERM IMPROVABLE (< 1 YEAR)	MEDIUM- LONG TERM IMPROVABLE (1 - 5 YEARS)	BASES FOR ASSESSMENT
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. 780/TNG - DHDCD 2019 dated April 22, 2018.
A.3.9	Does the company allow voting in absentia?	100%			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.
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 2019 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. 781/NQ - DHDCD dated April 22, 2018 by the Annual General Meeting of Shareholders was published on April 23, 2018.
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 2018 General Meeting of Shareholders: TNG announced the disclosure of information of the 2018 General Meeting of Shareholders on March 16, 2018 on the home page: http://tng.vn (tng.vn Shareholder relations/Shareholders' corner/General meeting of shareholders) 36 days before the opening date (Minutes of the General Meeting of Shareholders No. 780/TNG - DHDCD 2018 dated April 22, 2018).
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 2018 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.

SCORECARD		WELL COMPLETED	SHORT - TERM IMPROVABLE (< 1 YEAR)	MEDIUM- LONG TERM IMPROVABLE (1 - 5 YEARS)	BASES FOR ASSESSMENT
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 2018 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 2018 Resolution of the General Meeting of Shareholders: Each issue shall be detailed in its statement that must be approved in the Resolution. The 2019 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 2018 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 16, 2018 (36 days) before the opening date of the Annual General Meeting of 2018 (April 22, 2018).
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%			2018: TNG did not re - elect/re - select members of the Board of Directors. However, at the annual General Meeting of Shareholders in the previous years, in case of re - electing/re - selecting members of the Board of Directors, 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).
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. 781/2018/NQ - DHDCD dated April 22, 2018. 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 2018 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.

SCORECARD		WELL COMPLETED	SHORT - TERM IMPROVABLE (< 1 YEAR)	MEDIUM- LONG TERM IMPROVABLE (1 - 5 YEARS)	BASES FOR ASSESSMENT
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?		✓		2018 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%			2018 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.
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.

SCORECARD		WELL COMPLETED	SHORT - TERM IMPROVABLE (< 1 YEAR)	MEDIUM-LONG TERM IMPROVABLE (1 - 5 YEARS)	BASES FOR ASSESSMENT
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%			The section of Organization of Human Resources in 2018 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%			The section of Human Resource Organization in 2018 Annual Report has been clearly defined in the Income Distribution Regulation No. 190 QD - BOM/2019 dated January 28, 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%			TNG has Regulation No. 2411/QD - HDQT dated October 5, 2018 on a system of warning violations, which appoints a department/person responsible for receiving a warning report from employees and business partners. The Company will solve all reported cases. This Regulations has been published on Web tng.vn under the link: Home/Introduction/System of warning violations.
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 - BOM 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%			Published on website http://tng.vn under the link: Shareholder Relationship/Major shareholder/shareholder section.B56 - Announced at the annual Annual Report.
D.1.2	Does the company disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders?		✓		TNG will implement from 2019.
D.1.3	Does the company disclose the direct and indirect (deemed) shareholdings of directors (commissioners)?		✓		TNG will implement from 2019.
D.1.4	Does the company disclose the direct and indirect (deemed) shareholdings of senior management?		✓		TNG will implement from 2019.
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%			2018 Annual Report: Section of General Information. Notes to the annual financial statements.



ASEAN CORPORATE GOVERNANCE SCORECARD (CONTINUED)

SCORECARD		WELL COMPLETED	SHORT - TERM IMPROVABLE (< 1 YEAR)	MEDIUM- LONG TERM IMPROVABLE (1 - 5 YEARS)	BASES FOR ASSESSMENT
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.
D.2.4	Dividend policy.	100%			Report to 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%			Section: 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%			Section: 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%			In 2018, the Company did not have arising items.
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.

SCORECARD		WELL COMPLETED	SHORT - TERM IMPROVABLE (< 1 YEAR)	MEDIUM- LONG TERM IMPROVABLE (1 - 5 YEARS)	BASES FOR ASSESSMENT
D.6.2	Company website.	100%			http://tng.vn http://tngfashion.vn
D.6.3	Analyst's briefing.	100%			Analysis reports from securities companies: FPTC, 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 2018 audited financial report is published at the electronic website of the company no later than March 29, 2019, 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 18, 2019 within 107 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.
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).

SCORECARD		WELL COMPLETED	SHORT - TERM IMPROVABLE (< 1 YEAR)	MEDIUM-LONG TERM IMPROVABLE (1 - 5 YEARS)	BASES FOR ASSESSMENT
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 2019.
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: 2/7 people, accounting for 29%.
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.
E.2.11	Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?	70%			2018 Annual Report: Report of subcommittees under the Board of Directors.

SCORECARD		WELL COMPLETED	SHORT - TERM IMPROVABLE (< 1 YEAR)	MEDIUM-LONG TERM IMPROVABLE (1 - 5 YEARS)	BASES FOR ASSESSMENT
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%			2018 Annual Report: Report of subcommittees under the Board of Directors.
E.2.13	Does the company have a Remuneration Committee?	100%			2018 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%			2018 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%			2018 Annual Report: Report of subcommittees under the Board of Directors.
E.2.18	Does the company have an Audit Committee?	100%			2018 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 2019.
E.2.21	Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?	70%			2018 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%			At least one member of the Board of Directors who is a member of the Audit Committee has expertise in accounting, but not yet independent.
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%			0
E.2.24	Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?	100%			2018 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 2018, the Board of Directors met seven 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 2018, the Board of Directors met seven times. 100% 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.

SCORECARD		WELL COMPLETED	SHORT - TERM IMPROVABLE (< 1 YEAR)	MEDIUM-LONG TERM IMPROVABLE (1 - 5 YEARS)	BASES FOR ASSESSMENT
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.
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%			2018 Annual Report: Report to the Board of Directors Resolution No. 781/NQ - DHDCD of the General Meeting of Shareholders in 2018: Under Article 2, remuneration that is equal to equal to 4.5% of the undistributed profit after tax is expected to be paid to the Board of Directors in 2018.
E.3.13	Is there disclosure of the fee structure for non - executive directors/commissioners?	100%			2018 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).

SCORECARD		WELL COMPLETED	SHORT - TERM IMPROVABLE (< 1 YEAR)	MEDIUM-LONG TERM IMPROVABLE (1 - 5 YEARS)	BASES FOR ASSESSMENT
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?	50%			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%			2018 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%			2018 Annual Report: Risk Management.
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%			2018 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.

SCORECARD		WELL COMPLETED	SHORT - TERM IMPROVABLE (< 1 YEAR)	MEDIUM-LONG TERM IMPROVABLE (1 - 5 YEARS)	BASES FOR ASSESSMENT
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%			3 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 2019.
(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 2018 Annual General Meeting of Shareholders on March 22, 2018 before 31 days compared to the date of the 2018 General Meeting of Shareholders on April 22, 2018.

SCORECARD		WELL COMPLETED	SHORT - TERM IMPROVABLE (< 1 YEAR)	MEDIUM-LONG TERM IMPROVABLE (1 - 5 YEARS)	BASES FOR ASSESSMENT
(B)C.1.1	Does the company adopt an internationally recognized reporting framework for sustainability (i.e. GRI, Integrated Reporting, SASB)?	100%			TNG has a sustainable development report made according to GRI standards.
(B)D.1.1	Are the audited annual financial report /statement released within 60 days from the financial year end?	100%			This will be carried out from the 2019 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%			Two independent members of the Board of Directors are male.
(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 implemented in 2019.
(B)E.2.1	Is the Nominating Committee comprise entirely of independent directors/commissioners?		✓		The personnel subcommittee has an independent member of the Board of Directors.
(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%			2018 Annual Report, reports from 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%			Chairman of the Board of Directors is a member of the Executive Board. 3/7 (43%) members of the Board of Directors are non - executive. Two members of the Board of Directors are independent.
(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?		✓		Internal Audit Subcommittee is in charge of risk management.
PENALTY 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.

SCORECARD		WELL COMPLETED	SHORT - TERM IMPROVABLE (< 1 YEAR)	MEDIUM-LONG TERM IMPROVABLE (1 - 5 YEARS)	BASES FOR ASSESSMENT
(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. 780/TNG - DHDGD 2018 dated April 22, 2018).
(P)A.4.1	Shareholders agreement?	100%			This case does not happen in TNG.
(P)A.4.2	Voting cap?	100%			The 2018 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.
(P)B.1.1	Has there been any conviction of insider trading involving directors/ commissioners, management and employees in the past three years?	100%			All insider trading is strictly prohibited at the Company.
(P)B.2.1	Has there been any cases of non compliance with the laws, rules and regulations pertaining to material related party transactions in the past three years?	100%			This case does not happen in TNG.
(P)B.2.2	Were there any RPTs that can be classified as financial assistance (i.e not conducted at arms length) to entities other than wholly - owned subsidiary companies?	100%			This case does not happen in TNG.
(P)C.1.1	Have there been any violations of any laws pertaining to labour/ employment/ consumer/insolvency/ commercial/competition or environmental issues?	100%			This case does not happen in TNG.
(P)C.2.1	Has the company faced any sanctions by regulators for failure to make announcements within the requisite time period for material events?	100%			This case does not happen in TNG.
(P)D.1.1	Did the company receive a "qualified opinion" in its external audit report?	100%			Audit opinions are totally accepted.

SCORECARD		WELL COMPLETED	SHORT - TERM IMPROVABLE (< 1 YEAR)	MEDIUM-LONG TERM IMPROVABLE (1 - 5 YEARS)	BASES FOR ASSESSMENT
(P)D.1.2	Did the company receive an "adverse opinion" in its external audit report?	100%			Audit opinions are totally accepted.
(P)D.1.3	Did the company receive a "disclaimer opinion" in its external audit report?	100%			Audit opinions are totally accepted.
(P)D.1.4	Has the company in the past year revised its financial statements for reasons other than changes in accounting policies?	100%			Audit opinions are totally accepted.
(P)E.1.1	Is there any evidence that the company has not complied with any listing rules and regulations over the past year apart from disclosure rules?	100%			This case does not happen in TNG.
(P)E.1.2	Have there been any instances where non - executive directors/ commissioner have resigned and raised any issues of governance - related concerns?	100%			This case does not happen in TNG.
(P)E.2.1	Does the Company have any independent directors/ commissioners who have served for more than nine years or two terms of five years each (which ever is higher) in the same capacity? ¹ The five years term must be required by legislation which pre - existed before the introduction of the ASEAN Corporate Governance Scorecard in 2011	100%			This case does not happen in TNG.
(P)E.2.2	Did the company fail to identify who are the independent director(s) / commissioner(s)?	100%			Two independent members of the Board of Directors are clearly defined in accordance with the laws of Vietnam.
(P)E.2.3	Does the company have any independent directors/non - executive/commissioners who serve on a total of more than five boards of publicly - listed companies?	100%			This case does not happen in TNG.
(P)E.3.1	Is any of the directors or senior management a former employee or partner of the current external auditor (in the past 2 years)?	100%			This case does not happen in TNG.
(P)E.4.1	Has the chairman been the company CEO in the last three years?	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	Do independent non - executive directors/commissioners receive options, performance shares or bonuses?	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.



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TNG INVESTMENT AND TRADING JOINT STOCK COMPANY
(Incorporated in the Socialist Republic of Vietnam)

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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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 financial statements for the year ended 31 December 2018.

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. Rusdy Pranata	Member
Mr. Nguyen Van Duc	Member
Ms. Do Thi Ha	Member
Ms. Ha Thi Tuyet	Member
Mr. Le Quang Vinh	Member

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 financial statements, which give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these financial statements, the Board of Executive Officers is required to:

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



STATEMENT OF THE BOARD OF EXECUTIVE OFFICERS (continued)

STATEMENT OF THE BOARD OF EXECUTIVE OFFICERS (continued)

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

The Board of Executive Officers confirms

For and on behalf of the Board of Executive Officers,

Luong Thi Thuy Ha
Deputy Chief Executive Officer

Thai Nguyen, March 25th, 2019

The Board of Directors approved the accompanying financial statements, which present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

For and on behalf of the Board of Directors,



Nguyen Van Thoi
Chairman

Thai Nguyen, March 25th, 2019

Deloitte.

No.: 722/VN1A-HN-BC

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of TNG Investment and Trading Joint Stock Company (the "Company"), prepared on March 25th, 2019 as set out from page 145 to page 171, which comprise the balance sheet as at 31 December 2018, the income statement and 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 FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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



OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



Tran Thi Thuy Ngoc
Deputy General Director
Audit Practising Registration Certificate
No. 0031-2018-001-1

DELOITTE VIETNAM COMPANY LIMITED

March 25th, 2019
Hanoi, S.R. Vietnam

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

FORM B 01-DN

Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

BALANCE SHEET

As at 31 December 2018

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		1,374,586,811,751	1,110,697,005,651
I. Cash	110		12,701,137,291	10,283,349,259
1. Cash	111	4	12,701,137,291	10,283,349,259
II. Short-term receivables	130		478,042,278,651	432,387,513,494
1. Short-term trade receivables	131	5	455,673,608,806	405,986,523,142
2. Short-term advances to suppliers	132		5,888,734,884	4,554,689,242
3. Other short-term receivables	136	6	21,625,870,932	26,992,237,081
4. Provision for short-term	137	7	(5,145,935,971)	(5,145,935,971)
III. Inventories	140	8	822,431,006,423	611,110,170,108
1. Inventories	141		828,074,058,827	616,509,903,586
2. Provision for devaluation of inventories	149		(5,643,052,404)	(5,399,733,478)
IV. Other short-term assets	150		61,412,389,386	56,915,972,790
1. Short-term prepayments	151	9	22,546,133,628	20,890,658,695
2. Value added tax deductibles	152		38,866,255,758	36,025,314,095
B. NON-CURRENT ASSETS	200		1,220,848,391,443	1,114,992,625,228
I. Long-term receivables	210		18,829,818,987	6,672,589,930
1. Long-term loans receivable	215		-	542,390,000
2. Other long-term receivables	216	6	18,829,818,987	6,130,199,930
II. Fixed assets	220		979,180,489,301	909,349,386,788
1. Tangible fixed assets	221	10	957,762,517,201	897,980,451,382
- Cost	222		1,537,420,060,468	1,386,187,307,926
- Accumulated depreciation	223		(579,657,543,267)	(488,206,856,544)
2. Intangible assets	227	11	21,417,972,100	11,368,935,406
- Cost	228		35,365,206,274	23,193,818,261
- Accumulated amortisation	229		(13,947,234,174)	(11,824,882,855)
III. Long-term assets in progress	240		131,895,136,874	122,954,031,628
1. Long-term construction in progress	242	12	131,895,136,874	122,954,031,628
IV. Long-term financial investments	250	13	-	-
1. Investments in joint-ventures, associates	252		771,150,000	771,150,000
2. Provision for impairment of long-term financial investments	254		(771,150,000)	(771,150,000)
V. Other long-term assets	260		90,942,946,281	76,016,616,882
1. Long-term prepayments	261	9	90,942,946,281	76,016,616,882
TOTAL ASSETS (270=100+200)	270		2,595,435,203,194	2,225,689,630,879

The accompanying notes are an integral part of these financial statements



BALANCE SHEET

As at 31 December 2018 (Continued)

FORM B 01-DN

Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		1,801,370,803,699	1,596,422,283,808
I. Current liabilities	310		1,372,729,685,399	1,320,951,685,906
1. Short-term trade payables	311	14	219,466,182,042	175,287,129,041
2. Short-term advances from customers	312		1,975,497,747	4,361,436,454
3. Taxes and amounts payable to the State budget	313	15	16,450,848,035	9,329,511,058
4. Payables to employees	314		49,937,186,172	32,780,283,826
5. Short-term accrued expenses	315	16	25,218,209,079	15,533,916,276
6. Other current payables	319		19,393,601,950	4,929,005,267
7. Short-term loans	320	17	1,030,865,689,212	1,074,965,291,436
8. Bonus and welfare funds	322		9,422,471,162	3,765,112,548
II. Long-term liabilities	330		428,641,118,300	275,470,597,902
1. Long-term loans	338	18	228,641,118,300	275,470,597,902
2. Convertible bonds	339	19	200,000,000,000	-
D. EQUITY	400		794,064,399,495	629,267,347,071
I. Owner's equity	410	20	794,064,399,495	629,267,347,071
1. Owner's contributed capital	411		493,401,800,000	411,172,910,000
2. Share premium	412		30,520,475,123	30,575,475,123
3. Other owner's capital	414		55,419,591	55,419,591
4. Investment and development fund	418		56,825,661,884	50,955,069,016
5. Other reserves	420		32,988,054,755	21,486,544,468
6. Retained earnings	421		180,272,988,142	115,021,928,873
- Retained earnings accumulated to the prior year end	421a		12,518,001	6,826,000
- Retained earnings of the current year	421b		180,260,470,141	115,015,102,873
TOTAL RESOURCES (440=300+400)	440		2,595,435,203,194	2,225,689,630,879

Ta Thi Thu Huong
Preparer

Tran Thi Thu Ha
Chief Accountant



Luong Thi Thuy Ha
Deputy Chief Executive Officer

March 25th, 2019

The accompanying notes are an integral part of these financial statements

FORM B 02-DN

Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	23	3,612,896,996,945	2,491,018,919,278
2. Deductions	02	23	-	2,412,086,267
3. Net revenue from goods sold and services rendered (10=01-02)	10		3,612,896,996,945	2,488,606,833,011
4. Cost of sales	11	24	2,971,920,362,309	2,051,587,528,016
5. Gross profit from goods sold and services rendered (20=10-11)	20		640,976,634,636	437,019,304,995
6. Financial income	21	26	27,707,563,015	14,343,222,470
7. Financial expenses	22	27	136,193,181,773	90,057,848,420
- In which: Interest expense	23		91,500,188,015	73,972,440,896
8. Selling expenses	25	28	101,799,838,830	67,269,479,439
9. General and administration expenses	26	28	211,464,161,901	149,709,542,756
10. Operating profit (30=20+(21-22)-(25+26))	30		219,227,015,147	144,325,656,850
11. Other income	31		580,054,552	1,899,590,061
12. Other expenses	32	29	5,500,050,380	9,564,745,955
13. Losses from other activities (40=31-32)	40		(4,919,995,828)	(7,665,155,894)
14. Accounting profit before tax (50=30+40)	50		214,307,019,319	136,660,500,956
15. Current corporate income tax expense	51	30	34,046,549,178	21,645,398,083
16. Net profit after corporate income tax (60=50-51)	60		180,260,470,141	115,015,102,873
17. Basic earnings per share	70	31	3,653	2,019
18. Diluted earnings per share	71	31	3,604	2,019

Ta Thi Thu Huong
Preparer

Tran Thi Thu Ha
Chief Accountant



Luong Thi Thuy Ha
Deputy Chief Executive Officer

March 25th, 2019

The accompanying notes are an integral part of these financial statements



CASH FLOW STATEMENT

For the year ended 31 December 2018

FORM B 03-DN

Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	214,307,019,319	136,660,500,956
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	112,871,622,161	101,818,473,252
Provisions	03	243,318,926	68,277,439
Foreign exchange losses arising from translating foreign currency items	04	1,137,446,167	461,802,835
Losses from investing activities	05	1,993,936,854	766,700,318
Interest expense	06	91,500,188,015	73,972,440,896
3. Operating profit before movements in working capital	08	422,053,531,442	313,748,195,696
Increases in receivables	09	(58,786,469,695)	(160,294,329,433)
Increases in inventories	10	(211,564,155,241)	(165,732,171,621)
Increases in payables (excluding accrued loan interest and corporate income tax payable)	11	102,461,812,271	64,056,460,238
Increases in prepaid expenses	12	(16,581,804,332)	(19,552,168,118)
Interest paid	14	(91,231,789,551)	(73,818,888,063)
Corporate income tax paid	15	(27,905,398,083)	(16,397,888,689)
Other cash inflows	16	-	9,153,280,815
Other cash outflows	17	(2,939,570,117)	(17,564,017,166)
Net cash generated by/(used in) operating activities	20	115,506,156,694	(66,401,526,341)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(209,823,022,385)	(140,509,075,170)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	1,748,807,274	1,605,429,101
3. Interest earned, dividends and profits received	27	28,310,410	168,136,084
Net cash used in investing activities	30	(208,045,904,701)	(138,735,509,985)

The accompanying notes are an integral part of these financial statements

FORM B 03-DN

Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

Unit: VND

ITEMS	Codes	Current year	Prior year
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	3,471,389,628,846	2,354,076,060,577
2. Repayment of borrowings	34	(3,376,989,402,880)	(2,150,438,023,115)
Net cash generated by financing activities	40	94,400,225,966	203,638,037,462
Net increase/(decrease) in cash (50=20+30+40)	50	1,860,477,959	(1,498,998,864)
Cash and cash equivalents at the beginning of the year	60	10,283,349,259	11,782,348,123
Effects of changes in foreign exchange rates	61	557,310,073	-
Cash and cash equivalents at the end of the year (70=50+60+61)	70	12,701,137,291	10,283,349,259

Ta Thi Thu Huong
Preparer

Tran Thi Thu Ha
Chief Accountant

Luong Thi Thuy Ha
Deputy Chief Executive Officer

March 25th, 2019

The accompanying notes are an integral part of these 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 27 July 2018, the authorized charter capital of the Company is VND 493,401,800,000. 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 2018 was 14,056 (as at 31 December 2017: 11,110).

Operating industry and principal activities

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

- » Producing wrinkled paper, wrinkled cardboard, paper and cardboard packaging (producing paper packaging);
- » Manufacturing plastic products (plastic production for plastic bags, plastic raincoats and garment materials and accessories);
- » Wholesale of fabrics, ready-made garments, shoes;
- » Retailing of garments, footwear, leather goods and imitation leather in specialized stores;
- » Printing (directly on sewing fabric, plastic, carton paper packaging, PE bag)
- » Textile products completion (printing on silk – including thermal printing – on the cloth)- Real estate business, land use rights of owners, users or renters;
- » Making cloth (except being made of animal's skin and fur) - Main sector;
- » Manufacture of wearing apparel, crocheted knitting;
- » Vocational education (vocational industrial sewing training);
- » Manufacture of ready-made garments (except cloth);
- » Laundry, cleaning textiles and animal's fur products. Details: Industrial laundry of garments.

Normal production and business cycle

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

The Company's structure

The Company's structure includes 01 headquarter and 15 branches. The Company's headquarter is located at No. 434/1 Bac Kan street, Hoang Van Thu district, Thai Nguyen city.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

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

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 financial statements, are as follows:

Estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires 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 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.

Cash

Cash comprises cash on hand and bank demand deposits.

Loan receivables

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

Investments in associates

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

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

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



Receivables

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

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

Inventories

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

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

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



Intangible assets and amortisation

Land use rights

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

Other intangible assets

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

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

Construction in progress

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

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepayments includes the expense which is paid to acquire the land use right, goodwill arising from merging TNG Fashion Joint Stock Company into the Company, and other types of prepayments.

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

Goodwill arising from 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 associate or at the date of acquisition. The goodwill is allocated to income statement using straight-line method for the period of 3 years.

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

Payable provisions

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



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

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

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

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several 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 income statement.

Borrowing costs

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



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

Taxation

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

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

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

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

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

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

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

4. CASH

	Closing balance VND	Opening balance VND
Cash on hand	601,453,628	781,735,297
Bank demand deposits (i)	12,099,683,663	9,501,613,962
	12,701,137,291	10,283,349,259

(i) Include the balance of bank deposits which have been used as collateral for short-term loans as stated in Note 17.

**5. SHORT-TERM TRADE RECEIVABLES**

	Closing balance VND	Opening balance VND
Desipro Pte. Ltd.	124,414,265,176	181,806,723,004
The Haddad Apparel Group., Ltd.	75,051,893,949	12,522,198,769
The Children's Place., Ltd.	57,227,423,199	58,625,272,761
Others	198,980,026,482	153,032,328,608
	455,673,608,806	405,986,523,142

6. OTHER RECEIVABLES

	Closing balance VND	Opening balance VND
a. Current		
- Advance for site clearance compensation	10,000,000,000	-
- Land rentals deductible	5,594,814,972	6,494,648,749
- Receivables from insurance agency (i)	5,017,522,128	4,057,087,879
- Import - export duties temporarily paid	146,419,540	1,689,759,113
- Advances to employees	339,492,799	1,066,864,525
- Deposits and mortgages	280,000,000	9,402,278,570
- Other receivables	247,621,493	4,281,598,245
	21,625,870,932	26,992,237,081
b. Non-current		
- Land rentals deductible	10,680,826,157	-
- Deposits and mortgages	8,148,992,830	6,130,199,930
	18,829,818,987	6,130,199,930

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

7. BAD DEBTS

	Closing balance			Opening balance		
	Cost	Recoverable amount	Overdue days VND	Cost	Recoverable amount	Overdue days VND
The Children's Place - Disney Store	1,476,984,012	-	> 6 years	1,476,984,012	-	> 5 years
Gama OB	1,103,895,250	-	> 6 years	1,103,895,250	-	> 5 years
Steve & Berrys	653,562,659	-	> 6 years	653,562,659	-	> 5 years
Buda Bean	599,415,428	-	> 6 years	599,415,428	-	> 5 years
Resources Vietnam	593,781,199	-	> 6 years	593,781,199	-	> 5 years
Corporation Others	718,297,423	-	> 5 years	718,297,423	-	> 4 years
	5,145,935,971	-		5,145,935,971	-	

**8. INVENTORIES**

	Closing balance		Opening balance	
	Cost	Provision VND	Cost	Provision VND
Goods in transit	18,821,271,270	-	4,099,742,037	-
Raw materials	259,193,190,322	-	178,833,596,589	-
Tools and supplies	4,236,966,104	-	2,922,715,012	-
Work in progress	116,198,514,769	-	51,566,818,957	-
Finished goods	428,913,539,777	(5,643,052,404)	377,234,204,714	(5,399,733,478)
Merchandise	-	-	27,944,557	-
Goods on consignment	710,576,585	-	1,824,881,720	-
	828,074,058,827	(5,643,052,404)	616,509,903,586	(5,399,733,478)

During the year, the Company made provision for devaluation of inventories with the amount of VND 243,318,926 (2017: nil VND)

As at 31 December 2018, as presented in Note 17, the Company used rotating goods with the minimum value of VND 390 billion as collaterals for the loans obtained from commercial banks (as at 31 December 2017: VND 55 billion).

9. PREPAYMENTS

	Closing balance VND	Opening balance VND
a. Current		
- Tools and dies issued for consumption	10,759,089,201	15,252,863,306
- Assets insurance purchase expenses	1,321,992,660	1,829,883,258
- Others	10,465,051,767	3,807,912,131
	22,546,133,628	20,890,658,695
b. Non-current		
- Tools and dies issued for consumption;	36,524,716,702	23,753,038,281
- Cost of acquiring land use right and assets on land (i)	19,699,128,647	20,122,765,823
- The cost of repairs for fixed assets	6,785,509,818	16,190,892,850
- Goodwill	3,420,102,120	8,951,081,472
- Others	24,513,488,994	6,998,838,456
	90,942,946,281	76,016,616,882

(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 ownership with land rental being paid on an annual basis.



10. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures		Machinery and equipment		Office equipment		Motor vehicles		Others		Total	
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
COST												
Opening balance	664,438,409,541	706,336,175,527	4,505,966,051	9,320,442,670	1,586,314,137	1,386,187,307,926						
Additions	16,162,288,134	47,785,592,813	-	923,591,663	263,860,591	65,135,333,201						
Transfer from construction in progress	6,579,683,905	102,587,374,093	-	-	-	109,167,057,998						
Disposals	(90,821,224)	(22,230,955,615)	-	(747,861,818)	-	(23,069,638,657)						
Closing 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						
ACCUMULATED DEPRECIATION												
Opening balance	143,831,729,987	337,106,788,496	3,225,539,317	3,315,025,299	727,773,445	488,206,856,544						
Charge for the year	30,996,055,737	78,081,993,365	467,763,914	956,462,738	246,995,088	110,749,270,842						
Disposals	(87,951,537)	(19,210,632,582)	-	-	-	(19,298,584,119)						
Closing balance	174,739,834,187	395,978,149,279	3,693,303,231	4,271,488,037	974,768,533	579,657,543,267						
NET BOOK VALUE												
Opening balance	520,606,679,554	369,229,387,031	1,280,426,734	6,005,417,371	858,540,692	897,980,451,382						
Closing balance	512,349,726,169	438,500,037,539	812,662,820	5,224,684,478	875,406,195	957,762,517,201						

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

As at 31 December 2018, the cost of the Company's tangible fixed assets includes VND 190,269,310,322 (as at 31 December 2017: VND 120,982,629,067) of assets which have been fully depreciated but are still in use.

11. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights		Computer software		Total	
	VND	VND	VND	VND	VND	VND
COST						
Opening balance	7,739,710,249	15,454,108,012	23,193,818,261			
Additions	6,901,108,541	5,270,279,472	12,171,388,013			
Closing balance	14,640,818,790	20,724,387,484	35,365,206,274			
ACCUMULATED DEPRECIATION						
Opening balance	1,069,141,515	10,755,741,340	11,824,882,855			
Charge for the year	178,135,386	1,944,215,933	2,122,351,319			
Closing balance	1,247,276,901	12,699,957,273	13,947,234,174			
NET BOOK VALUE						
Opening balance	6,670,568,734	4,698,366,672	11,368,935,406			
Closing balance	13,393,541,889	8,024,430,211	21,417,972,100			

The Company uses the land use rights to secure for the loans from banks as presented in the Note No. 18.

12. CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
Long-term construction in progress		
- Acquisition	6,959,700,107	8,232,477,735
- Construction	124,935,436,767	114,721,553,893
In which:		
- TNG Phu Luong Factory	43,185,505,800	42,574,555,051
- TNG Song Cong Factory	8,309,807,702	13,753,961,762
- Phu Binh Project	19,817,371,129	17,749,063,222
- TNG Dai Tu Factory	350,000,000	10,485,842,193
- TNG Village Project (*)	34,408,824,327	19,424,911,059
- Viet Thai Factory Project	9,379,286,230	9,328,836,230
- Minh Cau Trading Center	1,147,308,921	1,147,308,921
- TNG Fashion Center Project	206,625,455	206,625,455
- Investments in machinery and equipment	6,959,700,107	8,232,477,735
- TNG Dong Hy Factory	6,529,418,491	50,450,000
- Others	1,601,288,712	-
	131,895,136,874	122,954,031,628

(*) Construction in progress represents investment construction expense of the housing project at Group 18, Phan Dinh Phung Ward, Thai Nguyen Province. According to Decision No. 108/QD-UBND dated 15 January 2019 of People's Committee of Thai Nguyen Province, the project investment policy was changed to TNG Village Commercial housing Project.

**13. INVESTMENTS IN JOINT-VENTURE, ASSOCIATES**

	Opening balance		Closing balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Bac Thai Electric Construction Joint Stock Company	771,150,000	(771,150,000)	771,150,000	(771,150,000)
	771,150,000	(771,150,000)	771,150,000	(771,150,000)

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

Details of the Company's associates as at 31 December 2018 are as follows:

Name of associate	Place of incorporation and operation	Proportion of ownership interest (%)	Proportion of voting power held (%)	Principal activity
Bac Thai Electric Construction Joint Stock Company	Thai Nguyen	49	49	Electric Construction

14. SHORT-TERM TRADE PAYABLES

	Closing balance Amount/Amount able to be paid off VND	Opening balance Amount/Amount able to be paid off VND
YKK Vietnam Company Limited	27,355,908,436	14,192,167,349
Desipro Pte. Ltd.	9,580,385,788	2,416,885,780
Unitex International Button accessories Co., Ltd.	8,386,704,556	6,589,341,661
Others	174,143,183,262	152,088,734,251
	219,466,182,042	175,287,129,041

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	8,815,398,083	34,046,549,178	27,905,398,083	14,956,549,178
Personal income tax	508,478,369	9,690,701,669	8,855,970,292	1,343,209,746
Others	5,634,606	7,931,047,419	7,785,592,914	151,089,111
	9,329,511,058	51,668,298,266	44,546,961,289	16,450,848,035

16. SHORT-TERM ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
Accruals for salary and leave	20,443,403,057	12,610,644,762
Accruals for expenses	1,550,498,968	1,282,100,504
Other accruals	3,224,307,054	1,641,171,010
	25,218,209,079	15,533,916,276

**17. SHORT-TERM LOANS**

	Closing balance		In the year		Opening balance	
	Amount	Amount able to be paid off VND	Increase	Decreases VND	Amount	Amount able to be paid off VND
Short-term loans	956,531,251,176	956,531,251,176	3,191,328,647,244	3,261,936,419,493	885,923,478,927	885,923,478,927
Current portion of long-term loans	118,434,040,260	118,434,040,260	150,679,678,738	124,171,508,713	144,942,210,285	144,942,210,285
	1,074,965,291,436	1,074,965,291,436	3,342,008,325,982	3,386,107,928,206	1,030,865,689,212	1,030,865,689,212

Details of short-term loans are as follows:

	Closing balance		Opening balance	
	VND	VND	VND	VND
Short-term loans	885,923,478,927	956,531,251,176	885,923,478,927	956,531,251,176
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch (i)	538,069,479,257	594,134,384,133	538,069,479,257	594,134,384,133
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch (ii)	329,920,509,390	313,279,130,977	329,920,509,390	313,279,130,977
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch (iii)	17,383,440,280	-	17,383,440,280	-
Military Commercial Joint Stock Bank - Thai Nguyen Branch	-	48,658,436,066	-	48,658,436,066
Others (iv)	550,050,000	459,300,000	550,050,000	459,300,000
Current portion of long-term loans	144,942,210,285	118,434,040,260	144,942,210,285	118,434,040,260
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch	87,350,712,000	69,266,320,000	87,350,712,000	69,266,320,000
Military Commercial Joint Stock Bank - Thai Nguyen Branch	36,185,231,810	25,243,972,742	36,185,231,810	25,243,972,742
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch	21,406,266,475	18,111,447,518	21,406,266,475	18,111,447,518
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch	-	5,812,300,000	-	5,812,300,000
Others	1,030,865,689,212	1,074,965,291,436	1,030,865,689,212	1,074,965,291,436

(i) Loans from Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch under Credit Contract dated 02 October 2018 with the credit limit of VND 900 billion (including loans in VND and foreign currencies equivalent, the balance of L/C less mortgage and guarantee balances), interest rates are determined in respect of each disbursement. The loans are secured by the Company's collaterals and pledged assets of the Company; the total deposit account balance in VND and foreign currencies at the bank and at other credit institutions.



17. SHORT-TERM LOANS (continued)

(ii) Short-term loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch under Credit Contract dated 04 September 2018 with the credit limit of VND 500 billion (including loans in VND and USD). The loan bears interest of 6.7% per annum for VND loans and 4.1% per annum for USD loans and to be determined in respect of each disbursement. The loans are secured by assets including industrial sewing machines and office equipment; buildings and structures attached to the land; 4 automatic embroidery machines; buildings and structures attached to the land in Zone B - Song Cong Industrial Zone, rotating inventories and receivables arising from the economic contract of the Company financed by Vietnam Joint Stock Commercial Bank for Industry and Trade.

(iii) Short-term loans from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch under Credit Contract dated 18 June 2018 with the credit limit of VND 20 billion. Interest rates are 7.2% per annum at the date of contract and determined by notice from the lender for each disbursement. The loans are secured by the additional machinery and equipment invested in Cotton Factory, Packaging Factory and Phu Binh 3 Garment Factory in 2013.

(iv) Other short-term loans from the Company's employees with maturity periods not exceeding 12 months, unsecured with interest rate of 6% per annum.

18. LONG-TERM LOANS

	Closing balance		In the year		Opening balance	
	Amount	Amount able to be paid off VND	Increases	Decreases VND	Amount	Amount able to be paid off VND
Long-term loans	393,904,638,162	393,904,638,162	254,870,773,210	275,192,082,787	373,583,328,585	373,583,328,585
In which:						
- Amount due for settlement within 12 months	118,434,040,260				144,942,210,285	
- Amount due for settlement after 12 months	275,470,597,902				228,641,118,300	

Details of long-term loans are as follows:

	Closing balance		Opening balance	
	VND	VND	VND	VND
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch (i)	183,853,393,859	234,471,902,420		
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch (ii)	104,980,862,635	95,515,795,813		
Military Commercial Joint Stock Bank - Thai Nguyen Branch (iii)	84,749,072,091	58,104,639,929		
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch	-	5,812,300,000		
	373,583,328,585	393,904,638,162		

18. LONG-TERM LOANS (continued)

- (i) 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 garment factories located in Zone B, Song Cong Industrial Zone, investment in the Project for production and capacity improvement of TNG Dai Tu Garment Factory, and for investment in the Company's project on equipment system upgrade and construction. 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 (This is the floating rate adjusted on a monthly basis). Loans is 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 date after the date 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.
- (ii) 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 amended documents, with total credit limit of VND 112.75 billion for construction of the Company's TNG Fashion Center. The loan term is 84 months from the next date after the date 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 TNG Investment and Trading Joint Stock Company. The loan term is 84 months from the next date after the date 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 investment in the Cotton Factory Project of TNG Investment and Trading Joint Stock 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 3,97 billion used conduct Machinery and equipment investment Project in the last 6 months of 2018 of the Company. The loan term is 60 months from the next date after the date 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 of the Company.
- (iii) 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.



18. LONG-TERM LOANS (continued)

Long-term loans are repayable as follows:

	Closing balance	Opening balance
	VND	VND
On demand or within one year	144,942,210,285	118,434,040,260
In the second year	117,058,559,462	95,765,195,752
In the third to fifth year inclusive	111,582,558,838	179,705,402,150
	373,583,328,585	393,904,638,162
Less: Amount due for settlement within 12 months (shown under current liabilities)	144,942,210,285	118,434,040,260
Amount due for settlement after 12 months	228,641,118,300	275,470,597,902

19. CONVERTIBLE BONDS

	Closing balance			Opening balance		
	Amount	Interest rate	Term	Amount	Interest rate	Term
	VND	%/Year	Year	VND	%/Year	Year
Convertible bonds	200,000,000,000	4.80	3	-	-	-
	200,000,000,000					

According to the issuance plan under Resolution No. 781/2018/NQ-DHDCD dated 22 April 2018 passed by 2018 Annual General Meeting of Shareholders and Board of Directors' Resolution No. 2275/NQ/HDQT dated 24 September 2018, in 2018, the Company completed the private placement of unsecured convertible bonds in VND with the total principal amount of VND 200 billion under Bonds Subscription Contract dated 25 September 2018 with ASAM Assets management Limited ("Bond holders) and accompanied appendices.

The convertible bonds were issued on 12 December 2018 with the total number of 200 and nominal 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 period, interest payment period of every 3 months and principal repaid at the maturity date.

From one year after the issuance date to 2 months before the maturity date, Bond holders 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 issuance date of VND 13,800 per share, which can be adjusted under contract scheme. The shares issued for conversion is the Company's common share and will be additionally listed after conversion. Bond holders have the option to request the Company to early redeem part of the entire issued bonds and the largest shareholder of the Company has the right to re-purchase 10% of bonds under the contract term.

20. OWNERS' EQUITY

Movement in owners' equity

	Owner's contributed capita	Share premium	Other owner's capita	Investment and development funds	Other reserves	Retained earnings	Total
	VND	VND	VND	VND	VND	VND	VND
Prior year's opening balance as previously reported	342,649,780,000	30,674,475,123	55,419,591	48,980,965,015	17,564,975,246	81,183,791,445	521,109,406,420
Profit for the year	-	-	-	-	-	115,015,102,873	115,015,102,873
Fund distributed from 2016 profit	-	-	-	1,974,104,001	3,921,569,222	(9,812,565,445)	(3,916,892,222)
Share dividend of 2016 declared	68,523,130,000	(99,000,000)	-	-	-	(68,523,130,000)	(99,000,000)
Remuneration of the Board of Directors and Supervisory Board	-	-	-	-	-	(2,841,270,000)	(2,841,270,000)
Current 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 (i)	-	-	-	5,870,592,868	11,501,510,287	(28,873,613,442)	(11,501,510,287)
Share dividend of 2017 declared (ii)	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 closing 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



**20. OWNERS' EQUITY (continued)**

(i) According to Resolution No. 781/2018/NQ-DHDCD dated 22 April 2018 passed by 2018 Annual General Meeting of Shareholders, the Company made profit distribution to investment and development fund, other reserves, bonus and welfare funds and remuneration for the Board of Directors and Supervisory Board with the respective amounts of VND 5,870,592,868, VND 11,501,510,287, VND 11,501,510,287 VND and VND 3,906,907,430, respectively.

(ii) According to Resolution No. 781/2018/NQ-DHDCD dated 22 April 2018 passed by 2018 Annual General Meeting of Shareholders and Resolution No. 897/NQ/TNG-HDQT dated 10 May 2018, the Company made share dividend payment of 2017 to current shareholders at the ratio of 10:2 by additional issuance of 8,222,889 shares. On 27 July 2018, the Company revised its Business Registration Certificate with the charter capital of VND 493,401,800,000. As at 31 December 2018, the Company had completed the dividend payment by shares in accordance with the above Resolutions.

Shares

	Closing balance VND	Opening balance VND
Number of shares issued to the public	49,340,180	41,117,291
Ordinary shares	49,340,180	41,117,291
Number of outstanding shares in circulation (*)	49,340,180	41,117,291
Ordinary shares	49,340,180	41,117,291

(*) Included 2,395,946 common shares subject to restricted transfer as at 31 December 2018.

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

21. OFF BALANCE SHEET ITEMS**Foreign currencies:**

	Closing balance VND	Opening balance VND
United States Dollar (USD)	400,911	329,719

22. 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 23 and Note 24.

**23. REVENUE OF GOODS SOLD AND SERVICES RENDERED**

	Current year VND	Prior year VND
Total revenue from goods sold and services rendered		
Sales of goods	1,906,375,098,096	1,598,264,969,866
Sales of processing services	1,572,316,900,873	786,359,809,675
Sales of fashion products	134,204,997,976	106,394,139,737
	3,612,896,996,945	2,491,018,919,278
Deductions		
Sales rebates	-	2,412,086,267
Net revenue from goods sold and services rendered	3,612,896,996,945	2,488,606,833,011

24. COST OF SALES

	Current year VND	Prior year VND
Cost of goods sold	1,576,492,156,712	1,316,320,985,467
Cost of processing services	1,331,009,806,569	647,640,997,657
Cost of fashion products	64,418,399,028	87,625,544,892
	2,971,920,362,309	2,051,587,528,016

25. PRODUCTION COST BY NATURE

	Current year VND	Prior year VND
Raw materials and consumables	1,280,360,936,719	916,319,875,507
Labour	1,561,448,214,907	1,038,356,069,294
Depreciation and amortisation	112,871,622,161	101,818,473,252
Out-sourced services	161,937,274,595	149,398,625,872
Other monetary expenses	284,877,345,533	180,052,243,940
	3,401,495,393,915	2,385,945,287,865

26. FINANCIAL INCOME

	Current year VND	Prior year VND
Bank and loan interest	28,310,410	168,136,084
Foreign exchange gain	27,679,252,605	14,175,086,386
	27,707,563,015	14,343,222,470

27. FINANCIAL EXPENSES

	Current year VND	Prior year VND
Interest expense	91,500,188,015	73,972,440,896
Foreign exchange loss	44,692,993,758	16,085,407,524
	136,193,181,773	90,057,848,420

**28. SELLING AND GENERAL AND ADMINISTRATION EXPENSES**

	Current year VND	Prior year VND
General and administration expenses arising in the year		
Management labour cost	143,225,544,684	86,512,040,753
Raw materials and consumables	4,888,735,304	5,356,142,123
Depreciation and amortisation	7,290,750,950	8,226,136,392
Out-sourced expense	1,106,446,637	1,763,408,783
Other monetary expenses	54,952,684,326	47,851,814,705
	211,464,161,901	149,709,542,756
Selling expenses arising in the year		
Labour	15,802,299,241	9,953,926,385
Raw materials and consumables	11,922,401,023	7,729,564,582
Transportation	25,534,285,366	10,853,059,559
Ex-import expense	11,431,808,314	11,948,768,191
Other selling expenses	37,109,044,886	26,784,160,722
	101,799,838,830	67,269,479,439

29. OTHER EXPENSES

	Current year VND	Prior year VND
Loss from disposal of fixed assets	2,385,678,891	934,836,402
Contracts' penalties and compensations	2,893,930,830	8,160,220,995
Others expenses	220,440,659	469,688,558
	5,500,050,380	9,564,745,955

30. CURRENT CORPORATE INCOME TAX EXPENSES

	Current year VND	Prior year VND
Profit before tax	214,307,019,319	136,660,500,956
Adjustments for taxable profit	10,880,906,164	6,631,399,497
Add back: Non-deductible expenses	10,880,906,164	6,631,399,497
Taxable profit	225,187,925,483	143,291,900,453
Tax rate	0%, 15% and 20%	0%, 15% and 20%
Corporate income tax	34,307,549,178	21,880,298,083
Less: Expense for female employees	(261,000,000)	(234,900,000)
Current corporate income tax	34,046,549,178	21,645,398,083

**31. BASIC EARNINGS PER SHARE**

The calculation of the basic earnings per share as at 31 December 2018 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	180,260,470,141	115,015,102,873
Appropriation to bonus and welfare funds (i)	-	(15,408,417,717)
Profit or loss attributable to ordinary shareholders	180,260,470,141	99,606,685,156
Average ordinary shares in circulation for the year	49,340,180	49,340,180
Basic earnings per share	3,653	2,019

(i) As at 31 December 2018, the Company had not estimated reliably the amount of profit appropriation to bonus and welfare funds. If the Company recorded the appropriate amount of bonus and welfare funds, profits to calculate the basic earnings per share would be reduced, respectively.

(ii) The earnings per share ratio of 2017 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 2017 dividends by share issuance in 2018, as follow:

	Reported amount VND	Adjustment from reported amount VND	Restated amount VND
Net profit after corporate income tax	115,015,102,873	-	115,015,102,873
Appropriation to bonus and welfare funds	-	(15,408,417,717)	(15,408,417,717)
Profit attributable to ordinary shareholders	115,015,102,873	(15,408,417,717)	99,606,685,156
Average ordinary shares in circulation for the year	41,117,291	8,222,889	49,340,180
Basic earning per share	2,797		2,019

**31. BASIC EARNINGS PER SHARE (CONTINUED)****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	180,260,470,141	99,606,685,156
Effect of dilutive potential ordinary shares (Convertible bonds)	427,051,811	-
Earnings for the purposes of calculating diluted earnings per share	180,687,521,952	99,606,685,156
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	49,340,180	49,340,180
Effect of dilutive potential ordinary shares (Convertible bonds)	794,123	-
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	50,134,303	49,340,180
Diluted earning per share	3,604	2,019

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	10,569,035,240	7,641,748,400
	10,569,035,240	7,641,748,400

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 16,571,721,028 (in 2017: VND 29,035,919,359), representing an addition in fixed assets and construction in progress during the year that has not yet been paid. Consequently, changes in accounts payable have been adjusted by the same amount.

**34. SUBSEQUENT EVENTS**

- » On 01 February 2019, the Authority for Planning and Investment of Thai Nguyen Province issued Business Registration Certificate for TNG Eco Green One Member Limited Liability Company ("TNG Eco Green"). TNG Eco Green has authorized charter capital of VND 50 billion and is fully owned by the Company.
- » According to Resolution No. 781/2018/NQ-DHDCD dated 22 April 2018 passed by 2018 Annual General Meeting of Shareholders, Resolution No. 70/NQ/NQHDQT-TNG dated 15 January 2019 and share issue report of Employee Stock Ownership Plan program of the Company dated 07 March 2019, the Company has issued shares under Employee Stock Ownership Plan program ("ESOP") with the number of shares issued of 2,467,009 at the issue price of VND 10,000/share. At the date of these financial statements, the Company is in the process of completing the procedures related to the issue.

Ta Thi Thu Huong
Preparer

Tran Thi Thu Ha
Chief Accountant



Luong Thi Thuy Ha
Deputy Chief Executive Officer

March 25th, 2019



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