



**Credit Report**

Your reference : XXXXXXXXXXXX  
Total number of pages : 24

Subscriber No. : XXXX  
Our reference No. : 1XXXXXXXX  
Type of report : Standard

Enquiry on : KXXXXXXXX TXXX VXXXXXXXX JXXXX SXXXX  
Additional info 040010XXXX  
Vietnam  
Dx Nxxx  
Dxxxx Sx 3, Kxx Cxxx Nxxxxx Hxx Kxxxx, P.Hxx Hxxx Bxx, Q.Lxxx  
Cxxxx  
Telephone area code/number 091XXXXXXXX

Report Date : April 19, 2023

**REPORT ON** : **KXXXXXXXX TXXX VXXXXXXXX JXXXX SXXXX CXXXXXX**  
Rxxx Nx. 3, Hxx Kxxxx Ixxxxxxxx Pxxx, Hxx Kxxxx Bxx  
Wxxx, Lxxx Cxxxx Dxxxxxxx, Dx Nxxx Cxxx, Dx Nxxx  
Viet Nam

**Additional information**

From 20XX to 20XX, the Company raised its charter capital two times from VND145.6 billion to VND1,054.0 billion.



**Score: 5 (out of 10)**

Score Explanation:

It is a financial rating which assesses the probability of companies defaulting within one year.

The assessments are presented over ten distinct positions, each reflecting an average default rate in the coming year: the lower a company's credit score is, the riskier its situation is; the higher its score is, the less risky its situation is.

**Different levels and description:**

| Default | Very high risk |   |   | Medium high risk |   | Low risk |   |   |   |    |
|---------|----------------|---|---|------------------|---|----------|---|---|---|----|
| 0       | 1              | 2 | 3 | 4                | 5 | 6        | 7 | 8 | 9 | 10 |

**0**: Insolvency/preliminary/debt regulation proceedings

**1**: Extremely high risk of insolvency

**2**: Very high risk of insolvency

**3**: High risk

**4**: Significant risk

**5**: Medium high risk

**6**: Acceptable risk

**7**: Moderate risk

**8**: Low risk

**9**: Very low risk

**10**: Excellent risk

**Credit Opinion : USD 60,000.00/-**

**SUMMARY**

|                   |                            |
|-------------------|----------------------------|
| Founded           | : 19XX                     |
| Legal form        | : Joint Stock Company      |
| Registration date | : Sep 14, 19XX             |
| Activity          | : Manufacturing toys       |
| Staff             | : 126 (20XX)               |
| Charter Capital   | : VND 1,054,043 Million    |
| Annual revenue    | : VND 233,506 mil (2021)   |
| Total assets      | : VND 1,797,141 mil (2021) |
| Payments          | : N/A                      |
| Litigation record | : No record found          |

**All figures are shown in VND unless otherwise stated.**

**IDENTIFICATION**

Company name : KXXXXXXXX TXXX VXXXXXXXX JXXXX SXXXX CXXXXXXXX  
Rxxx Nx. 3, Hxx Kxxxx lxxxxxxxx Pxxx, Hxx Kxxxx Bxx  
Wxxx, Lxxx Cxxxx Dxxxxxxx, Dx Nxxx Cxxx, Dx Nxxx  
Viet Nam

Tel. : +84 2XX 6XXX 2XX  
Fax : +84 2XX 3XXX 8XX  
Email : cxxxxxxxxxxxxx@kxxxxxx.com.hk

Registered address : Rxxx Nx. 3, Hxx Kxxxx lxxxxxxxx Pxxx, Hxx Kxxxx Bxx  
Wxxx, Lxxx Cxxxx Dxxxxxxx, Dx Nxxx Cxxx, Dx Nxxx  
Viet Nam

**LEGAL FORM**

Subject is established as Joint Stock Company on September 1X, 19XX.

Tax Code 040XXXXXXXX  
Date of Registration Sep 1X, 19XX  
Legal Form Joint Stock Company  
Ownership Type 100% Foreign-owned Joint Stock Company  
Listing Status Private Entity  
Operating Status Active

**NATURE OF BUSINESS**

Main Business Line Manufacturing toys  
Key Products Toys  
Industry Classification (Main) Other manufacturing  
ICB: 37XX NACE:32 VSIC: 32  
Sector (Main) Manufacture of games and toys  
ICB: 37XX NACE: 32.XX VSIC: 32XX

**CAPITAL**

Charter Capital VND 1,054,043 Million

**SHAREHOLDER**

Ownership Structure

| Name                           | Id/Tax Code                   | Nationality / Country | Ownership | Update Date |
|--------------------------------|-------------------------------|-----------------------|-----------|-------------|
| KXXXXXXXX HXXXXXXXX<br>LXXXXXX | 306XXXXX-<br>0XX-0X-0X-<br>0X | Hong Kong             | 99.72%    | 11/20XX     |
| WXXXXXXXX LXXXXXX              | 25XXXXX                       | Hong Kong             | 0.14%     | 11/20XX     |
| ZXXX GXXXX LXXXXXX             | 25XXXXX                       | Hong Kong             | 0.14%     | 11/20XX     |

**LEGAL REPRESENTATIVE**

CXXXX YXXX PXX

|             |          |
|-------------|----------|
| Nationality | Portugal |
| YOB         | 19XX     |
| ID No.      | C8XXXXXX |

**BOARD OF MANAGEMENT**

| Name           | Year of Birth | Nationality | Position         |
|----------------|---------------|-------------|------------------|
| CXXXX YXXX PXX | 19XX          | Portugal    | General Director |

**HISTORY**

"XXXXXXXX TXXX VXXXXXXXX JXXXX SXXXX CXXXXXX was incorporated in 19XX as a foreign invested company. At present, the Company's capital is contributed by three corporate shareholders, including Kxxxxxx HXXXXXXXX LXXXXXX, WXXXXXXXX LXXXXXX and ZXXX GXXXX LXXXXXX.

It is also found that the Company is an indirect subsidiary of MXXXX HXXXXXXXX LXXXXXX ("the Group"), which is an enterprise based in Bermuda, listed on Hong Kong stock exchange under code 1005 and specializes in manufacturing plush toys and lighting products through global operation in Hong Kong, China, Vietnam, Australia, United States, Canada, Taiwan, Mexico and Europe.

"Operating in Vietnam, KXXXXXXXX TXXX VXXXXXXXX JXXXX SXXXX CXXXXXX is a large-sized business that mainly engages in manufacturing toys and lighting products at its plant in Hoa Khanh Industrial Park, Da Nang City. As disclosed in its 20XX Interim Report, MXXXX HXXXXXXXX LXXXXXX currently has 4 indirect subsidiaries in Vietnam, including the Company. Notably, the Company holds the dominant shares in two of the four indirect subsidiaries, namely, MXXXX MXXXXXXXXXXXX VXXX NXX CXXXXXX LXXXXXX and JXXX IXXXXXXXXXX CXXXXXXXXXXXX, and thus, becomes the largest member of the Group in Vietnam. With the synergies among these four businesses, Vietnam is the main manufacturing hub of and contributes significantly to MXXXX HXXXXXXXX LXXXXXX's operation.

"According to MXXXX HXXXXXXXX LXXXXXX's description of the toy business model, the manufacturing facilities produce both own brand products as well as operates under OEM, OBM and ODM models for other toy brands. Most of the Company's international transactions are conducted with its related parties, KXXXXXXXX EXXXXXXXXXX MXXX CXXXXXXXXXX OXXXXXXXX CX., LXX. and FXXXXX TXXX (HX) LXX, which act as both major suppliers and key distributors for the Company. Via these parties, the Company's products are subsequently distributed to mass-market retailers in other markets including United States, Germany, Hong Kong, Mexico, Belgium and so on, which are all supported by MXXXX HXXXXXXXX LXXXXXX's supply chain. Amongst, United States is the largest target market, which contributed to over 75% of the Group's revenue in 20XX. The strong connection with foreign markets demonstrates the strong presence of the Company in the global market.

"However, operating as toy manufacturers, the Company and related members of MXXXX HXXXXXXXX LXXXXXX are pressured to conduct ongoing product innovation over years due to the rapid changes in customers' preferences and trends. In addition to self-manufacturing, the Company also places orders to process products from small outsourcing facilities.

"From 20XX to 20XX, the Company raised its charter capital two times from VND145.6 billion to VND1,054.0 billion. " As announced by its ultimate parent company, in 20XX, the Company has entered a contractual agreement to acquire 100% equity interest in Kxx Bxx An One Member Company Limited (tax code: 040XXXXXXXX) in order to obtain legal rights of land use (total land area of approximately 126,599.3 sqm in Dx Nxxx Cxxx) owned by this company. However, the completion of this agreement is uncertain. Previously, in 20XX, the Company also acquired 90% in Jxxx Ixxxxxxxx Cxxxxxxxx in



secure the land use rights under this subsidiary. These real estate investments indicate that the Company has also expanded into other business lines to broaden its asset and income bases.

" The efforts to expand of the Company continue to be demonstrated by the Company's investment in a USD200 million horse racing project in Dx Nxxx. In March 20XX, the Company was awarded notice for project investment research by People's Committee of Dxxxxx Cxxx. The project will consist of 2 investment items which are a horse farm, expected to be in Hxx Nxxx commune with a land area of 93.1 ha, and a racecourse, expected to be in Hxx Hxxx Bxx ward with an area of 42.5ha.

**ACTIVITY**

Industry Other manufacturing  
Sector Manufacture of games and toys  
Sub-Sector Manufacture of games and toys

**TRADING ACTIVITIES**

**Table 1: Suppliers information**

| Name  | Product supply                     | Address   | Tel.           |
|---|------------------------------------|---|----------------|
| RXXXXXXXXXX GXXX  | Printer                            | Mxxxxxxxxxxxxxxxx. 10 20xxx Hxxxxxxxx, Gxxxxxx  | +49 XX 3XX 2XX |
| KXXXXXXXX<br>EXXXXXXXXXX<br>MXXXX CXXXXXXXX<br>OXXXXXXXX CX. LXX. | Raw materials, equipment and tools | Axxxxx Cxxxxxxxx Dx Mxxxx, N.70, Exxxxx Fxxxxx, And It Cxxxxx Of Mxxxx, 5 Axxxx A, Ex Macau | N/A            |
| FXXXXXX TXXX (HX)<br>LXX  | Toy samples                        | Sxx 1001, 10/F, Rxxxxx Pxxxx 39 Cxxxxx Rxxx Sxxxx Txxx<br>Sxx Txxx, Kxxxxxx Hong Kong       | +852 2XXX 2XXX |

**Table 2: Customers information**

| Name  | Address   | Tel.             |
|---|---|------------------|
| KXXXXXXXX EXXXXXXXXXX<br>MXXXX CXXXXXXXX OXXXXXXXX<br>CX., LXX. | Axxxxx Cxxxxxxxx Dx Maxxx, N.70, Exxxxxx Fxxxxx, And It Cxxxxx Of Maxxx, 5 Axxxxr A, Ex Macau | N/A              |
| FXXXXXX TXXX (HX) LXX   | Sxx 1001, 10/F, Rxxxxx Pxxxx 39 Cxxxxx Rxxx Sxxxx Txxx<br>Sxx Txxx, Kxxxxxx Hong Kong         | +85X 2XXX 2XXX   |
| GXXX2XXXX IXX.  | 28XX Pxxxx Fxxxx Rx Sx Sxx 21XX, Atxxxxx, Gxxxxx, 303XX, United States                        | + 1 6XX 7XX 2XXX |
| TXX MXXXXXXXX SXXXX<br>WXXXXXXXX L.P.                           | 55 W Mxxxxx St FL 14 Cxxxxx, IL, 60XXX-5XXX United States                                     | N/A              |

**Table 3: Import/Export Information (If any)**

|               |                    |               |                    |
|---------------|--------------------|---------------|--------------------|
| Import (20XX) | 180.69% of Revenue | Export (2021) | 101.82% of Revenue |
|---------------|--------------------|---------------|--------------------|



### **COMPETITIVE LANDSCAPE**

Engaging in Manufacturing toys, major competitors of KVN JSC include COXXX PXXXXXXX CX., LXX, FXXXXXXX IXXXXXXXXXXXX CX.,LXX, MXXXXXXX CX., LXX, TRXXX AX CX., LXX, DXXXX PXXXXXX NXXX BXXX CXXXXXXX LXXXXXX and among various smaller players.

**Figure 4: Peer Comparison**

| FY                        | Unit        | KVN JSC   | COTEC PLASTIC CO., LTD | FANTASTIC INTERNATIONAL CO., LTD | MILESTONE CO., LTD | TRANGAN CO., LTD | DREAM PLASTIC NINH BINH COMPANY LIMITED |
|---------------------------|-------------|-----------|------------------------|----------------------------------|--------------------|------------------|---|
| 2021                      |             |           |                        |                                  |                    |                  |   |
| Total Debt/Total Equity   | Times       | -         | 0.98                   | -                                | 0.24               | 5.07             | 0.87                                    |
| Current ratio             | Times       | 1.62      | 1.65                   | 5.27                             | 1.85               | 1.04             | 1.57                                    |
| Total Assets              | VND Million | 1,797,141 | 645,261                | 135,266                          | 159,964            | 201,382          | 386,179                                 |
| EBITDA Margin             | %           | 62.23     | 12.33                  | 8.61                             | 14.56              | 0.55             | 14.48                                   |
| EBITDA                    | VND Million | 145,301   | 32,545                 | 20,860                           | 34,724             | 1,211            | 31,357                                  |
| Capital Expenditures      | VND Million | 31,593    | 378,526                | 3,255                            | 5,139              | (2,374)          | 143,067                                 |
| Net Working Capital       | VND Million | 336,330   | 76,234                 | 104,807                          | 64,032             | 7,743            | 43,271                                  |
| Cash Conversion Cycle     | Days        | (16.60)   | 108.02                 | 115.75                           | 46.18              | 198.39           | 33.62                                   |
| CFO                       | VND Million | 36,953    | 46,044                 | 14,980                           | (22,362)           | 20,139           | (2,896)                                 |
| Free Cash Flow            | VND Million | 10,966    | (162,092)              | 11,919                           | (24,695)           | 20,103           | (38,305)                                |
| Revenue                   | VND Million | 233,506   | 263,960                | 242,298                          | 238,461            | 218,722          | 216,593                                 |
| Net PPEs                  | VND Million | 139,500   | 439,399                | 5,108                            | 17,121             | 5,285            | 201,139                                 |
| Total Debt/EBITDA         | Times       | -         | 5.88                   | -                                | 0.45               | 107.09           | 5.12                                    |
| EBITDA / Interest Expense | Times       | -         | 4.59                   | -                                | -                  | 1.90             | 16.60                                   |
| EBIT / Average Assets     | Times       | 0.09      | 0.02                   | 0.16                             | 0.20               | 0.01             | 0.03                                    |
| Operating Income          | VND Million | 132,045   | 10,391                 | 19,449                           | 29,739             | 1,211            | 11,848                                  |
| Owner's Equity            | VND Million | 1,257,854 | 274,787                | 110,708                          | 85,019             | 23,244           | 182,688                                 |

### **PREMISES**

N/A

### **STAFF**

The number of staff is given to be 126 (20XX)



**PARENT COMPANY**

N/A

**BRANCH (ES)**

The Company has no branch.

**SUBSIDIARY (IES)**

|   |                    |  |                                   |               |
|---|--------------------|--|-----------------------------------|---------------|
| Name  | Tax Code           | Address  |                                   | Ownership (%) |
|   | 040XXXXXXX         | Rxxx No. 3, Hxx Kxxxx lxxxxxxx Paxx, Hxx Kxxxx<br>Bxx Wxxx, Lixx Cxxxx Dxxxxxxx, Dx Nxxx Cxxx,<br>Viet Nam |                                   | 100.00%       |
|   |                    | Financial Highlight (VND Million)  |                                   |               |
| MXXXXXX<br>MXXXXXXXXXXXXX<br>VXXX NXX<br>CXXXXXX<br>LXXXXXX | Balance Sheet      | FY2021   | Income Statement                  | FY2021        |
|   | Current Assets     | 1,323,516  | Revenue                           | 1,189,890     |
|   | Non-current Assets | 184,877  | Cost of Goods Sold                | 1,184,186     |
|   | Total Assets       | 1,508,393  | Interest Expenses                 | -             |
|   | Liabilities        | 261,794  | Selling & Administrative Expenses | 28,127        |
|   | Owner's Equity     | 1,246,598  | Profit After Tax                  | (25,231)      |
|   |                    | Rxxx No. 3, Hxx Kxxxx lxxxxxxx Paxx, Hxx Kxxxx<br>Bxx Wxxx, Lixx Cxxxx Dxxxxxxx, Dx Nxxx Cxxx,<br>Viet Nam |                                   | 90.00%        |
|   |                    | Financial Highlight (VND Million)  |                                   |               |
| JXXX IXXXXXXXXXX<br>CXXXXXXXXXX                             | Balance Sheet      | FY2021   | Income Statement                  | FY2021        |
|   | Current Assets     | 3,381  | Revenue                           | 91            |
|   | Non-current Assets | -  | Cost of Goods Sold                | -             |
|   | Total Assets       | 158,298  | Interest Expenses                 | -             |
|   | Liabilities        | 331  | Selling & Administrative Expenses | 185           |
|   | Owner's Equity     | 157,967  | Profit After Tax                  | 72            |

**ASSOCIATE(S)**

The Company has no associate





**RELATED COMPANY (IES)**

|   |                                  |  |                                   |        |                     |        |
|---|----------------------------------|--|-----------------------------------|--------|---------------------|--------|
| Name<br><br>JXXX<br>IXXXXXXXXXX<br>CXXXXXXXXXXX | Tax Code<br><br>01XXXXXXXXX<br>X | Address<br><br>Rxxx No. 3, Hxx Kxxxx<br>Ixxxxxxxx Paxx, Hxx Kxxxx<br>Bxx Wxxx, Lxxx Cxxxx<br>Dxxxxxxxx, Dx Nxxx Cxxx,<br>Viet<br>Nam | Link                              | Tel.   |                     |        |
|   |                                  |  | Co-director:                      |        |                     |        |
|   |                                  |  | • Mr. CXXXX YXXX PXX              |        |                     |        |
|   |                                  |  | Co-owner:                         |        |                     |        |
|   |                                  |  | • ZXXX GXXXX LXXXXXX<br>(0.62%)   |        | +84 2XX 6XXX<br>2XX |        |
|   |                                  |  | • WXXXXXXXX LXXXXXX<br>(0.62%)    |        |                     |        |
|   |                                  |  | Co-legal representative           |        |                     |        |
|   |                                  |  | Financial Highlight (VND Million) |        |                     |        |
|   |                                  |  | Balance Sheet                     | FY2021 | Income Statement    | FY20XX |
|   |                                  |  | Current Assets                    | 3,381  | Revenue             | 91     |

|  |  |                         |                                   |                     |
|--|--|-------------------------|-----------------------------------|---------------------|
| MXXXXX<br>MXXXXX<br>MXXXXXXXXXXX<br>X<br>VIXX NXX<br>CXXXXXXXXX<br>LXXXXXX<br><br>FXXXXXXXX TXXX | Non-current Assets   |                         | Cost of Goods Sold                |                     |
|  | Total Assets   | 158,298                 | Interest Expenses                 |                     |
|  | Liabilities  | 331                     | Selling & Administrative Expenses | 185                 |
|  | Owner's Equity   | 157,967                 | Profit After Tax                  | 72                  |
|  |  |                         | Co-director:                      |                     |
|  | Rxxx No. 3, Hxx Kxxxx Ixxxxxxxx<br>Pxxx, Hxx Kxxxx Bxx Wxxx, Lxxx<br>040XXXXXX<br>Cxxxx Dxxxxxxxx, Dx Nxxx Cxxx, Viet<br>Nam |                         | • Mr. CXXXX YXXX PXX              | +84 2XX 6XXX<br>2XX |
|  |  |                         | Co-legal representative           |                     |
|  | Financial Highlight (VND Million)  |                         |                                   |                     |
|  | Balance Sheet  | FY2021                  | Income Statement                  | FY2021              |
|  | Current Assets   | 1,323,516               | Revenue                           | 1,189,890           |
|  | Non-current Assets   | 184,877                 | Cost of Goods Sold                | 1,184,186           |
|  | Total Assets   | 1,508,393               | Interest Expenses                 | -                   |
|  | Liabilities  | 261,794                 | Selling & Administrative Expenses | 28,127              |
|  | Owner's Equity   | 1,246,598               | Profit After Tax                  | (25,231)            |
|  |  |                         | Co-director:                      |                     |
| 28 Txxxx Lxxx 20, Hxx Xxxx<br>040XXXXXXXX Wxxx, Cxx Lx Dxxxxxxxx,<br>Dx Nxxx<br>Cxxx, Vxxx Nxx   |  | • Mr. CXXXX YXXX PXX    | N/A                               |                     |
|  |  | Co-legal representative |                                   |                     |
| Financial Highlight (VND Million)  |  |                         |                                   |                     |



|  |                                   |        |                                   |          |
|--|-----------------------------------|--------|-----------------------------------|----------|
| LXXXXXX  | Balance Sheet                     | FY2021 | Income Statement                  | FY2021   |
|  | Current Assets                    | 2,331  | Revenue                           | -        |
|  | Non-current Assets                | -      | Cost of Goods Sold                | -        |
|  | Total Assets                      | 2,331  | Interest Expenses                 | -        |
|  | Liabilities                       | 16     | Selling & Administrative Expenses | 15       |
|  | Owner's Equity                    | 2,315  | Profit After Tax                  | (15)     |
| Co-director:   |                                   |        |                                   |          |
| Daxx Txxx Mxx Sxxxxx, Bxx Vixx<br>Ixxxxxxxx Pxxx, Nxxx Kxx<br>290XXXXXXXXX<br>CXXXXXXXXX, VXXX CXXX, NXXX AX<br>PrXXXXXXXX, Viet Nam |                                   |        |                                   |          |
| +84 238 3510 898   |                                   |        |                                   |          |
| • Mr. CHENG YUNG PUN   |                                   |        |                                   |          |
| Co-legal representative  |                                   |        |                                   |          |
| MXXXXX VXXX<br>LXXXXXX<br>CXXXXXX  | Financial Highlight (VND Million) |        |                                   |          |
|  | Balance Sheet                     | FY2021 | Income Statement                  | FY2021   |
|  | Current Assets                    | 58,196 | Revenue                           | 26,140   |
|  | Non-current Assets                | 37,961 | Cost of Goods Sold                | 77,633   |
|  | Total Assets                      | 96,156 | Interest Expenses                 | -        |
|  | Liabilities                       | 26,958 | Selling & Administrative Expenses | 1,861    |
|  | Owner's Equity                    | 69,198 | Profit After Tax                  | (53,586) |

## FINANCE

### STRUCTURED DATA

| Key Financial figures                | FS FYE    | FS FYE    |
|--------------------------------------|-----------|-----------|
| VND Million                          | Dec-2021  | Dec-2020  |
| Total assets                         | 1,797,141 | 1,177,517 |
| Net worth                            | 1,257,854 | 1,096,402 |
| Nominal capital (registered capital) | 1,054,043 | 1,014,765 |
| Issued capital (contributed capital) | 1,054,043 | 1,014,765 |
| Inventory                            | 406,459   | -         |
| Working Capital (NCA -NCL)           | 336,330   | 266,782   |
| Net debt                             | (45,255)  | (65,804)  |
| Turnover                             | 233,506   | 25,270    |
| Net profit                           | 122,174   | (12,841)  |

### FINANCIAL HIGHLIGHT

The Company experienced wild fluctuations in its sales revenue, dropping from VND47.1 billion in 2019 to VND25.3 billion in 2020 (-46.31% YoY) then skyrocketing to VND233.5 billion in 2021 (+824.06% YoY). Along with fluctuations in performance, the Company's cost management also highly varied. With virtually no selling expenses, it is possible that the Company might have categorized them in other accounts. COGS during 2019 and 2020 were also relatively high, even exceeding revenue in 2020. By 2021, COGS dropped to 40.75% of revenue, which helped to boost the net margin to 52.32% in 2021. However, this result is expected to be unsustainable owing to the unstable nature of the Company's operation. After increasing its contributed capital in 2019, the Company was mainly made up of equity. The Company maintained a good solvency during the observed period with no borrowings. On the other hand, liquidity position was also safe, as indicated by the current ratio of above 1. Besides the facts in income statement, the Company's unstable operation is also demonstrated by the variations on its balance sheet.



The Company maintained a relatively stable growth in its non-current assets. However, the growth of the current assets was not consistent and showed significant fluctuations, indicating a lack of effective management of short-term resources. In 2019 and 2020, the Company did not recognize any inventories, which could be that the Company immediately shipped finished goods to customers.

The Company must have struggled with lacks of orders, given the relatively weak revenue generation during this period. Since this issue continued into 2022, it is unlikely that the Company's operation could be stabilized

### **FINANCIAL HIGHLIGHTS**

| <b>Name</b>                         | <b>Unit</b> | <b>2021</b> | <b>2020</b> | <b>2019</b>  |
|-------------------------------------|-------------|-------------|-------------|--------------|
| <b>Financial Health Ratios</b>      |             |             |             |              |
| Cash Ratio                          | Times       | 0.08        | 1.58        | 5.93         |
| Quick ratio                         | Times       | 0.84        | 7.32        | 11.54        |
| Current ratio                       | Times       | 1.62        | 7.39        | 11.60        |
| Tangible Net Worth                  | VND Million | 1,257,854   | 1,096,402   | 1,109,243    |
| Total Debt/Total Equity             | Times       | -           | -           | -            |
| Total Debt                          | VND Million | -           | -           | -            |
| Net Debts                           | VND Million | (45,255.10) | (65,803.88) | (207,082.30) |
| Total Debt/Total Assets             | Times       | -           | -           | -            |
| Long-term Debt/Equity               | Times       | -           | -           | -            |
| Long-term Debt/Total Assets         | Times       | -           | -           | -            |
| Total Liabilities/ Equity           | Times       | 0.43        | 0.07        | 0.07         |
| Total Liabilities/Total Assets      | Times       | 0.30        | 0.07        | 0.06         |
| Equity/Total Assets                 | Times       | 0.70        | 0.93        | 0.94         |
| <b>Management Efficiency Ratios</b> |             |             |             |              |
| ROA                                 | %           | 8.21        | (1.09)      | 1.20         |
| ROCE                                | %           | 11.03       | (0.94)      | 0.07         |
| ROE                                 | %           | 10.38       | (1.16)      | 1.70         |
| Interest Tax Burden                 | Times       | 0.93        | 1.20        | 18.07        |
| EBIT Margin                         | %           | 56.55       | (42.47)     | 1.33         |
| Assets Turnover                     | Times       | 0.16        | 0.02        | 0.05         |
| Equity Multiplier                   | Times       | 1.43        | 1.07        | 1.07         |
| Days Sales Outstanding              | Days        | 168.02      | 2,142.68    | 839.96       |
| Days of Inventory on Hands          | Days        | 779.54      | -           | 230.47       |
| Days of Payable Outstanding         | Days        | 964.16      | 90.52       | 217.07       |
| Cash Conversion Cycle               | Days        | (16.60)     | 2,052.17    | 853.36       |
| Free Cash Flow                      | VND Million | 10,966      | (61,946)    | (24,821)     |
| EBITDA                              | VND Million | 145,301     | 3,729       | 15,509       |
| <b>Name</b>                         | <b>Unit</b> | <b>2021</b> | <b>2020</b> | <b>2019</b>  |
| EBIT                                | VND Million | 132,045     | (10,731)    | 628          |
| <b>Profitability Ratios</b>         |             |             |             |              |



|                            |   |          |            |         |
|----------------------------|---|----------|------------|---------|
| Gross Profit Margin        | % | 59.25    | (15.74)    | 7.60    |
| EBIT Margin                | % | 56.55    | (42.47)    | 1.33    |
| EBITDA Margin              | % | 62.23    | 14.76      | 32.95   |
| Operating Profit Margin    | % | 57.97    | (29.26)    | 27.34   |
| Pre-Tax Profit Margin      | % | 57.98    | (50.97)    | 26.14   |
| Net Profit Margin          | % | 52.32    | (50.81)    | 24.11   |
| <b>Growth Ratios (yoy)</b> |   |          |            |         |
| Sale Growth Rate           | % | 824.06   | (46.31)    | (52.98) |
| Gross Profit Growth Rate   | % | 3,578.41 | (211.15)   | (63.88) |
| EBITDA Growth Rate         | % | 3,796.22 | (75.95)    | (49.09) |
| EBIT Growth Rate           | % | 1,330.49 | (1,808.90) | (90.30) |
| Pre-tax Profit Growth Rate | % | 1,151.26 | (204.70)   | 299.75  |
| Net Profit Growth Rate     | % | 1,051.46 | (213.15)   | 526.89  |
| Total Assets Growth Rate   | % | 52.62    | (0.51)     | 66.55   |
| Equity Growth Rate         | % | 14.73    | (1.16)     | 384.97  |

#### Financial ratios and Average Industry Ratios

| Name                              | Unit  | 2021   | Average Industry |
|-----------------------------------|-------|--------|------------------|
| Current ratio                     | Times | 1.62   | 1.52             |
| Quick ratio                       | Times | 0.84   | 1.09             |
| Total Debt to Equity              | Times | -      | 0.41             |
| Total Liability to Owner's Equity | Times | 0.43   | 2.58             |
| Total Liability to Total Assets   | Times | 0.30   | 0.51             |
| Days Sales Outstanding            | Days  | 168.02 | 85.56            |
| Days of Inventory on Hands        | Days  | 779.54 | 47.42            |
| Days of Payable Outstanding       | Days  | 964.16 | 56.98            |
| ROA                               | %     | 8.21   | 0.11             |
| ROE                               | %     | 10.38  | 0.22             |
| Gross Profit Margin               | %     | 59.25  | 8.10             |
| Operating Profit Margin           | %     | 57.97  | 0.71             |
| Net Profit Margin                 | %     | 52.32  | 0.09             |
| EBITDA Margin                     | %     | 62.23  | 3.37             |
| Sales Growth Rate                 | %     | 824.06 | 8.50             |
| Assets Growth Rate                | %     | 52.62  | 0.99             |

#### Commentary

According to experts, the Vietnamese toy market is still dominated by products imported from China when China's toy industry is about 5 years ahead of Vietnam. Compared with Vietnamese toys, Chinese toys are cheaper and have designs that catch up with children's tastes. Besides, due to the close geographical distance, China has good conditions for the trade of goods, including toys, into Vietnam. There are also more and more Chinese and other foreign enterprises investing in producing facilities in Vietnam, creating intense competition and pressure for domestic manufacturers. Currently, Vietnam has about 100 domestic establishments producing children's toys.



With the percentage of children aged 0-14 accounting for approximately 36%, Vietnam is being considered as a potential market for the children's toy industry, especially when the living standards of the majority of residents are increasingly improved.

## **FINANCIAL STATEMENTS**

IN VND MILLION

| BALANCE SHEET                                   |                    | As at              |                    |
|---|--------------------|--------------------|--------------------|
| FY  | 31/12/2021         | 31/12/2020         | 31/12/2019         |
| Unit  | VND Million        | VND Million        | VND Million        |
| Audit status                                    | Audited            | Audited            | Audited            |
| Type  | Unconsolidated     | Unconsolidated     | Unconsolidated     |
| Legal Regulation                                | 200/2014/TT/BTC/LT | 200/2014/TT/BTC/LT | 200/2014/TT/BTC/LT |
| Source  | Tax Filing         | Tax Filing         | Tax Filing         |
| <b>A. CURRENT ASSETS</b>                        | <b>875,012</b>     | <b>308,523</b>     | <b>405,222</b>     |
| <b>I. Cash and cash equivalents</b>             | <b>45,255</b>      | <b>65,804</b>      | <b>207,082</b>     |
| Cash  | 23,242             | 3,388              | 24,896             |
| Cash equivalents                                | 22,013             | 62,416             | 182,187            |
| <b>II. Short-term financial investments</b>     | -                  | -                  | -                  |
| <b>III. Accounts receivable - short-term</b>    | <b>409,304</b>     | <b>239,648</b>     | <b>195,708</b>     |
| Trade receivables                               | 41,723             | 173,255            | 123,430            |
| Prepayments to suppliers                        | 9,831              | 3,591              | 10,368             |
| Loans receivable                                | -                  | 60,409             | 60,409             |
| Other receivables                               | 357,750            | 2,392              | 1,500              |
| <b>IV. Inventories</b>                          | <b>406,459</b>     | -                  | -                  |
| Inventories                                     | 406,459            | -                  | -                  |
| Allowance for inventories                       | -                  | -                  | -                  |
| <b>V. Other current assets</b>                  | <b>13,994</b>      | <b>3,072</b>       | <b>2,432</b>       |
| Deductible value added tax                      | 13,994             | 2,082              | 2,432              |
| Taxes and others receivable from State Treasury | -                  | 989                | -                  |
| <b>B. NON-CURRENT ASSETS</b>                    | <b>922,129</b>     | <b>868,994</b>     | <b>778,381</b>     |
| <b>I. Accounts receivable - long-term</b>       | <b>200</b>         | <b>146,369</b>     | <b>63,200</b>      |
| Loans receivable - long-term                    | 200                | 146,369            | 63,200             |
| <b>II. Fixed assets</b>                         | <b>139,500</b>     | <b>121,162</b>     | <b>84,674</b>      |
| Tangible fixed assets                           | 139,500            | 121,162            | 84,674             |
| - Cost  | 397,710            | 322,182            | 273,062            |
| - Accumulated depreciation                      | (258,210)          | (201,020)          | (188,388)          |
| Finance leases                                  | -                  | -                  | -                  |
| Intangible fixed assets                         | -                  | -                  | -                  |
| <b>III. Investment properties</b>               | <b>-</b>           | <b>1,881</b>       | <b>3,940</b>       |
| - Cost  | -                  | 44,644             | 44,644             |
| - Accumulated depreciation                      | -                  | (42,763)           | (40,704)           |
| <b>IV. Long term assets in progress</b>         | <b>44,024</b>      | <b>42,199</b>      | <b>71,797</b>      |
| Construction in progress                        | 44,024             | 42,199             | 71,797             |
| <b>V. Long-term investments</b>                 | <b>736,575</b>     | <b>554,383</b>     | <b>554,383</b>     |
| Investments in subsidiary                       | 736,575            | 554,383            | 554,383            |
| <b>VI. Other long-term assets</b>               | <b>1,831</b>       | <b>3,000</b>       | <b>387</b>         |
| Long-term prepaid expenses                      | 1,831              | 2,930              | 356                |
| Deferred tax assets                             | -                  | 70                 | 31                 |



|  |                  |                  |                  |
|--|------------------|------------------|------------------|
| <b>TOTAL ASSETS</b>                                      | <b>1,797,141</b> | <b>1,177,517</b> | <b>1,183,603</b> |
| <b>C. LIABILITIES</b>                                    | <b>539,288</b>   | <b>81,115</b>    | <b>74,360</b>    |
| <b>I. Current liabilities</b>                            | <b>538,682</b>   | <b>41,741</b>    | <b>34,918</b>    |
| Short-term trade payables                                | 493,205          | 9,515            | 4,991            |
| Statutory obligations                                    | 11,659           | 5                | 953              |
| Payables to employees                                    | 3,269            | 1,806            | 2,215            |
| Short-term accrued expenses                              | 3,832            | 3,798            | 190              |
| Other ST payables  | 26,717           | 26,617           | 26,569           |
| <b>II. Non-current liabilities</b>                       | <b>605</b>       | <b>39,374</b>    | <b>39,441</b>    |
| Other long-term liabilities                              | 96               | 39,374           | 39,441           |
| Deferred tax liabilities                                 | 510              | -                | -                |
| <b>D. OWNERS' EQUITY</b>                                 | <b>1,257,854</b> | <b>1,096,402</b> | <b>1,109,243</b> |
| <b>I. Equity</b>   | <b>1,257,854</b> | <b>1,096,402</b> | <b>1,109,243</b> |
| Contributed capital                                      | 1,054,043        | 1,014,765        | 1,014,765        |
| - Ordinary shares  | 1,054,043        | 1,014,765        | 1,014,765        |
| Retained earnings  | 203,811          | 81,637           | 94,478           |
| - Retained earnings accumulated to prior year- end       | 81,637           | 94,478           | 83,129           |
| - Retained earnings of this period                       | 122,174          | (12,841)         | 11,348           |
| <b>II. Non-business expenditure fund and other funds</b> | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| <b>TOTAL RESOURCES</b>                                   | <b>1,797,141</b> | <b>1,177,517</b> | <b>1,183,603</b> |

#### INCOME STATEMENT

| FY<br>Unit<br>Audit status<br>Type<br>Legal Regulation<br>Source     | For the year ended        |                           |                           |
|--|---------------------------|---------------------------|---------------------------|
|  | 31/12/2021<br>VND Million | 31/12/2020<br>VND Million | 31/12/2019<br>VND Million |
| Audit status   | Audited                   | Audited                   | Audited                   |
| Type   | Unconsolidated            | Unconsolidated            | Unconsolidated            |
| Legal Regulation   | 200/2014/TT/BTC/LT        | 200/2014/TT/BTC/LT        | 200/2014/TT/BTC/LT        |
| Source   | Tax Filing                | Tax Filing                | Tax Filing                |
| <b>Revenue from sales of goods and provision of services</b>         | <b>233,506</b>            | <b>25,270</b>             | <b>47,067</b>             |
| Revenue deductions   | -                         | -                         | -                         |
| <b>Net revenue</b>   | <b>233,506</b>            | <b>25,270</b>             | <b>47,067</b>             |
| Cost of sales  | 95,157                    | 29,247                    | 43,488                    |
| <b>Gross profit/(loss)</b>   | <b>138,349</b>            | <b>(3,977)</b>            | <b>3,578</b>              |
| Financial income   | 3,324                     | 3,360                     | 12,269                    |
| Financial expenses   | -                         | 24                        | 30                        |
| - In which: Interest expense   | -                         | -                         | -                         |
| Share of profit/(loss) in associates and jointly controlled entities | -                         | -                         | -                         |
| Selling expenses   | 1,048                     | -                         | -                         |
| General and administration expenses                                  | 5,256                     | 6,754                     | 2,950                     |
| <b>Net operating profit/(loss)</b>                                   | <b>135,369</b>            | <b>(7,395)</b>            | <b>12,868</b>             |
| Other income   | 27                        | 5                         | -                         |
| Other expenses   | -                         | 5,490                     | 566                       |
| <b>Results of other activities</b>                                   | <b>27</b>                 | <b>(5,485)</b>            | <b>(566)</b>              |
| <b>Accounting profit/(loss) before tax</b>                           | <b>135,397</b>            | <b>(12,879)</b>           | <b>12,301</b>             |



|   |                |                 |               |
|---|----------------|-----------------|---------------|
| Income tax expense - current                  | 12,643         | -               | 953           |
| Income tax expense/(benefit) - deferred       | 580            | (39)            | -             |
| <b>Net profit/(loss) after tax</b>            | <b>122,174</b> | <b>(12,841)</b> | <b>11,348</b> |
| Attributable to equity holders of the Company | -              | -               | -             |
| Attributable to non-controlling interest      | -              | -               | -             |
| Basic earnings per share                      | -              | -               | -             |
| Diluted earnings per share                    | -              | -               | -             |

### CASH FLOW STATEMENT

| FY<br>Unit   | For the year ended        |                           |                           |
|--|---------------------------|---------------------------|---------------------------|
|  | 31/12/2021<br>VND Million | 31/12/2020<br>VND Million | 31/12/2019<br>VND Million |
| Audit status   | Audited                   | Audited                   | Audited                   |
| Type   | Unconsolidated            | Unconsolidated            | Unconsolidated            |
| Legal Regulation   | 200/2014/TT/BTC/LT        | 200/2014/TT/BTC/LT        | 200/2014/TT/BTC/LT        |
| Source   | Tax Filing Indirect       | Tax Filing Indirect       | Tax Filing Indirect       |
| Method   |                           |                           |                           |
| Profit/(loss) before tax   | 135,397                   | (12,879)                  | 12,301                    |
| Depreciation and amortisation  | 13,256                    | 14,460                    | 14,881                    |
| Allowances and provisions  | -                         | -                         | (7,398)                   |
| Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies | (180)                     | (44)                      | (158)                     |
| (Profits)/losses from investing activities   | (1,934)                   | 2,175                     | (11,929)                  |
| Operating profit/(loss) before changes in working capital  | 146,538                   | 3,712                     | 7,697                     |
| Change in receivables  | (178,715)                 | (52,420)                  | (2,494)                   |
| Change in inventories  | (406,459)                 | -                         | 62,318                    |
| Change in payables and other liabilities   | 474,490                   | 581                       | (41,842)                  |
| Change in prepaid expenses   | 1,099                     | (2,575)                   | 717                       |
| Income tax paid  | -                         | (1,943)                   | (1,212)                   |
| Other receipts from operating activities   | -                         | -                         | 39,346                    |
| <b>Net cash flows from operating activities</b>  | <b>36,953</b>             | <b>(52,644)</b>           | <b>64,528</b>             |
| Payments for additions to fixed assets and other long-term assets                                    | (25,986)                  | (9,302)                   | (89,349)                  |
| Proceeds from disposals of fixed assets and other long-term assets                                   | -                         | 5                         | 455                       |
| Payments for granting loans, purchase of debt instruments of other entities                          | -                         | (123,486)                 | (123,609)                 |
| Receipts from collecting loans, sales of debt instruments of other entities                          | 147,869                   | 40,317                    | -                         |
| Payments for investments in other entities   | (182,192)                 | -                         | (416,033)                 |
| Receipts of interests and dividends  | 2,067                     | 3,831                     | 11,381                    |
| <b>Net cash flows from investing activities</b>  | <b>(58,242)</b>           | <b>(88,634)</b>           | <b>(617,155)</b>          |
| Proceeds from equity issued or capital contributed by owners   | -                         | -                         | 440,189                   |
| <b>Net cash flows from financing activities</b>  | <b>-</b>                  | <b>-</b>                  | <b>440,189</b>            |
| <b>Net cash flows during the [period/year]</b>   | <b>(21,290)</b>           | <b>(141,278)</b>          | <b>(112,438)</b>          |
| Cash and cash equivalents at the beginning of the [period/year]                                      | 65,804                    | 207,082                   | 319,550                   |



|   |               |               |                |
|---|---------------|---------------|----------------|
| Effect of exchange rate fluctuations on cash and cash equivalents | 741           | -             | (30)           |
| <b>Cash and cash equivalents at the end of the [period/year]</b>  | <b>45,255</b> | <b>65,804</b> | <b>207,082</b> |

**IN USD THOUSAND  
BALANCE SHEET**

| FY<br>Unit<br>Audit status<br>Type<br>Legal Regulation<br>Source | As at                      |                            |   |
|--|----------------------------|----------------------------|---|
|  | 31/12/2021<br>USD Thousand | 31/12/2020<br>USD Thousand | 31/12/2019 USD<br>Thousand<br>Audited<br>Unconsolidated<br>200/2014/TT/BTC/<br>LT<br>Tax Filing |
| End-of-Year Exchange rate (VND/USD) (*)                          | 22,640                     | 23,010                     | 23,110  |
| <b>A. CURRENT ASSETS</b>   | <b>38,649</b>              | <b>13,408</b>              | <b>17,534</b>   |
| <b>I. Cash and cash equivalents</b>                              | <b>1,999</b>               | <b>2,860</b>               | <b>8,961</b>  |
| Cash   | 1,027                      | 147                        | 1,077   |
| Cash equivalents   | 972                        | 2,713                      | 7,883   |
| <b>II. Short-term financial investments</b>                      | -                          | -                          | -   |
| <b>III. Accounts receivable - short-term</b>                     | <b>18,079</b>              | <b>10,415</b>              | <b>8,469</b>  |
| Trade receivables  | 1,843                      | 7,530                      | 5,341   |
| Prepayments to suppliers   | 434                        | 156                        | 449   |
| Loans receivable   | -                          | 2,625                      | 2,614   |
| Other receivables  | 15,802                     | 104                        | 65  |
| <b>IV. Inventories</b>   | <b>17,953</b>              | -                          | -   |
| Inventories  | 17,953                     | -                          | -   |
| Allowance for inventories  | -                          | -                          | -   |
| <b>V. Other current assets</b>                                   | <b>618</b>                 | <b>133</b>                 | <b>105</b>  |
| Deductible value added tax                                       | 618                        | 90                         | 105   |
| Taxes and others receivable from State Treasury                  | -                          | 43                         | -   |
| <b>B. NON-CURRENT ASSETS</b>                                     | <b>40,730</b>              | <b>37,766</b>              | <b>33,682</b>   |
| <b>I. Accounts receivable - long-term</b>                        | <b>9</b>                   | <b>6,361</b>               | <b>2,735</b>  |
| Loans receivable - long-term                                     | 9                          | 6,361                      | 2,735   |
| <b>II. Fixed assets</b>  | <b>6,162</b>               | <b>5,266</b>               | <b>3,664</b>  |
| Tangible fixed assets  | 6,162                      | 5,266                      | 3,664   |
| - Cost   | 17,567                     | 14,002                     | 11,816  |
| - Accumulated depreciation                                       | (11,405)                   | (8,736)                    | (8,152)   |
| Finance leases   | -                          | -                          | -   |
| Intangible fixed assets  | -                          | -                          | -   |
| <b>III. Investment properties</b>                                | -                          | <b>82</b>                  | <b>170</b>  |
| - Cost   | -                          | 1,940                      | 1,932   |
| - Accumulated depreciation                                       | -                          | (1,858)                    | (1,761)   |
| <b>IV. Long term assets in progress</b>                          | <b>1,945</b>               | <b>1,834</b>               | <b>3,107</b>  |
| Construction in progress   | 1,945                      | 1,834                      | 3,107   |
| <b>V. Long-term investments</b>                                  | <b>32,534</b>              | <b>24,093</b>              | <b>23,989</b>   |
| Investments in subsidiary  | 32,534                     | 24,093                     | 23,989  |
| <b>VI. Other long-term assets</b>                                | <b>81</b>                  | <b>130</b>                 | <b>17</b>   |
| Long-term prepaid expenses                                       | 81                         | 127                        | 15  |





|  |               |               |               |
|--|---------------|---------------|---------------|
| Deferred tax assets                                      | -             | 3             | 1             |
| <b>TOTAL ASSETS</b>                                      | <b>79,379</b> | <b>51,174</b> | <b>51,216</b> |
| <b>C. LIABILITIES</b>                                    | <b>23,820</b> | <b>3,525</b>  | <b>3,218</b>  |
| <b>I. Current liabilities</b>                            | <b>23,793</b> | <b>1,814</b>  | <b>1,511</b>  |
| Short-term trade payables                                | 21,785        | 414           | 216           |
| Statutory obligations                                    | 515           | -             | 41            |
| Payables to employees                                    | 144           | 79            | 96            |
| Short-term accrued expenses                              | 169           | 165           | 8             |
| Other ST payables  | 1,180         | 1,157         | 1,150         |
| <b>II. Non-current liabilities</b>                       | <b>27</b>     | <b>1,711</b>  | <b>1,707</b>  |
| Other long-term liabilities                              | 4             | 1,711         | 1,707         |
| Deferred tax liabilities                                 | 23            | -             | -             |
| <b>D. OWNERS' EQUITY</b>                                 | <b>55,559</b> | <b>47,649</b> | <b>47,998</b> |
| <b>I. Equity</b>   | <b>55,559</b> | <b>47,649</b> | <b>47,998</b> |
| Contributed capital                                      | 46,557        | 44,101        | 43,910        |
| - Ordinary shares  | 46,557        | 44,101        | 43,910        |
| Retained earnings  | 9,002         | 3,548         | 4,088         |
| - Retained earnings accumulated to prior year- end       | 3,606         | 4,106         | 3,597         |
| - Retained earnings of this period                       | 5,396         | (558)         | 491           |
| <b>II. Non-business expenditure fund and other funds</b> | <b>-</b>      | <b>-</b>      | <b>-</b>      |
| <b>TOTAL RESOURCES</b>                                   | <b>79,379</b> | <b>51,174</b> | <b>51,216</b> |

#### INCOME STATEMENT

| FY Unit  | For the year ended      |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
|  | 31/12/2021 USD Thousand | 31/12/2020 USD Thousand | 31/12/2019 USD Thousand |
| Audit status   | Audited                 | Audited                 | Audited                 |
| Type   | Unconsolidated          | Unconsolidated          | Unconsolidated          |
| Legal Regulation   | 200/2014/TT/BTC/LT      | 200/2014/TT/BTC/LT      | 200/2014/TT/BTC/LT      |
| Source   | Tax Filing              | Tax Filing              | Tax Filing              |
| <b>Average Exchange rate (VND/USD) (*)</b>                           | <b>22,826</b>           | <b>23,149</b>           | <b>23,172</b>           |
| <b>Revenue from sales of goods and provision of services</b>         | <b>10,230</b>           | <b>1,092</b>            | <b>2,031</b>            |
| Revenue deductions   | -                       | -                       | -                       |
| <b>Net revenue</b>   | <b>10,230</b>           | <b>1,092</b>            | <b>2,031</b>            |
| Cost of sales  | 4,169                   | 1,263                   | 1,877                   |
| <b>Gross profit/(loss)</b>   | <b>6,061</b>            | <b>(172)</b>            | <b>154</b>              |
| Financial income   | 146                     | 145                     | 529                     |
| Financial expenses   | -                       | 1                       | 1                       |
| - In which: Interest expense   | -                       | -                       | -                       |
| Share of profit/(loss) in associates and jointly controlled entities | -                       | -                       | -                       |
| Selling expenses   | 46                      | -                       | -                       |
| General and administration expenses                                  | 230                     | 292                     | 127                     |
| <b>Net operating profit/(loss)</b>                                   | <b>5,930</b>            | <b>(319)</b>            | <b>555</b>              |
| Other income   | 1                       | -                       | -                       |
| Other expenses   | -                       | 237                     | 24                      |



|   |              |              |             |
|---|--------------|--------------|-------------|
| <b>Results of other activities</b>            | <b>1</b>     | <b>(237)</b> | <b>(24)</b> |
| <b>Accounting profit/(loss) before tax</b>    | <b>5,932</b> | <b>(556)</b> | <b>531</b>  |
| Income tax expense - current                  | 554          | -            | 41          |
| Income tax expense/(benefit) - deferred       | 25           | (2)          | -           |
| <b>Net profit/(loss) after tax</b>            | <b>5,352</b> | <b>(555)</b> | <b>490</b>  |
| Attributable to equity holders of the Company | -            | -            | -           |
| Attributable to non-controlling interest      | -            | -            | -           |
| Basic earnings per share                      | -            | -            | -           |
| Diluted earnings per share                    | -            | -            | -           |

### CASH FLOW STATEMENT

| FY<br>Unit<br>Audit status<br>Type<br>Legal Regulation<br>Source<br>Method                           | For the year ended         |                            |                            |
|--|----------------------------|----------------------------|----------------------------|
|  | 31/12/2021 USD<br>Thousand | 31/12/2020<br>USD Thousand | 31/12/2019 USD<br>Thousand |
| Average Exchange rate (VND/USD) (*)  | 22,826                     | 23,149                     | 23,172                     |
| Profit/(loss) before tax   | 5,932                      | (556)                      | 531                        |
| Depreciation and amortisation  | 581                        | 625                        | 642                        |
| Allowances and provisions  | -                          | -                          | (319)                      |
| Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies | (8)                        | (2)                        | (7)                        |
| (Profits)/losses from investing activities   | (85)                       | 94                         | (515)                      |
| Operating profit/(loss) before changes in working capital  | 6,420                      | 160                        | 332                        |
| Change in receivables  | (7,829)                    | (2,264)                    | (108)                      |
| Change in inventories  | (17,807)                   | -                          | 2,689                      |
| Change in payables and other liabilities   | 20,787                     | 25                         | (1,806)                    |
| Change in prepaid expenses   | 48                         | (111)                      | 31                         |
| Income tax paid  | -                          | (84)                       | (52)                       |
| Other receipts from operating activities   | -                          | -                          | 1,698                      |
| <b>Net cash flows from operating activities</b>  | <b>1,619</b>               | <b>(2,274)</b>             | <b>2,785</b>               |
| Payments for additions to fixed assets and other long-term assets                                    | (1,138)                    | (402)                      | (3,856)                    |
| Proceeds from disposals of fixed assets and other long-term assets                                   | -                          | -                          | 20                         |
| Payments for granting loans, purchase of debt instruments of other entities                          | -                          | (5,334)                    | (5,334)                    |
| Receipts from collecting loans, sales of debt instruments of other entities                          | 6,478                      | 1,742                      | -                          |
| Payments for investments in other entities   | (7,982)                    | -                          | (17,954)                   |
| Receipts of interests and dividends  | 91                         | 165                        | 491                        |
| <b>Net cash flows from investing activities</b>  | <b>(2,552)</b>             | <b>(3,829)</b>             | <b>(26,634)</b>            |
| Proceeds from equity issued or capital contributed by owners   | -                          | -                          | 18,997                     |
| <b>Net cash flows from financing activities</b>  | <b>-</b>                   | <b>-</b>                   | <b>18,997</b>              |



|   |              |                |                |
|---|--------------|----------------|----------------|
| <b>Net cash flows during the [period/year]</b>                    | <b>(933)</b> | <b>(6,103)</b> | <b>(4,852)</b> |
| Cash and cash equivalents at the beginning of the [period/year]   | 2,883        | 8,946          | 13,790         |
| Effect of exchange rate fluctuations on cash and cash equivalents | 32           | -              | (1)            |
| <b>Cash and cash equivalents at the end of the [period/year]</b>  | <b>1,983</b> | <b>2,843</b>   | <b>8,937</b>   |

**PAYMENT**

N/A

**MORTGAGE RECORD**

No Record

**LITIGATION**

No record found

**CHARGES**

None reported

**CREDIT OPINION WITHOUT OBLIGATION**

Credit Opinion : USD 60,000.00/-

Subject is considered good for short-term credit. Normal business is carried out with sufficient resources. Financial conditions are generally healthy and capable of meeting obligations satisfactorily. General unfavorable conditions are unlikely to cause fatal effects. Unsecured credit can be granted in medium amount under the usual trade terms.

**ADVERSE MEDIA**

| <b>News Category</b>         | <b>Title</b>  | <b>Description</b>   | <b>Source</b> | <b>Public Date</b> |
|------------------------------|---|--|---------------|--------------------|
| Other company news (private) | Lack of orders, many workers in Da Nang quit, reduce working hours  | Many businesses in industrial zones in Da Nang cut working hours or temporarily laid off workers because of a lack of orders and lack of raw materials including Sxx Txx Sxxxxx Pxxxxxxx Cxxxxxx (71 employees); Dxxxxxxx Dx Nxxxx Cxxxxxx (80 employees); Vxxxxxx Kxxxxxx Cxxxxxx (320 employees); Vxxx Lxxxx Fxxxxx Pxxxxxx Cxxxxxx (100 employees); Kxxxxxx Txxx/Mxxxxx Vxxxxxx Jxxx Sxxxx Cxxxxxx (124 employees). | TT            | Nov XX, 20XX       |
| Other company news (private) | Dx Nxxx: On the morning of the 2Xth of Tet, dozens of female workers returned to their old companies to demand ... salary | On the morning of January 19 (January 28), many workers gathered in front of Kxxxxxx Txxx Vxxxxx Jxxx Sxxxx Company to demand that the company pay their salary in December 2022. According to research, there are dozens of workers gathered here who have just been laid off by the company from December X1, 20XX.  | Bxx gxxx txxx | Jan XX, 20XX       |
| Other company news (private) | Dx Nxxx: Attractive remuneration, businesses still lack labor   | Employees are allowed to sign long-term contracts right after coming to work and enjoy full benefits such as social insurance, health insurance, unemployment insurance and many other attractive remuneration regimes, but many businesses and factories are operating. In industrial zones in Dx Nxxx cxxx, there is still a serious shortage of labor.  | Bxx dxx sxxx  | May XX, 20XX       |



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## **MAJOR MACRO ECONOMIC INDICATORS OF Vietnam\***

### **COUNTRY RISK ASSESSMENT\***

**Country Risk Assessment: B**

### **MAJOR MACRO ECONOMIC INDICATORS**

|                                 | 2020 | 2021 | 2022 (e) | 2023 (p) |
|---------------------------------|------|------|----------|----------|
| GDP growth (%)                  | 2.9  | 2.6  | 8.0      | 6.0      |
| Inflation (yearly average, %)   | 3.2  | 1.8  | 3.2      | 4.0      |
| Budget balance (% GDP)          | -2.9 | -3.5 | -4.7     | -4.7     |
| Current account balance (% GDP) | 4.4  | -2.0 | -1.3     | -0.2     |
| Public debt (% GDP)             | 41.7 | 39.7 | 40.2     | 40.5     |

(e): Estimate (f): Forecast

### **STRENGTHS**

- Dynamic economy featuring one of the fastest growth rates in the region
- Development strategy based upon production upscaling and diversification from footwear, apparel, and furniture into electronics: manufacturing accounts for 17% to GDP
- Development of fish and crustacean production
- Large labour pool and low labour costs
- Strong agricultural potential and good endowment of natural resources
- Beneficiary of the U.S.-China trade war

### **WEAKNESSES**

- Shortcomings in the business climate, led by concerns surrounding data transparency and corruption perceptions
- Incomplete reforms of the public sector, with a high level of indebtedness amongst SOEs and diminishing ROAs.
- Inadequate infrastructure levels
- Increasing inequalities
- Fragile banking system
- Dependent on China's supply chains



## **RISK ASSESSMENT**

### **Growth will converge to pre-pandemic levels**

Growth is expected to gain momentum in 2022 driven by ongoing recoveries in trading partners and domestic demand, but pandemic headwinds could linger at domestic and international levels. The government might extend restrictions if outbreaks persist. Consequently, this would continue to weigh on the manufacturing industry (17% of GDP) and agriculture supply chains through labour shortages. However, external demand should remain buoyant in 2022 especially for textile, garments and electronics, as its key trading partners, China, the EU and the U.S. recovered and Vietnam is no longer threatened by punitive tariffs from the latter, who labelled Vietnam as a currency manipulator in 2020. Foreign Direct Investment (FDI) inflows barely recovered in the first nine months of 2021, as factories reduced their production due to restrictions. However, it should bounce back as Vietnam remains attractive among foreign investors seeking diversification and moving out businesses from China. Tourism, which accounted for nearly 10% of GDP in 2019, has been hard-hit by the closure of international borders since March 2020. The sector should recover slowly in 2022, due to persisting travel restrictions in China (Zero COVID strategy) and cautiousness among Koreans. That being said, domestic tourism should continue to partly offset the impact thanks to government incentives. Household consumption (69% of GDP in 2019) should gradually recover provided the restrictions are eased, especially on factories and workers: the unemployment rate reached records in the second part of 2021, standing at 2.9% in September 2021, and time would be needed to reabsorb it. While domestic demand recovers, inflation should get closer to the 4% target in 2022. The SBV (the central bank) should therefore maintain its policy rate, or rise it back to pre-pandemic levels. Credit demand should bounce back in 2022 and will continue to benefit from credit relief measures until June 2022, through debt restructuring or lowering interest rates on existing loans. In contrast, non-performing loans are expected to rise in 2022.

### **Fiscal deficit still high, current account strengthened**

The fiscal deficit is likely to remain relatively high as the impact of the COVID-19 outbreaks that developed in late 2021 could linger in 2022. Moreover, expenditures will increase, as the government seeks to accelerate ongoing public infrastructure projects, which were impeded by containment measures in the construction sites. However, revenues, supported by growth momentum, should balance out a rise in expenditures. The public debt-to-GDP ratio is set to dip. However, the debt is still exposed to currency fluctuations as 40% is denominated in foreign currency.

The current account surplus is set to rebound, driven by a higher trade surplus and robust external demand. The country has been benefiting from foreign manufacturing relocations and should continue to strengthen its export driven economy, hence the country's trade balance. Imports should continue to strengthen with the revival in consumption and investment demand. Furthermore, Vietnam is among the world's top 10 remittance recipient countries and its current account should also benefit from sustained remittances inflows (6% of GDP as of 2019) with the recovery in the main sources (the U.S., Australia and Canada). Foreign exchanges reserves remain adequate, equalling 3.5 months of imports as of July 2021.

**Towards further cooperation with China**

The Communist Party of Vietnam (CPV) has maintained a unitary government, which has centralized control over the state, media and military. The CPV re-elected Nguyen Phu Trong for a rare third five-year term as general secretary of the ruling Communist Party in early 2021. He will continue his current domestic agenda with a focus on the anti-corruption campaign. He should also give priority on developing a new leadership to be elected at the next party congress for a smooth transition, as the leader's health has been deteriorating since 2019. Externally, relations with China improved recently, through trade facilitation between both socialist economies and a bilateral cooperation plan in the 2021-2025 period. The pandemic has also offered Beijing the opportunity to strengthen ties through its vaccine diplomacy amid pandemic-induced disruptions in Vietnam. On the South China Sea dispute, China has been pressuring Vietnam to drop oil and gas projects from international oil companies. While the U.S. offered Vietnam its support to counter Beijing in the South China Sea, it is therefore unlikely to accept it in order to maintain close relations with China.



For further information of country rating and payment experience such as Assets – weaknesses – risk outlook; Industries overview; Insolvency trend; Means of payment and collection methods; and Nonpayment index, please visit our group’s official homepage at [www.coface.com](http://www.coface.com) or go directly to your interest at [http://www.coface.com/CofacePortal/COM\\_en\\_EN/pages/home/risks\\_home](http://www.coface.com/CofacePortal/COM_en_EN/pages/home/risks_home)

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