



NHỰA TIỀN PHONG

60 Năm
VỮNG BƯỚC TIỀN PHONG
60 YEARS OF STEADFAST PIONEER



BÁO CÁO THƯỜNG NIÊN 2019

BÁO CÁO
THƯỜNG NIÊN
ANNUAL REPORT
2019

TABLE OF CONTENT

INTRODUCTION 005

1. Message from Chairman	006
2. 2019 Milestones	008
3. 2019 Achievement	010

INTERNAL STRUCTURE 012

1. General information of Tien Phong Plastic JSC	014
2. History and Development	016
3. Business sectors and location	018
4. Main products	019
5. Subsidiaries and affiliates	020
6. Capital raising process	022
7. Competitive advantages	023
8. Medium and long-term development strategy	024
9. Organization structure	026
10. Introduction of BOD, BOM, BOS	028

UNITED WE MARCH 035

1. Board of Directors' report on business	036
2. Board of Management's report on business	037
3. Assessment report on environmental – social impacts	059

PIONEERING INNOVATION 063

1. Overview of 2019 plastic market	064
2. S.W.O.T analysis	068
3. Growth Startegy during 2020 – 2025	071
4. 2020 Sales Plan	072

THE GREAT BREAKTHROUGH 075

1. Internal Governance	076
2. Shareholder structure and change of owners' investment capital	078
3. Investor Relation's activities	080
4. General Meeting of Shareholders' Activities	081
5. The Board of Directors' Activities	082
6. Sub-committees under the BOD's Activities	084
7. The Board of Supervisors' Activities	085
8. Remunerations, transactions and benefits for the BOD, BOS, BOM	087
9. Risk management	088

SUSTAINABLE GROWTH 091

1. Sustainable growth report implications	092
2. Introduction	092
3. Main content	092
4. Content guidelines	092
5. Contact information	093
6. Associate relevant parties	093
7. How to assemble a sustainable growth report	097
8. NTP's Actions for sustainable growth in 2019	099
-NTP and "Green Growth"	099
-Activities to promote green growth in 2019	100
9. 2020 sustainable development criteria	102
-Economic growth	102
-Environment protection	103
-High quality product	106
-Human Resources activities	109
-Community development	112
10. Managing sustainable development and planning in the future	113

FINANCIAL REPORT 117

1. Statement of The Board of General Directors	118
2. Independent auditors' report	116
3. Consolidated balance sheet	003
4. Consolidated income statement	004
5. Consolidated cash flow statement	005

TABLE OF ABBREVIATIONS

COMPANY	:	Tien Phong Plastics Joint-stock Company
SM	:	Shareholders Meeting
YU	:	Youth Union
BOM	:	Board Of Management
BOD	:	Board Of Directors
O&E	:	Office And Employees
SCIC	:	State Capital And Investment Corporation
BP	:	Business Production
JSC	:	Joint Stock Company
FR	:	Financial Report
PBT	:	Profit Before Tax
PAT	:	Profit After Tax
SB	:	State Budget
LTD	:	Limited
COGS	:	Cost Of Goods Sold
NR	:	Net Revenue
ST	:	Stock Exchange
BOS	:	Board Of Supervisor
EBITDA	:	Earnings Before Interest, Tax, Depreciation And Amortization
EBIT	:	Earnings Before Interest And Tax,
SG	:	Sustainable growth report



INTRODUCTION

1. Message from Chairman
2. 2019 Milestones
3. 2019 Achievement

MESSAGE FROM CHAIRMAN

Dear Valued Shareholders, Partners and Customers

After 30 years from establishment day (May 19th, 1960), in 1990, Tien Phong Plastic decided to say farewell to traditional products and took the lead in manufacturing uPVC, HDPE, PRR fittings and pipes at the Northern area, serving construction industry. Since then, Tien Phong Plastic Joint Stock Company has affirmed its leading position as well as occupied the most major market share of plastic industry spreading out from North to South.

During the period of formation and development of its trademark, Tien Phong Plastic has taken advantages of development and coped with numerous challenges from different aspects. The instabilities in both global economic and politic during the year 2019 had huge impact on business environment in general and brought obstacles to the development of construction materials industry in particular. The year 2019 also was the milestone in terms of production-business activities, trademark positioning, development of new products and management of resources and systems, etc. towards to 2020 - the footprint of 60 years of NTP's establishment and development with abundant outstanding achievements.

In such context, Tien Phong Plastic's Top Executives and staff made a constantly great effort to uphold the leading position and obtained encouraging results, in which 2019 consolidated revenue reached nearly VND 4,789 billion and consolidated pre-tax profit reached more than VND 471 billion. At the same time, new product lines, such as PE/PP double-wall corrugated pipe manufactured using Unicor production line, HDPE single-wall corrugated pipe manufactured using Corma production line, etc. have been launched in the market.

Towards to the sustainable development and social cohesion, social activities have always been maintained and paid an attention by our Company. Although "Cau noi yeu thuong" Program has just been deployed within 03 years, there have been nearly 40

civil bridges built for new lives of poverty as well as thousands of scholarships and presents offered to children in their journey to school.

To valued guests,

Along with achievements in 2019, Tien Phong Plastic is extremely confident and steadily steps into 2020, which is a year of ending the first 60-year journey and of starting the following ones. To be ready for new opportunities, NTP promises to make great efforts and breakthroughs, both the Board of Directors and the Board of Management will united build and develop Tien Phong Plastic to the drastic and sustainable development as targets set out.

I believe that, with a careful and rational business strategy, together with specific and flexible plans, especially a team with high sense of responsibility, brave, unanimousness and creation, NTP will certainly attain objectives as expected.

On behalf of the Board of Directors, I would like to express my sincere gratitude to members of the Board of Management as well as the entire Tien Phong Plastic Staff, who make constant efforts to fulfill missions. Additionally, my special thanks to the companion of Valued Shareholders and Partners as well as the your trust and support over time and willing to receive more cooperation from you.

Wish you a healthy, prosperous and successful year!

"Tien Phong Plastic – 60 years of steadfast pioneer"

Haiphong, March 2020

ON BEHALF OF BOARD OF DIRECTORS

CHAIRMAN



Dang Quoc Dung



2019 MILESTONES

Inauguration of the expanded Tien Phong Plastic South factory



On October 4th 2019, the inauguration ceremony of the second factory was solemnly held by Tien Phong Plastic South JSC at the adjacent land with a total area of 11 hectares and invested nearly VND 500 billion along with the expectation to improve the production capacity up to 60,000 tons of products per year. By inherent competitive advantages and significant support from the new factory, the Company confidently reaches to higher goals to help Tien Phong Plastic brand keep up its leading place within Vietnam plastic pipe industry.



New product and technical seminars in the Northern provinces



With the desire of providing convenient installation techniques in terms of construction as well as enhance longevity and introduce products with superior features to customers, Technical and drainage product application seminars were organized in 10 provinces with the participation of nearly 4,000 guests. In December 2019, Tien Phong Plastic held a seminar to introduce new products with a variety of features to meet the domestic market demand such as uPVC pipe and fittings based on ISO 3633 for drainage, uPVC inner spiral pipe, which is capable of reducing high noise; PVC true union ball valve based on Japanese standard with high quality and compact design, reliable operation, etc. The seminar was attended by more than 500 guests, scientists, managers, and customers from local and foreign. This is known as an important milestone that makes sense of the development strategy of NTP in the new period.



Consumer protection activities

In addition to the willingness of expanding the market, last year Tien Phong Plastic continued to focus on the prevention of counterfeit goods to protect the rights of agents as well as direct consumers. Company still maintained those activities like tracking and coordinating with law enforcement agencies to investigate counterfeiting cases of Tien Phong Plastic products in Bac Ninh, Vinh Phuc and Hanoi areas, thereby destroying thousands of poor quality plastic pipes that have been made counterfeited and bringing to trial many subjects who have committed illegal acts. Furthermore, the section "Consumer protection" of Haiphong Security newspaper is still on progress to help raise awareness and timely report to the community.



Presenting nearly 40 bridges to disadvantaged areas

Over 03 years, a total of 23 bridges were built already in 2019 and the total number of bridges was enhanced up to 37 in both the North and South with a total budget of over VND 10 billion. Simultaneously, Company also organized extracurricular programs for students in disadvantaged areas and awarded nearly 250 scholarships for them.



2019 ACHIEVEMENT

1 Top 10 Gold Quality Products for consumers and Top 10 Vietnam Gold Brands 2019

Overcoming more than 200 enterprises with strict criteria on product quality and suitability to Vietnamese life, Tien Phong Plastic was honored to achieve "Top 10 Gold quality product for consumers" and "Top 10 Vietnam Gold Brands 2019" by the Science Institute for Development of Economic and Cultural Manpower awarded.



2 The Golden dragon awards – Vietnamese excellence brand

2019 was recognised as an important step for the country's development into the globalization process. In this context, Vietnamese businesses need to strive to firmly enter the door of international integration. Following the successes, Tien Phong Plastic continued to achieve "Golden Dragon Enterprise - Vietnam Strong Brand 2019" - the largest annual award organized by Vietnam Economic Times magazine organized to honor the leading prestigious enterprises in the country, thereby promoting businesses to get closer to the international market.



3 Top 10 Eco-friendly products and Top 20 Eco-friendly factory

With the solutions of minimizing the surrounding environment pollution as well as providing a green and clean working environment for employees, Tien Phong Plastic Joint Stock Company was honored to be honored at the Top 20 House Awards. green machines and Top 10 Eco-friendly products 2019.



4 Top 50 best-listed companies in 2019

This award is an annual event organized by Forbes Vietnam with the aim of ranking and selecting companies that have best results listed at the Stock Exchange and 2019 was also the 7th consecutive year that Tien Phong Plastic has been honored. Moreover, the Company gets into 15 enterprises that pass the quantitative and qualitative criteria standard of Forbes to maintain their position for many years. These effective and sustainable business results are evidence of the commitment of Tien Phong Plastic brand to prestige reputation, superior product quality and services.



5 Top 100 enterprises with the best financial management capacity on Vietnam's stock market

It has been 13 years since the NTP stock was officially listed on the stock exchange, Company has always strictly implemented the processes, regulations on management and financial statements. Therefore, Company has overcome 1,500 businesses to be honored in the Top 100 Enterprises with the best financial management capacity on the Vietnam Stock Exchange, which was organized by the Vietnam Chamber of Commerce and Industry, the Business Forum Newspaper in collaboration with the Institute for Enterprise Research and Development, the Vietnam Association of Business Administrators and the Vietnam Accounting and Auditing Association.





INTERNAL STRUCTURE

1. General information of Tien Phong Plastic JSC
2. History and Development
3. Business sectors and location
4. Main products
5. Subsidiaries and affiliates
6. Capital raising process
7. Competitive advantages
8. Medium and long-term development strategy
9. Organization structure
10. Introduction of the Board of Director, the Board of Management and the Board of Supervisor



GENERAL INFORMATION OF TIEN PHONG PLASTIC JOINT STOCK COMPANY



CÔNG TY CỔ PHẦN NHỰA THIÊN PHONG



Tien Phong Plastic Joint Stock Company



Stock symbol: NTP



Certificate of Business Registration: No. 0200167782 issued by Hai Phong City Department of Planning and Investment on December 30, 2004 and Amended business registration certificates.



Charter capital: VND 981,638,530,000



No.02 An Da Street, Lach Tray Ward, Ngo Quyen District, Haiphong City, Vietnam.



No.222 Mac Dang Doanh Street, Hung Dao Ward, Duong Kinh District, Haiphong City, Vietnam.



+ (84 225) 3813979

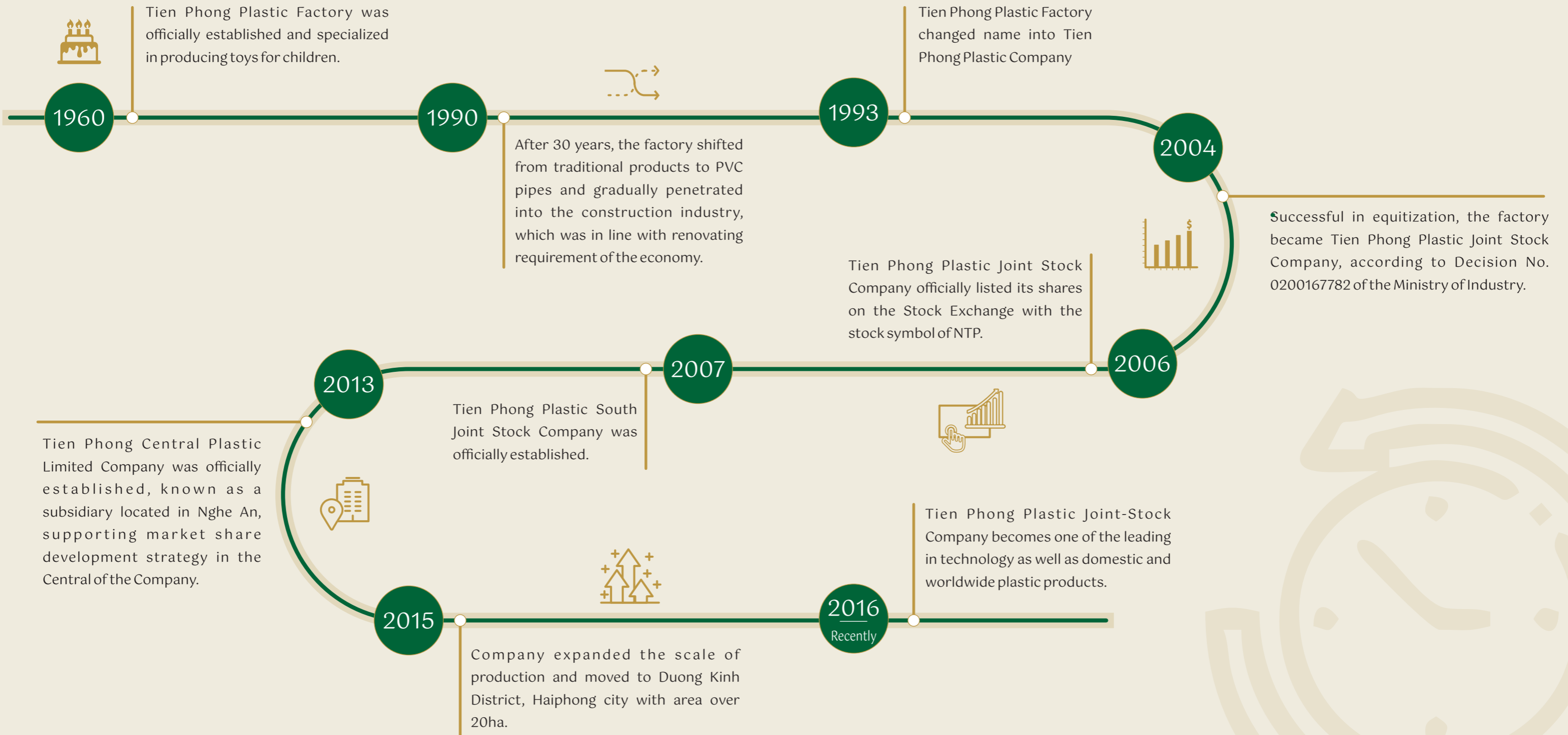


+ (84 225) 3813989



www.nhuatienphong.vn

HISTORY AND DEVELOPMENT



BUSINESS SECTORS AND LOCATION

Plastic construction sector

Producing and trading plastic are known as the main business of Tien Phong Plastic JSC, offering building plastic products for many industrial projects in particular, transportation, petroleum, civils sectors, etc. Currently, some major products of our Company include: PP-R pipes and fittings, HDPE pipes and fittings, uPVC pipes and fittings, conduit pipes and fittings for electrical system installation, etc.

Real estate sector

Tien Phong Real Estate Company Limited was established in 2015 with a capital of VND 20 billion with the aim of managing and converting the purpose of using the old factory area at No.2 An Da into a commercial complex, office for lease and high-class apartments with initial scale of 03 apartment buildings of 25-storey with more than 300 apartments with a total area of up to 8,700 m2. Currently, this real estate project has been licensed 1/500 by the government.

Business area

Over 60 years of development, Tien Phong Plastic recently owns 03 factories operating all day and night in Haiphong city, Binh Duong province and Nghe An province. Additionally, the Company also has 09 distribution centers, more than 300 agents and nearly 16,000 points of sale nationwide. This network is a big advantage of Tien Phong Plastic to help the Company easily affirm its position in the market.



MAIN PRODUCTS

uPVC pipes and fittings for water supply and for buried and above-ground drainage and sewerage under pressure

- Standard: ISO 1452
- Nominal diameter: From DN21 to DN800
- Nominal pressure: From PN4 to PN20
- Including: Pipes and fittings for water supply and for buried and above-ground drainage and sewerage under pressure

HDPE pipe and fittings

- Standard: ISO 4427
- Nominal diameter: From DN21 to DN2000
- Nominal pressure: PN6 to PN25
- Including: Pipe, compression fittings and fabricated fittings

PP-R pipe and fittings

- Standard: DIN 8077 and DIN 8078
- Nominal diameter: From DN20 to DN200
- Nominal pressure: From PN10 to PN25
- Including: PP-R pipe and fittings and PP-R UV resistance

uPVC pipe and fittings for drainage in building

- Standard: ISO 3633
- Nominal diameter: From DN34 to DN315
- Including: Pipe and fittings for drainage

Pipe and fittings for electrical system installation

- Standard: BS 6099.2.2:1982
- Nominal diameter: DN16 to DN63
- Including: Pipe and fittings

Other products

Manhole fittings and uPVC control box based on TCVN 12754:2020 and TCVN 12755:2010

uPVC Fabricated fittings (Manual produced, custom specifications are possible)

MPVC pipe

- Standard: AS/NZS 4765
- Nominal diameter: From DN110 to DN400
- Nominal pressure: From PN6 to PN18

PP/PE double wall corrugated pipe

- Standard: ISO 21138 and DIN EN 13476
- Nominal diameter: From DN150 to DN1000
- Stiffness class: SN4 to SN12

HDPE single wall corrugated pipe and fittings

- Standard: KSC 8455
- Nominal diameter: From DN30 to DN200
- Including: Pipe and fittings

uPVC Cable trunkings

- Standard: BS 4678

uPVC fence



SUBSIDIARIES AND AFFILIATES

TIEN PHONG CENTRAL PLASTIC LIMITED COMPANY

-  **Company name:**
Tien Phong Central Plastic Limited Company
-  **Headquarter:** Lot C, Nam Cam Industrial Zone, Nghi Loc District, Nghe An Province, Vietnam
-  **Charter capital:** VND 120 billion
-  **NTP's ownership rate:** 100%
-  **Main functions:** Manufacturing and trading civil and industrial plastic products

TIEN PHONG LAND LIMITED COMPANY


-  **Company name:**
Tien Phong Land Limited Company
-  **Head Office:** No.02 An Da Street, Lach Tray Ward, Ngo Quyen District, Haiphong City, Vietnam
-  **Charter capital:** VND 20 billion
-  **NTP's ownership rate:** 100%
-  **Main functions:** Doing business in terms of real estate, land use rights and transport business, civil and industrial plastic products.

Project:
Changing the function of the old factory area into a commercial complex, office for lease and a high-class apartment building invested by Tien Phong Plastic Joint Stock Company at No. 2 An Da, Lach Tray ward, Ngo Quyen district, Haiphong city.

TIEN PHONG PLASTIC SOUTH JOINT STOCK COMPANY

-  **Company name:**
Tien Phong Plastic South Joint Stock Company
-  **Head Office:** Dong An 2 Industrial Zone, Hoa Phu Ward, Thu Dau Mot City, Binh Duong Province, Vietnam
-  **Charter capital:** VND 279.275 billion
-  **NTP's ownership rate:** 27.39%
-  **Main functions:** Manufacturing and trading civil and industrial plastic products

TIEN PHONG PACKAGING JOINT STOCK COMPANY

-  **Company name:**
Tien Phong Packaging Joint Stock Company
-  **Head Office:** No. 2 An Da, Lach Tray Ward, Ngo Quyen District, Hai Phong City, Vietnam
-  **Charter capital:** VND 10 billion
-  **NTP's ownership rate:** 49.98%
-  **Main functions:** Manufacturing PP plastic packaging, cement packaging, different types of paper, complex assemblies and other plastic products.

CAPITAL RAISING PROCESS

Issued Object	Increased capital (Billion VND)	New total contributed capital (Billion VND)	Number	Date of Issue
Founding shareholder		90.0	No. 0200167782	First granted on Dec 30th, 2004
Bonus shares for existing shareholders	54.5	144.5	23/2006/GCNCP-TTLK	07/12/2006
Bonus shares for existing shareholders	72.23	216.7	23/2006/GCNCP-TTLK-1	16/07/2007
Bonus shares for existing shareholders	216.7	433.4	23/2006/GCNCP-VSD-2	13/04/2011
Bonus shares for existing shareholders	130	563.4	23/2006/GCNCP-VSD-3	03/07/2014
Bonus shares for existing shareholders	56.3	619.7	23/2006/GCNCP-VSD-4	15/07/2015
Bonus shares for existing shareholders	123.9	743.7	23/2006/GCNCP-VSD-5	17/06/2016
Bonus shares for existing shareholders	148.7	892.4	23/2006/GCNCP-VSD-6	03/07/2017
Bonus shares for existing shareholders	89.2	981.6	23/2006/GCNCP-VSD-7	21/11/2019

COMPETITIVE ADVANTAGES

Wide distribution system, large production capacity, capable of expanding market share:

- The distribution system of Tien Phong Plastic includes: 09 distribution centers, 300 agents and nearly 16,000 points of sale nationwide. This wide distribution network is always a great advantage of Tien Phong Plastic, and also known as supporter for sales, developing revenue and consumption volume of Tien Phong Plastic.
- The company owns 03 production factories, operates all day and night in Haiphong, Nghe An and Binh Duong with a total production capacity of about 150,000 tons / year.

Investing in pioneering products of quality:

- In 2004, Tien Phong Plastic produced PP-R heat resistant pipes according to DIN 8077: 2008-09 & DIN 8078: 2008-09.
- Tien Phong Plastic was the first company produced DN800 uPVC pipe.
- In 2016, the Company put into operation the DN2000 HDPE pipe production line and PE/PP double-wall corrugated pipe to DN800 according to European technology with a total investment of VND 150 billion, serving the needs of construction industry and water supply, requiring large water flow. This is one of 8 lines that can produce HDPE pipes with diameters up to 2000 mm in the world. Tien Phong Plastic is the first enterprise in Vietnam and Asia that invest in this line.
- During 2017 - 2018, Tien Phong Plastic continues to spend more than VND 100 billion to invest in machinery and equipment for PVC pipe production lines; HDPE and PP-R pipes; manufacturing PVC and PP-R pipe and fittings; laboratory equipment and product quality control, investment in the production line of MPVC DN110 - DN355; PP-R pipe production line DN20 - DN63; production line of HDPE single-wall corrugated pipe 500kg/h; PE/PP double-wall corrugated pipe production line 1000kg/h; equipped injection molding machines of 250 tons, 350 tons and 650 tons; grain dryer, PP-R packing machine; ultrasonic testing machine for HDPE pipe, etc.
- In 2019, Tien Phong Plastic focused on investing and innovating production technology. With the desire to find a solution for civil drainage system, Company has developed uPVC drainage pipe and fittings according to international standard ISO 3633. Besides, the products used for water supply systems were also introduced to consumers recently such as PVD true union ball valve; PE/PP double-wall corrugated; HDPE electrofusion (EF) fittings; HDPE single wall corrugated pipe and related fittings such as equal coupling, bellmouth and end caps which are manufactured on Corma line according to Korean standard KS C 8455, etc.

MEDIUM AND LONG-TERM DEVELOPMENT STRATEGY

Mid-term strategy

· Continuing to expand market share: The company tends to invest millions of USD to expand the scale of factories, upgrade equipment systems to meet the development strategy and production in the future. With the aim of keeping position in the northern consumer market, the operation of new factories in the Central and the South with the signing of cooperation with Seikisui Chemical (Japanese partner) are showing that our Company not only strives for dominating the domestic plastic market in the long term but also has ambition to encroach on other markets in the region.

· Improving products quality: Products of Tien Phong Plastic always take the quality as the core factor, therefore, Company focuses on investing in the world's leading production lines and equipment, and the strict quality control system, reaching international standards as well. These are extremely essential factors to maintain the development of pioneering products.

· Proactive in supplying materials: In the situation of imported raw materials such as PP, PE, HDPE, PVC, PP-R, etc from Arab, Chinese, Turkish, Iranian and Chinese market are quite high compared to the average of last year, Tien Phong Plastic expects to search different raw material sources with the aim of meeting demand for production.

· Seeking new investment opportunities: The signing ceremony with Sekisui Chemical, known as one of the leading companies in Japan in the field of manufacturing and trading of water and environmental products, will be the foundation for Tien Phong Plastic South Factory to serve the production and to market advanced products that have not been produced by any enterprises in Vietnam or imported from abroad. Development prospects of the plastic for water supply and drainage industry in Vietnam in particular and the region in general are very potential, which will help NTP's products have the opportunity to provide Japanese ODA projects in Southeast Asia in the field of infrastructure.

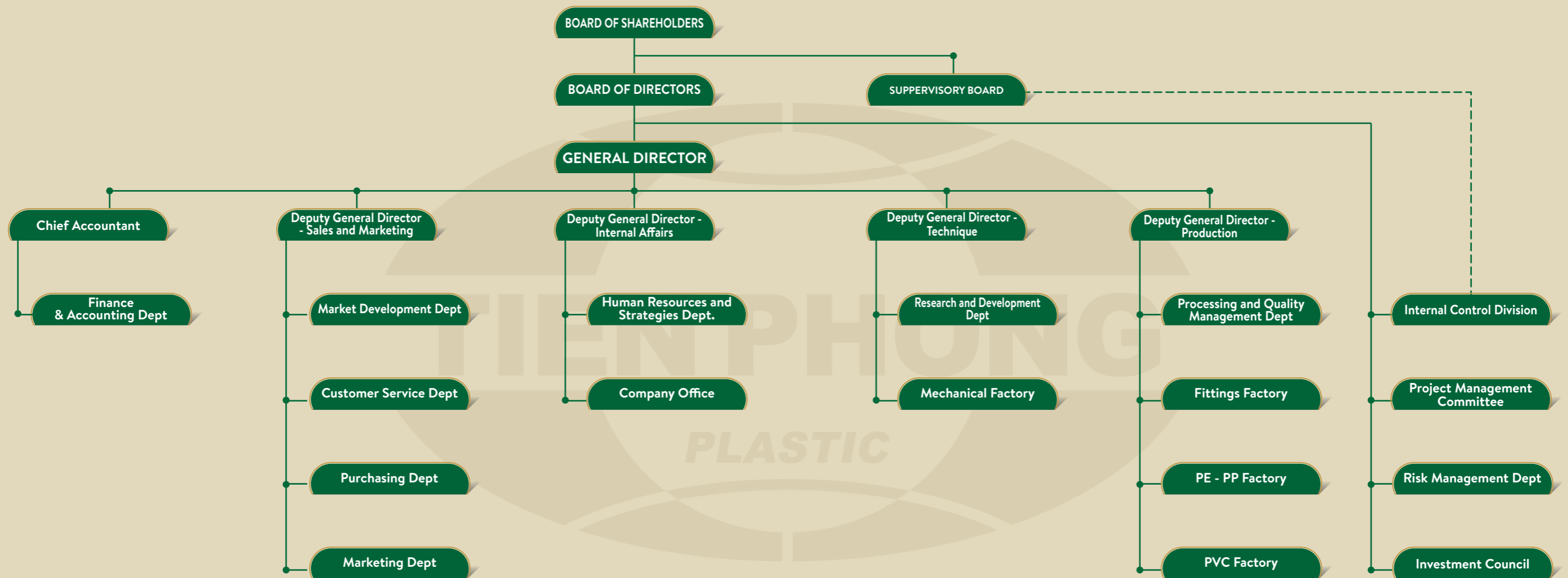
Long-term development strategy

· Becoming the leading plastic brand in Vietnam: Our goal is bringing Tien Phong Plastic brand into the subconscious of consumers with the assurance of quality, product variety, as well as reliable after-sales and maintenance services. Therefore, the company always strives constantly, from the continuous investment in the production process to ensure the reputation of product quality, as promoting the company's image to people. Tien Phong Plastic has launched new improved products with superior features such as: PP-R 2 layers pipe, mPVC pipes, largest 2000 diameter HDPE pipes in Vietnam, etc. In addition, the company's products are also promoted to domestic and foreign customers through many other exhibitions such as Vietbuild Exhibition, Hai Phong Youth Creative Exhibition, Customer Conferenc, etc. Although the competition in the market is increasing sharply, Tien Phong Plastic will always strive to continue affirming the No.1 brand in the building plastic in the future.

· Diversifying business sectors: Along with the main activities of producing plastic pipes and fittings, the Company takes the initiative in diversifying business activities, thereby, maximizing the opportunities in the contex of business environment fluctuates continuously. Specifically, the establishment of Tien Phong Packaging Joint Stock Company focuses on packaging production, which belongs to Packaging industry, or establishing Tien Phong Land Limited Company with the project at No. 2 An Da, Hai Phong, etc.

· Sustainable development orientation: Sustainable development is an important and inevitable issue that NTP always strives to achieve. Operating with the business philosophy of "Development associated with social responsibility" has created an image of an environmentally business, promoting social development. The company always carries out production and business as well as organizes activities towards comprehensive development, ensuring harmonious interests of shareholders, partners, workers, natural environment and community. In particular, many community activities such as "Love Bridge", career talks for high school students, traffic safety propaganda, giving bicycles to poor children, etc. was strongly implemented by the Company in 2019. The "Golden Dragon Enterprise - Vietnam Strong Brand 2019" is considered as the most objective achievement in 2019 that Tien Phong Plastic achieved which organized by Vietnam Economic Times magazine to honor the leading prestigious enterprises in the country, thereby promoting businesses to get closer to the international market.

ORGANIZATION STRUCTURE



**INTRODUCTION OF BOARD OF DIRECTORS, BOARD OF MANAGEMENT
AND BOARD OF SUPERVISOR**
THE BOARD OF DIRECTORS



Mr. Dang Quoc Dung
Chairman of the BOD

Born: 1968
Professional qualification: Bachelor of Economics (Vietnam Commerce University)
Working process:
- 2002 - 2005: Director of Huong Minh Limited Company
- 2007 - now: Chairman of BOD of Tien Phong Plastic South Joint Stock Company
- 2007 - 2017: Member of the BOD of Tien Phong Plastic Joint Stock Company
- 2018 - April/2019: Vice Chairman of of Tien Phong Plastic Joint Stock Company
- April/2019 - now: Chairman of Tien Phong Plastic Joint Stock Company



Mr. Noboru Kobayashi
Vice Chairman of the BOD

Nationality: Japanese
Born: 1966
Professional qualification: Chemical Engineering
Working process:
- 2017 - now: General Director of SEKISUI Vietnam Co., Ltd
- 2017 - April/2019: Member of the Board of Director of Tien Phong Plastic Joint Stock Company
- April/2019 - now: Vice Chairman of Tien Phong Plastic Joint Stock Company
Member of the Board of Directors of Tien Phong South Plastic JSC



Mr. Chu Van Phuong
Member of the BOD - General Director

Born: 1972
Professional Qualification: Master Business Administration (National Economics University)
Working Process:
- 2007-2012: Held different positions such as Deputy Manager of Sales Department, Head of Sales Department of Tien Phong Plastic JSC
- 2012-2018: Deputy General Director of Sales of Tien Phong Plastic JSC
- 4/2018 - now: Member of the Board of Directors of Tien Phong Plastic Joint Stock Company
- 2019 - now: General Director of Tien Phong Plastic Joint Stock Company



Mr. Tran Ngoc Bao
Member of the BOD - Chief Accountant

Born: 1976
Professional Qualification: Bachelor of Economics (Academy of Finance) and Certified CPA Auditor
Working process:
- 2000 - 2009: Director of Hai Phong Branch - Deloitte Vietnam Co., Ltd
- 2010: Chief Accountant of Vung Tau Branch - Petroleum Machinery and Spare Parts Company
- 2010 - 2012: Head of Supervisory Board of Tien Phong Plastic JSC.
- 2012 - now: Chief Accountant of Tien Phong Plastic JSC.
- 4/2018 - now: Member of the Board of Directors of Tien Phong Plastic Joint Stock Company

THE BORAD OF DIRECTORS



Mr. Tran Ba Phuc
Member of the BOD

Born: 1956

Professional qualification: Hydraulic engineer (Hanoi University of Technology)

Working process:

- 1983 - 2008: Held different positions at Tien Phong Plastic JSC such as Deputy manager of the factory, Deputy head of Labor Organization department, Head of Labor Organization department.

- 2008 - 4/2019: Chairman of Tien Phong Plastic JSC

- 4/2019 - now: Member of the BOD of Tien Phong Plastic Joint Stock Company



Mr. Nguyen Quoc Trung
Member of the BOD

Born: 1956

Professional qualification: Electrical engineer (Hanoi University of Technology)

Working process:

- 1982 - 2013: Held different senior positions such as Deputy manager of the factory, Manager of the factory, Deputy General Director of Sales, Standing Deputy General Director of Tien Phong Plastic JSC.

- 2013 - 2018: General Director of Tien Phong Plastic Joint Stock Company

- 2019 - now: Member of the Board of Directors of Tien Phong Plastic Joint Stock Company



Mr. Nguyen Anh Tuan
Member of the BOD

Born: 1978

Professional qualification: Master of International Business Law (University of François Rabelais de Tours, France)

Working process:

- 2006-2015: Deputy Chief of Office of SCIC

- 2015-2016: Head of Investment Department No.3 of SCIC

- 4/2016 - now: Vice Chairman of the Board of Director of Traphaco Joint Stock Company

- 2018 now: Member of the Board of Director of Tien Phong Plastic JSC



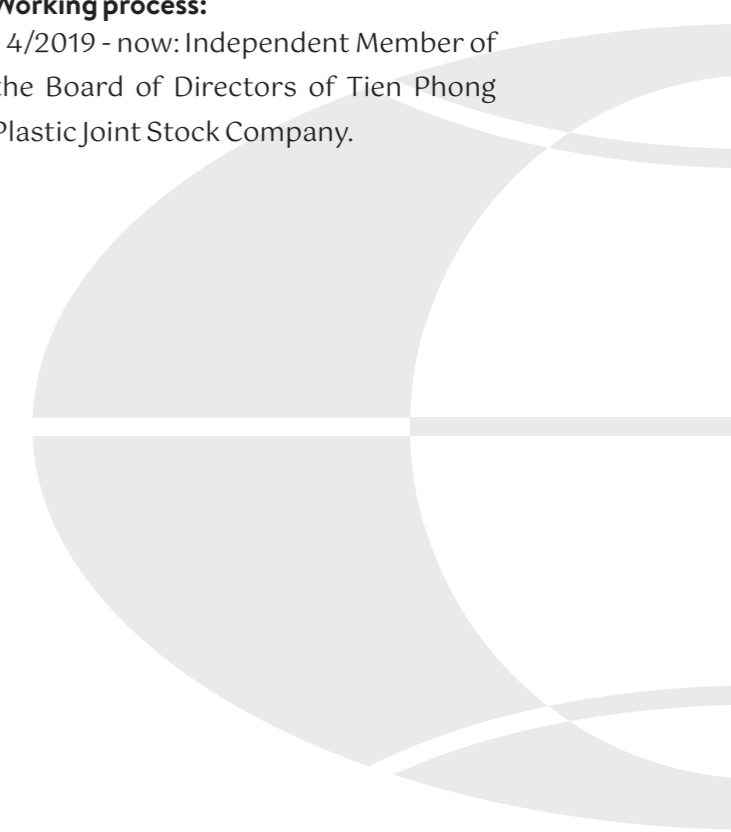
Mr. Dao Anh Thang
Independent BOD Member

Born: 1991

Professional qualification: Master of Finance Analysis (University of New South Wales, Australia)

Working process:

- 4/2019 - now: Independent Member of the Board of Directors of Tien Phong Plastic Joint Stock Company.



BOARD OF MANAGEMENT



Mr. Chu Van Phuong
Member of the BOD – General Director

Born: 1972
Professional Qualification: Master Business Administration (National Economics University)
Working Process:
- 2007-2012: Held different positions such as Deputy Manager of Sales Department, Head of Sales Department of Tien Phong Plastic JSC
- 2012-2018: Deputy General Director of Sales of Tien Phong Plastic JSC
- 4/2018 - now: Member of the Board of Directors of Tien Phong Plastic Joint Stock Company
- 2019 - now: General Director of Tien Phong Plastic Joint Stock Company



Mr. Tran Nhat Ninh
Deputy General Director of Technique

Born: 1971
Professional Qualification: Mechanical Engineer, Business engineering, (Hanoi University of Technology)
Working process:
- 2005-2014: Held different positions of Tien Phong Plastic JSC such as Deputy Manager of the factory, Deputy Head of Research and Design and Head of Research and Design.
- 2014 - now: Deputy General Director of Engineering of Tien Phong Plastic JSC



Mrs. Ngo Thi Thu Thuy
Deputy General Director of Production

Born: 1970
Professional Qualification: Chemical Engineering Engineer, Business engineering (Hanoi University of Technology)
Working process:
- 2004-2014: Held different positions of Tien Phong Plastic JSC such as Deputy Manager, Head of Production Techniques and Quality Management
- 2014 - now: Deputy General Director of Production of Tien Phong Plastic JSC



Mr. Nguyen Van Thuc
Deputy General Director of Internal Affairs

Born: 1969
Professional Qualification: Bachelor of Economics (National Economics University)
Working process:
- 2005-2015: Held different positions of Tien Phong Plastic JSC such as Deputy Manager of Labor Organization, Manager of Labor Organization Division, and Head of Labor Organization Department.
2015 - now: Deputy General Director of Internal Affairs of Tien Phong Plastic JSC



Mr. Tran Ngoc Bao
Member of the BOD
– Chief Accountant

Born: 1976
Professional Qualification: Bachelor of Economics (Academy of Finance) and Certified CPA Auditor
Working process:
- 2000 - 2009: Director of Hai Phong Branch - Deloitte Vietnam Co., Ltd
- 2010: Chief Accountant of Vung Tau Branch - Petroleum Machinery and Spare Parts Company
- 2010 - 2012: Head of Supervisory Board of Tien Phong Plastic JSC.
- 2012 - now: Chief Accountant of Tien Phong Plastic JSC.
- 4/2018 - now: Member of the Board of Directors of Tien Phong Plastic Joint Stock Company

BOARD OF SUPERVISORS



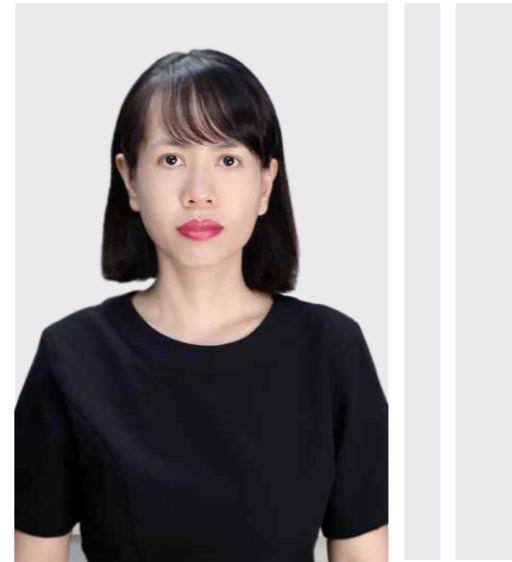
Mrs. Vu Thi Minh Nhat
Head of the Board of Supervisors

Born: 1987

Professional Qualification: Master of Economics (University of Latrobe, Australia), Certificated of Association of Chartered Certified Accountants and CPA Vietnam Certified Auditor

Working process:

- 2009 - 2014: Held different positions of KPMG Vietnam Co., Ltd. such as Assistant Auditor, Accounting Team Leader, Deputy Auditor, Deputy Financial Consulting Department
- 2014: Member of the Supervisory Board of Tien Phong Plastic JSC.
- 2015 - now: Head of Supervisory Board of Tien Phong Plastic JSC



Mrs. Nguyen Thi Quynh Huong
Member of the Board of Supervisors

Born: 1979

Professional Qualification: Master of Business Administration (Hanoi Foreign Trade University)

Working process:

- 2002 - 2009: Held different positions of Bank for Investment and Development of Vietnam - Ha Thanh Branch such as Executive, Deputy Manager, Head of Planning department
- 2009 - 2012: Held different positions of State Capital Investment Corporation (Accounting and Finance Department), also member of BOS of Tien Phong Plastic JSC
- 2012 - 2015: Head of Supervisory Board of Tien Phong Plastic JSC.
- 2015 - now: Member of Supervisory Board of Tien Phong Plastic JSC

UNITED WE MARCH

1. Board of Directors' report on business
2. Board of Management's report on business
3. Assessment report on environmental – social impacts

1. BOARD OF DIRECTORS' REPORT ON BUSINESS

2019 Performance evaluation

On April 19, 2019, the 2019 Annual General Meeting of Shareholders approved the business targets for the Company with the total revenue target of VND 5,000 billion with the pre-tax profit of VND 425 billion. The BOD has led the Company to overcome the market challenges as well as put synchronous business solutions in fulfilling targets.

Indicator	Unit	2019 Performance	2019 Target	2019 % Performance Rate	Performance 2018	Comparison between 2019 and 2018
Sales volume	Thousand tons	95.45	99.2	%	89.72	106%
Board of management						
Net revenue	VND billion	4,759	5,000	95.1%	4,519	105%
Pre-tax revenue	VND billion	471.2	425	110.8%	379	124%
Post-tax revenue	VND billion	409			331.5	123%
Asset investment	VND billion	199	263	76%	284	70%

Issue shares to existing shareholders

In November 2019, the Company successfully issued 8,923,551 shares to existing shareholders in order to raise Charter Capital of the Company from VND 892,403,020,000 to VND 981,638,530,000 under Decision of the Board of Directors No. 97/QĐ-HĐQT dated November 06th, 2019.

Assessment of the Board of Management's operation

The Board of Management implemented most of the tasks in accordance with the Resolution of the General Meeting of Shareholders and the BOD. In 2019, the BOD supervised the operation of the BOM in implementing Resolution of the Shareholders Meeting and the BOD as follows:

Adoption of period reporting mechanism: In the process of operation, the BOM has complied with monthly, quarterly, semi-annual and annual reports on the business and financial situation and presented to BOD. In addition, BOD has conducted the oversight through the review of regulations as well as procedures, strengthening business operation and ensuring the conformity with law provisions. In most of the Board meetings, the BOD also required the Company to enhance risk management during market instability.

Adoption of directions and resolutions at the BOD meeting in 2019: Along with agreed objectives in the Board meetings, the BOM has implemented and monitored it effectively. In 2019, the determination and effort of the entire staff and the activeness of the BOD that helped Tien Phong Plastic achieved positive business results. Particularly, revenue of Tien Phong Plastic reached VND 4,759 billion, equivalent to 95.1% completion of the plan approved by the Shareholders Meeting, increased by 5% of growth compared to 2018.

Adoption of BOS's inspection and supervision: In 2019, the Board of Supervisors conducted the inspection of all activities within the Company to ensure business operations are in compliance with the legal regulations and assignment by the BOD. The BOD has actively coordinated with the Board of Supervisors to guarantee the safety and refine the operation mechanism of the Company.

Through accomplishments above, in 2019, BOD highly appreciated the Board of Management's efforts in the process of the Company's operation in terms of fulfill business tasks assigned by the General Meeting of Shareholders. Besides, the Board of Management also abided by decentralization regulations prescribed at the Company's Charter and Regulation as well as Resolutions and directions of the BOD.

2. BOARD OF MANAGEMENT'S REPORT ON BUSINESS

Supply of raw materials

Every year, the plastic industry requires an average of 3.5 million tons of input materials such as PE, PP, PS, PVC and hundreds of different auxiliary chemicals. Recently, the total volume of plastic materials produced in the country only meets 20% of demand, the remaining 80% is imported from abroad. Especially when the import duty increased by 3% from January 1, 2017 also has made the additional costs of business increased significantly, as the result, the plastic industry is quite "sensitive" with the price fluctuation of plastic materials in the world and the region. Along with the transactions mainly based on USD, EUR, which further increases the risk of exchange rate fluctuations. Understanding the trends in material supply, Tien Phong Plastic has introduced new policies to stock up materials, set up reservation funds, etc to avoid the impacts of fluctuations may have on business.

Not only pay attention to raw material prices but also attached to the importance of the raw material quality, the Company always selects the reputable suppliers, highly standard and rigorously material resources. The safe at one of the first production stitches has affirmed NTP trademark to be highly appreciated by consumers, creating a longtime trust in the future.

Advanced products

In 2019, the business operation remains stable growth. Plastic pipes are still the core products of NTP, bringing in majority of revenue and profit. Not only maintaining traditional products such as uPVC, HDPE, PP-R, etc. Tien Phong Plastic also promotes and sells new unique products in the market such as: HDPE DN2000 pipes, PP-R 2 layers UV resistance pipes, PE/PP double wall corrugated pipes, manholes, etc. All the products meet the international quality standards: ASTM F714-13, DIN 8074:1999-08 & DIN8075: 1999-08, ISO 4427-2: 2007, ISO 1452-2: 2009, etc.

R&D activities

Understanding the importance of research and development activities for the Company, Tien Phong Plastic has implemented massive management solutions, allocating resources to innovate and improve the effectiveness of R&D activities, focusing on high applicability and market demands. In 2019, the Company implemented:

- Improve scientific knowledges and practical experiences: the Company conducted the science research topic “Design and manufacture uPVC expander equipment diameter DN250 to DN400 with pressure tank”. Moreover, at the contest “Technical creations by Hai Phong labors 2019”, this topic was honored first prize among over 50 researches from different units in the City. This topic applied into practical production contributed to improve working environment, because heating liquid and cooling water will be automatically recovered and cycled.

- Also at the contest “Technical creations by Hai Phong labors 2019”, topic of “Deploy connection between HDPE fittings and pipe by electrofusion method” was awarded consolation prize. The success of this topic created favorable condition for NTP new product line with modern technology, perfect quality, eye-catching appearance, and easy construction that replace complicated bonding welding method before. During the using process, they did not produce trim waste as well as eliminate fully waste gease released into environment compared to the use of previous methods.

- Continue the success of scientific research - technology topic that was awarded in 2018, the Company continued to research, design and manufacture a series of end caps in order to test pressure of HDPE large-sized pipes, varying from DN1200 - DN2000. This product line brought the activeness and reliability in testing and evaluating NTP product quality.

The operation of equipment is easy, safety for workers, creating approaches to new technology for the Company technicians.

- The technology scientific research topic within the Company “Design, manufacture counting and bunching machines for uPVC pipes Ø21-Ø34” is to automatically connect with production line. This topic automated a lot of producing processes before, the products is wrapped better, overcoming mis-counting the finished-products in production line, at the same time, it released the stress for employees.

- In addition to research development activities, the Company also strengthened international cooperation in order to approach state - of - the - art equipment and technology in the world. This not only ensures the Company product quality but also enhances techicians' qualification. Some outstanding activities about transferring technology during 2019 are:

- Receive technology transfer from Sekisui Corporation (Japan) as regards uPVC inner spiral pipe, ball valves, and manhole. This contributes a variety of NTP new product lines, as well as brings international products with reasonable prices delivered to customers.

- Receive the technology transfer of production line for single-wall corrugated pipes. This is an initial step for underground construction of electronic cable routes.

- Receive and install production lines of PE/PP double-wall corrugated pipes. During process, this product may replace concrete pipes and fittings, which were produced by mineral resources such as: stones, sand, etc., minimizing environmental impacts.

- Receive and install automatic micro-measurement system in order to raise accuracy in mixing materials, ensuring NTP product quality. This automatic equipment also reduced the interaction between employees and raw materials.

Analysis of business production performance

Encountering the increasing raw materials in price and the occupancy possibility from foreign enterprises, the Company has actively conducted multiple solutions to optimize cost, promoted advantages, overcome difficulties to maintain the business performance. As a result, Tien Phong Plastic still holds the leading position and develops steadily in the market, particularly, the profit result of 2019 were impressive which exceeded 10% of plan, reached VND 471 billion.

Indicators	Unit	Performance 2019	Target 2019	% Performance rate
Consolidated net revenue	VND Billion	4,789	5,000	95.7%
Consolidated profit after tax	VND Billion	471	425	110.8%

Analyzed contents of financial indicators comprise of:

(1) Growth indicators
(2) Structure of costs

(3) Structure of assets
(4) Structure of capital

(5) Profitability Indicators
(6) Liquidation indicators
(7) Operation indicators



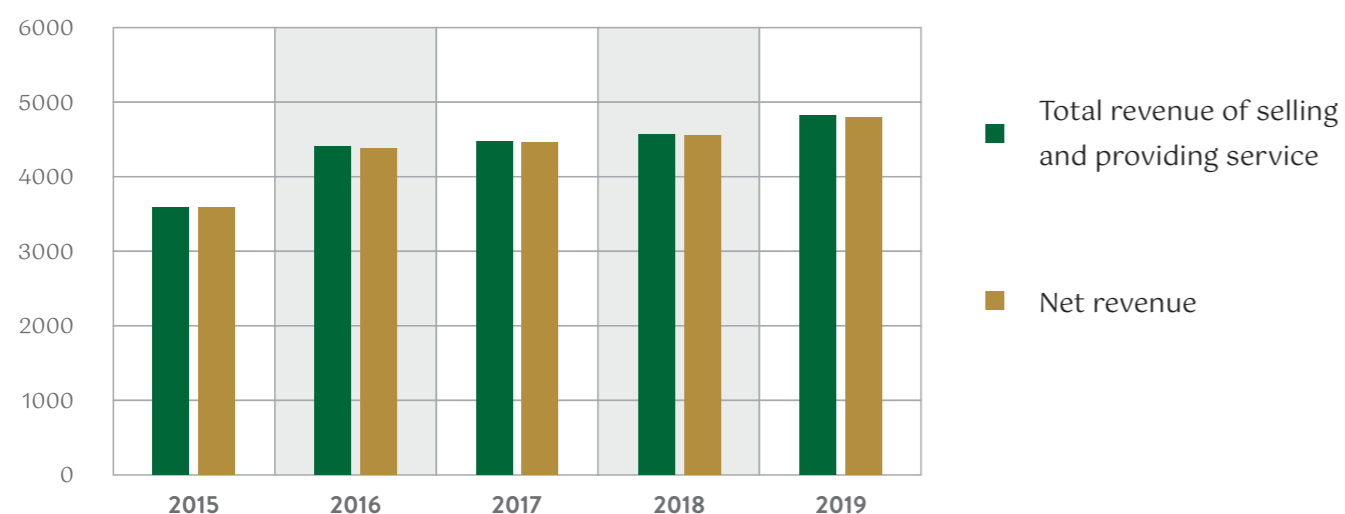
(1) Growth indicators

REVENUE

*Table of revenue growth during 2015-2019:

Indicators	Unit	2015	2016	2017	2018	2019
Total revenue of selling and providing service	VND Billion	3,564.1	4,365.5	4,443.7	4,534.6	4,788.7
Net Revenue	VND Billion	3,556.1	4,354.2	4,430.1	4,519.6	4,759.9
Financial Revenue	VND Billion	1.6	2.4	2.5	15.1	16.8
Other revenue	VND Billion	21.9	1.1	11.4	5.6	9.2

* Table of revenue growth during 2015-2019:



NTP's revenue ranked the first among listed construction plastic businesses. In particular, total net revenue in 2019 of NTP reached VND 4,759 billion - ranked first among listed plastic enterprises such as Binh Minh Plastics BMP (VND 4,337 billion), Dong Nai Plastic DNP (VND 2,805 billion), Dong A Plastic DAG (VND 1,661 billion).

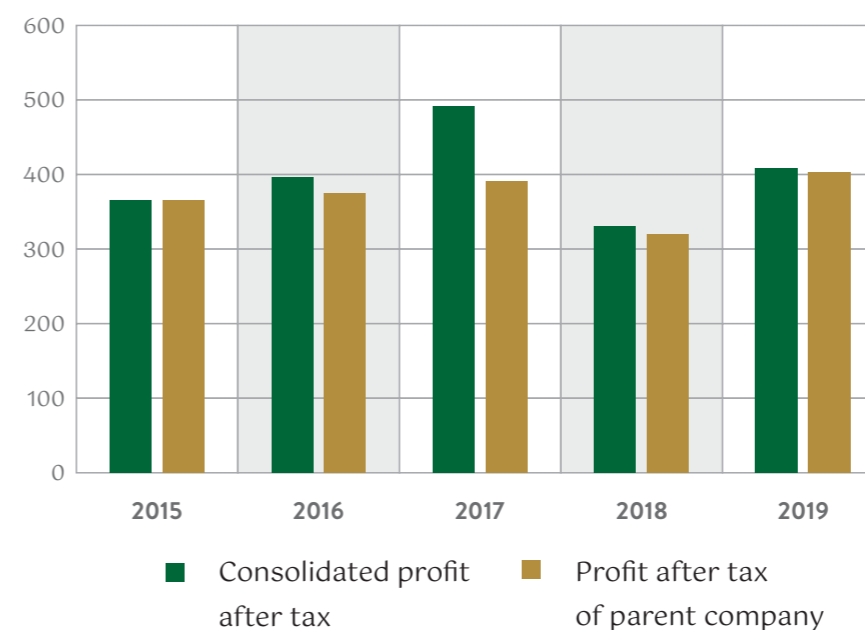
The average growth rate (CAGR) of net revenue for the period 2015 - 2019 is 6.0%, in which, net revenue in 2019 has increased by 6% compared to 2018, higher than the growth rate of 2% in 2017 and 2018. This result is a combination of the recovery of the Vietnamese economy and the Company's efforts to promote revenue.

PROFIT

* Table of profit growth during 2015-2019:

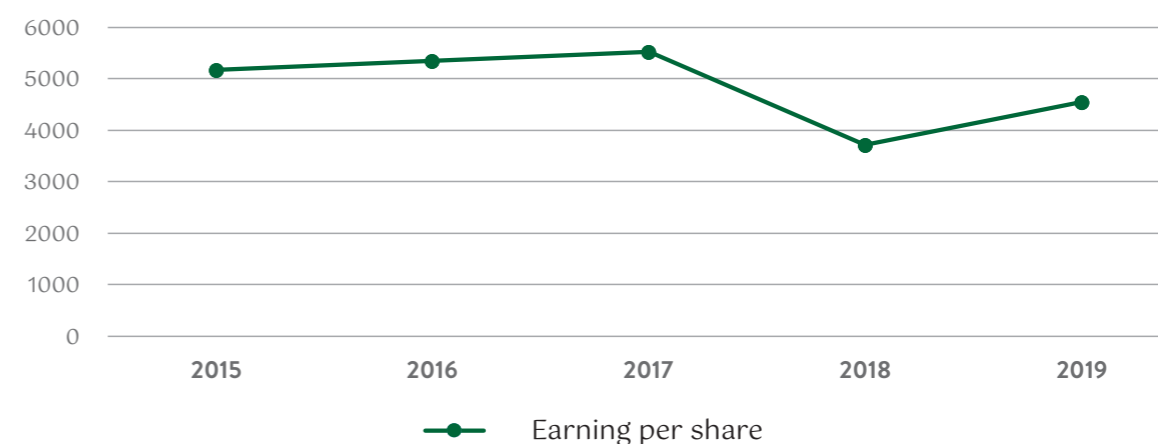
Indicators	Unit	2015	2016	2017	2018	2019
Consolidated net revenue	VND Billion	400.40	453.30	546.70	376.40	467.70
Consolidated post-tax profit	VND Billion	366.20	397.60	492.50	331.50	409.00
Parent Company Profit	VND Billion	366.60	376.20	391.30	320.60	404.30
Earning per share (EPS)	VND	5,171	5,346	5,519	3,715	4,545

* Chart of post-tax profit growth during 2015-2019



The Compounded Annual Growth rate of post-tax profit for the period 2015 - 2019 is 1.96%. On the contrary to the declining profit in 2018 due to the objective factor of the sudden increase in raw material costs, the after-tax profit in 2019 jumped by 23%. Within the cycle of recent 5-year, this profit growth was approximately equivalent to 2017, reaching 24%. In particular, the increase in profit from business activities in 2019 reached 24%, representing a blooming year of NTP.

* Earning per share during 2015-2019



EVALUATION OF REVENUE AND PROFIT OVER THE LAST TWO YEARS

* Table of reviewing business performance during 2018 - 2019

Indicators	Unit	2018	2019	Compare 2019 to 2018
Consolidated net revenue	VND Billion	4,519.60	4,759.90	5.32
Consolidated pre-tax profit	VND Billion	379.80	471.2	24.06
Consolidated post-tax profit	VND Billion	331.50	409.00	23.38
Parent Company Profit	VND Billion	320.60	404.30	26.11
Earning per share (EPS)	VND	3,715	4,545	22.34

With the reasonable marketing strategy as well as appropriate sales policy sales policy, Sales revenue still remained stable with 5.32% of the growth, which still a high prospect within plastic industry. Alongside the reasonable cost adjustment, the profit before tax in 2019 peak 24.06% compared to 2018.

Indicators	Unit	2015	2016	2017	2018	2019
Cost of goods sold /Net revenue	%	64.4	63.94	66.76	70.55	69.86
Selling expenses /Net revenue	%	19.15	20.16	17.59	16.22	15.67
General and administration expenses /Net revenue	%	4.27	4.44	4.1	3.28	2.86
Accrued interest expenses/ Net revenue	%	1.38	1.26	1.71	2.37	2.41

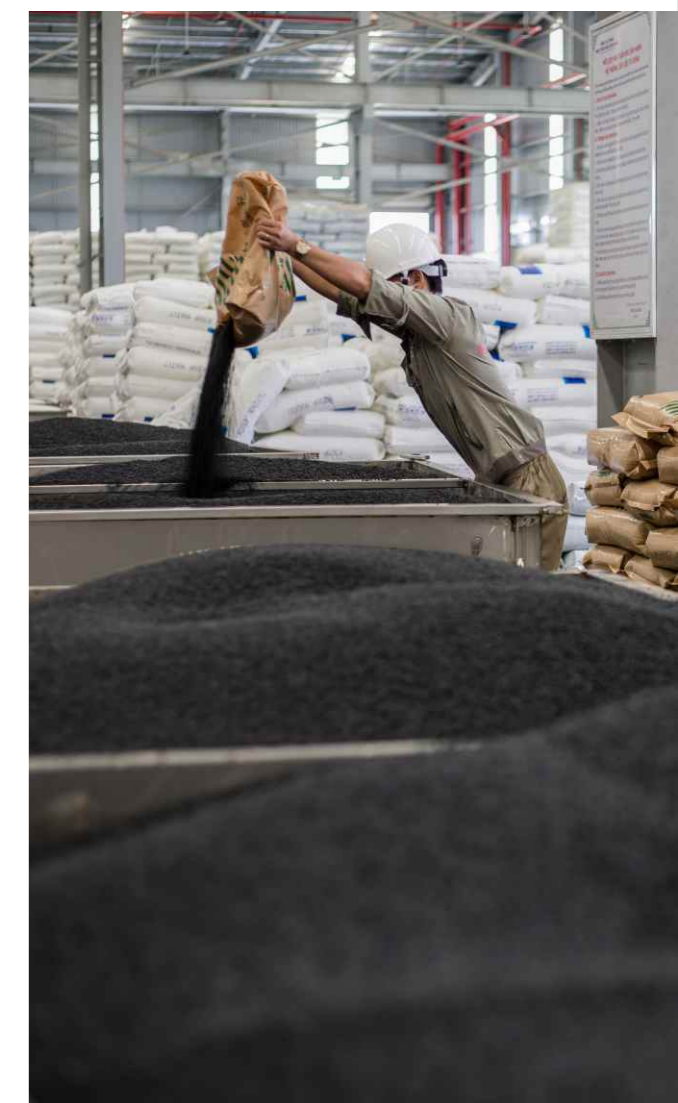
(2) Cost structure

* Table of cost structure during 2015 - 2019

Indicators	Unit	2015	2016	2017	2018	2019
Cost of goods sold	VND Billion	2,290.3	2,784.2	2,957.5	3,188.7	3,325.4
Selling expenses	VND Billion	680.9	877.6	779.3	733.0	745.7
General and administration expenses	VND Billion	152.0	193.4	181.7	148.1	135.9
Financial expenses	VND Billion	51.8	55.7	76.7	107.6	114.9
Other expenses	VND Billion	10.4	7.0	1.2	2.2	5.6
Total cost	VND Billion	3,185.4	3,917.9	3,996.4	4,179.6	4,327.5

Costs of raw materials accounts major percent in production-business, which is also a feature of plastic production enterprises. Within NTP cost structure, cost of raw materials accounts for 65%-75% on average in the period 2015-2019. Due to the fact that Vietnam plastic industry has not been able to produce PE materials, NTP still maintains importing raw materials directly from foreign countries such as Thailand, Korea, Singapore, Japan, UAE, and the US. If in 2018, material costs soared and difficulties in global supply, dragged down NTP's business results, the cost for plastic resins with conversion ratio of nearly 1:1 was significantly reduced as of 2019. Consequently, the increase in the cost of goods sold of the Company increased by 4%, lower than the rate of revenue increase, contributing to the potential growth of profits.

Financial expenses was well controlled to balance funding sources for business activities: Financial expenses tended to increase from VND 51.8 billion in 2015 to VND 114.9 billion in 2019 due to the Company has taken full advantage of the debt to invest in projects. Financial expenses increased by 8% in 2019, but the loan balance at the end of the period still guaranteed a ratio of 1:1 to equity, reflecting the Company's stable financial situation.



(3) Structure of asset

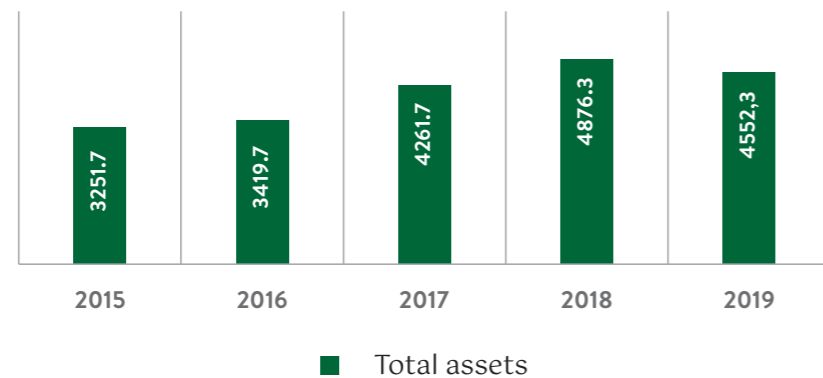
Assets growth during 2015 – 2019

The Compounded Annual Growth for the period 2015-2019 is 6.9% per year.

The period 2015-2018 was the period when the new factory in Duong Kinh completed. Total assets increased from VND 3,251 billion to VND 4,876 billion, marking the fast and steady development of NTP in the process of factory expansion, investment in production lines and equipment. By 2019, total assets decreased slightly because the investment activities have basically been completed, the annual depreciation value is stable and increased much compared to the previous year.

Total assets growth during 2015-2019

* Table of total assets growth during 2015-2019 (Unit: VND Billion)



Assets scale of NTP takes a lead in listed construction enterprises. Recently, Tien Phong Plastic has owned 03 factories with total capacity up to 150,000 tons/year - the largest among enterprises in the same industry.

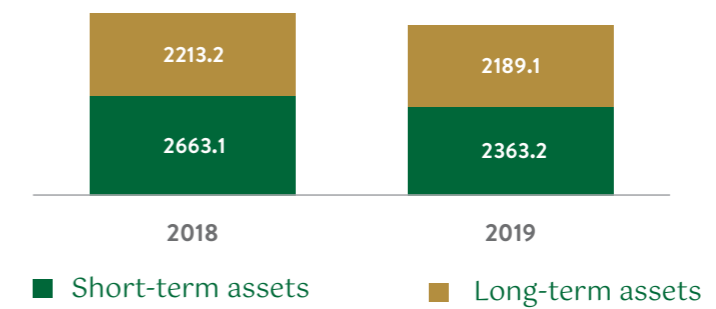


Changes of asset scale during 2018-2019

* Table of of assets scale change during 2018-2019

Indicators	Unit	2018	2019	Difference	% Increase /Decrease
Short-term assets	VND Billion	2,663.1	2,363.2	(299,9)	(11,3%)
Long-term assets	VND Billion	2,213.2	2,189.1	(24,1)	(1,1%)
Total Assets	VND Billion	4,876.3	4,552.3	(324,0)	(6,6%)

* Chart of asset scale change during 2018-2019 (Unit: VND Billion)



In 2019, total assets of NTP reached VND 4,552.3 billion (decreased by VND 324 billion in comparison with 2018, equivalent to 6.64%). Of which, short-term assets decreased by VND 299.9 billion, mostly came from the reduced customer receivables but the reduced prepayment of the seller was other factor too. Reduced customer receivables is known as effort of the Company in terms of collecting debt, controlling of bad debts, and reducing the rate of overdue payments.

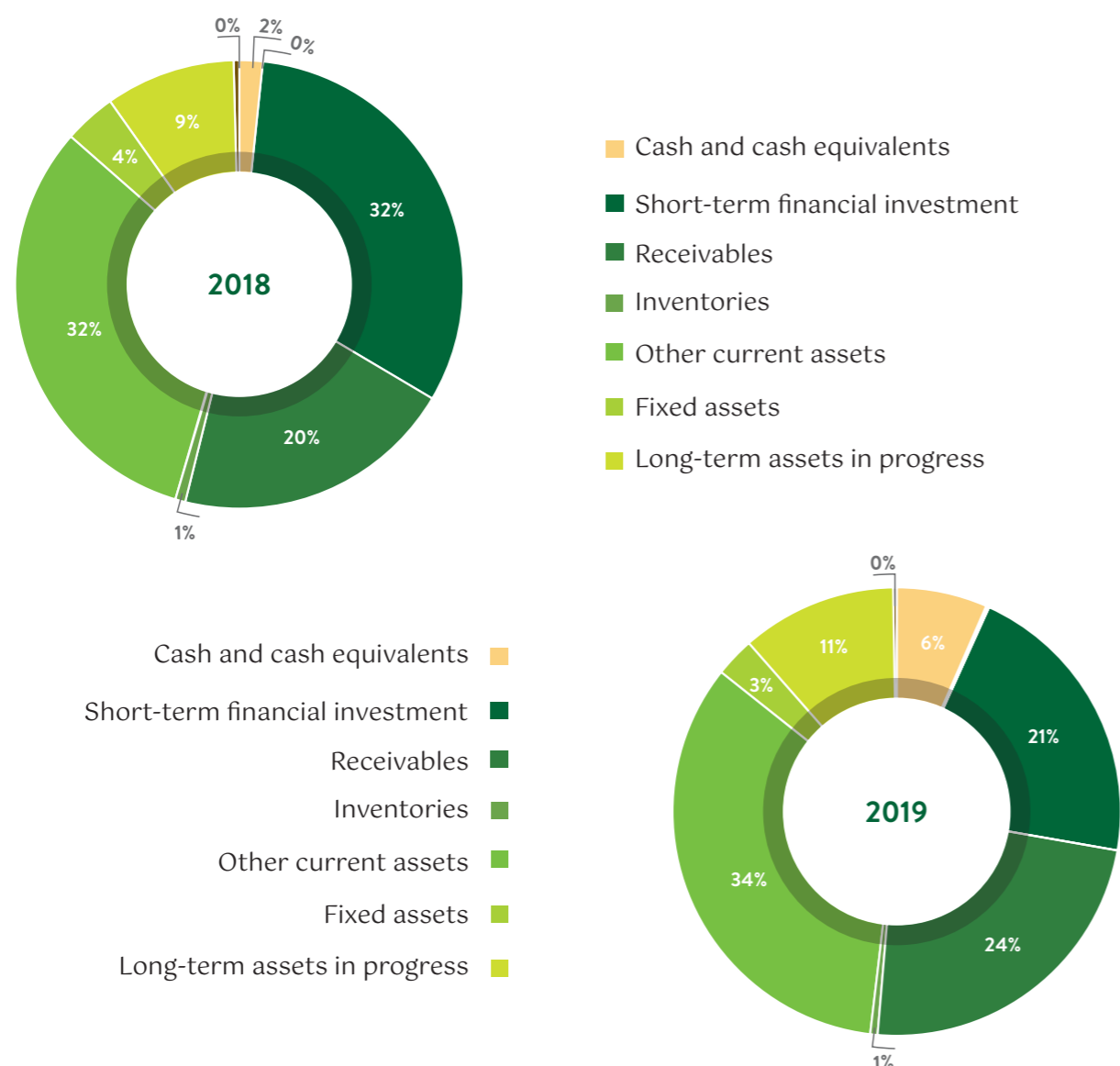
Additionally, long-term assets went down in terms of scale with a fall of VND 24.1 billion (equivalent to 1.1%) due to the completion of major investment items in this year, which shown in the transfer value from construction in progress to fixed assets, accumulated depreciation for used assets was stable.



* Table of assets structure during 2018 - 2019

Indicators	Unit	2018	2019	Difference	% Increase /Decrease
Cash and cash equivalents	VND billion	83.1	297.0	213.9	257.4
Short-term financial investment	VND billion	0	10.0	10.0	100.0
Receivables	VND billion	1,549.6	958.5	(591.1)	(38.1)
Inventories	VND billion	995.5	1,073.7	78.2	7.9
Other current assets	VND billion	35.0	23.9	(11.1)	(31.7)
Fixed assets	VND billion	1,552.3	1,536.5	(15.8)	(1.0)
Long-term assets in progress	VND billion	184.5	130.7	(53.8)	(29.2)
Long-term financial assets	VND billion	456.0	509.8	53.8	11.8
Other assets	VND billion	20.4	12.1	(8.3)	(40.7)
Total assets	VND billion	4,876.3	4,552.3	(324.0)	(6.6)

* Chart of assets structure during 2018 - 2019



Asset structure has significantly increased in terms of cash and cash equivalents, which enhanced VND 213.9 billion compared to 2018. Moreover, the proportion of the total assets grew from 2% to 6% during 2018-2019. Meanwhile, receivables were down VND 591.1 billion compared to 2018, and the proportion dropped from 32% to 21%.

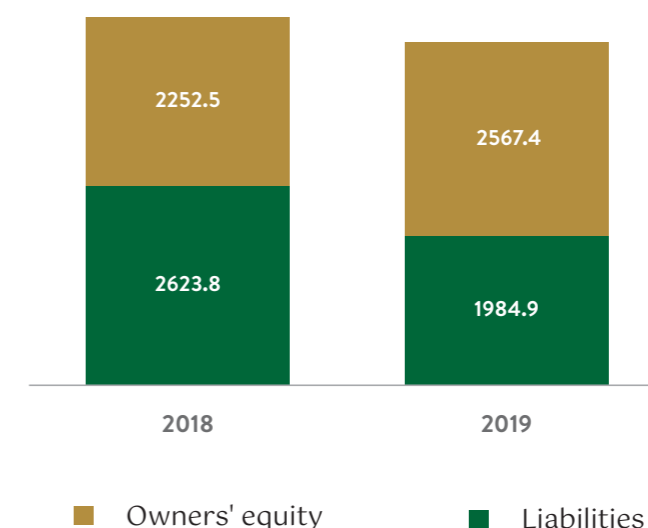
(4) Capital structure

Capital growth during 2018 - 2019

* Table of capital growth during 2018 - 2019

Indicator	Unit	2018	2019	Difference	% Increase /Decrease
Liabilities	VND billion	2,623.8	1,984.9	-638.9	-24.4
Owners' equity	VND billion	2,252.5	2,567.4	314.9	14.0
Total capital	VND billion	4,876.3	4,552.3	-324.0	-6.6

* Chart of capital structure in 2018 - 2019 (Unit: VND Billion)



In 2019, the total capital of the Company was VND 4,552.3 billion, down VND 324 billion compared to 2018, equivalent to 6.64%, of which payable debt decreased by VND 638.9 billion; Equity increased by VND 314.9 billion.

Additionally, the ratio of liabilities/equity decreased from 1.16 of 2018 to 0.77 as well as the debt/total assets ratio fell below 0.5, indicating that NTP has switched to self-financing mainly by equity instead of debt as before.

Capital structure

* Table of capital structure during 2018 - 2019

Indicator	Unit	2018	2019	Difference	% Increase /Decrease
Short-term liabilities	VND billion	2,387.4	1,854.1	-533.3	-22.3
Long-term liabilities	VND billion	236.4	130.8	-105.6	-44,7
Owners' equity	VND billion	892.4	981.6	89.2	10.0
Share Premium	VND billion	0.0	0.0	0.0	0.0
Development & Investment Fund and other capital	VND billion	824.4	962.5	138.1	16.8
Retained profits	VND billion	535.7	623.2	87.5	16.3
Total resource	VND billion	4,876.3	4,552.3	-324.0	-6,6

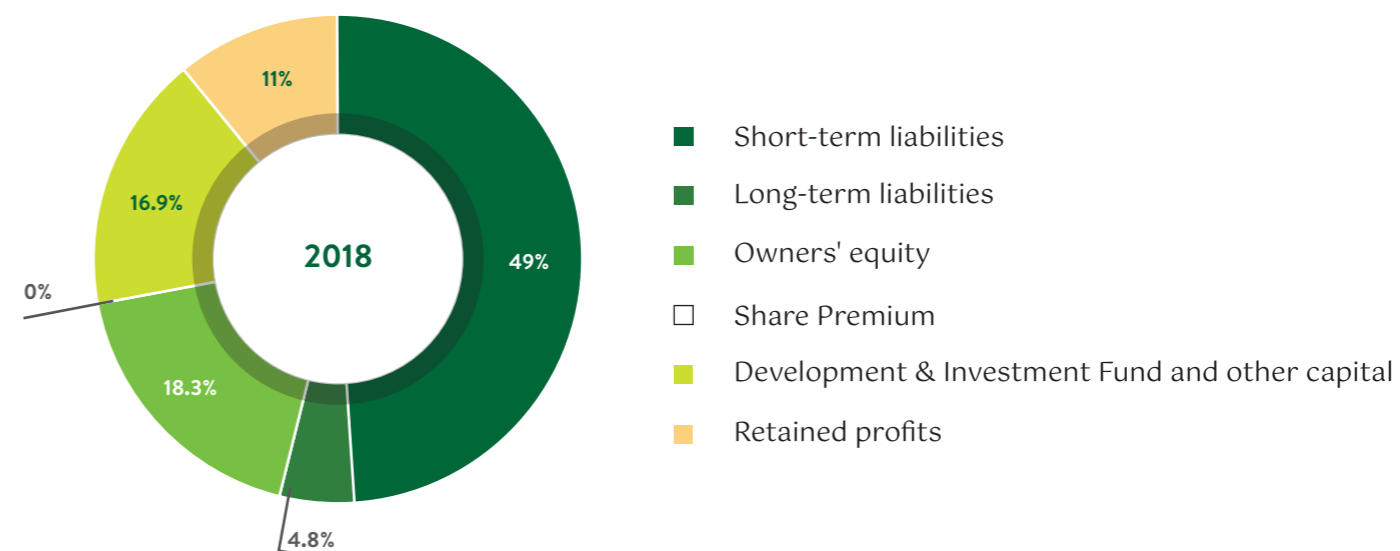
Comparison of capital structure during 2018 - 2019

* Table of capital structure during 2018 - 2019

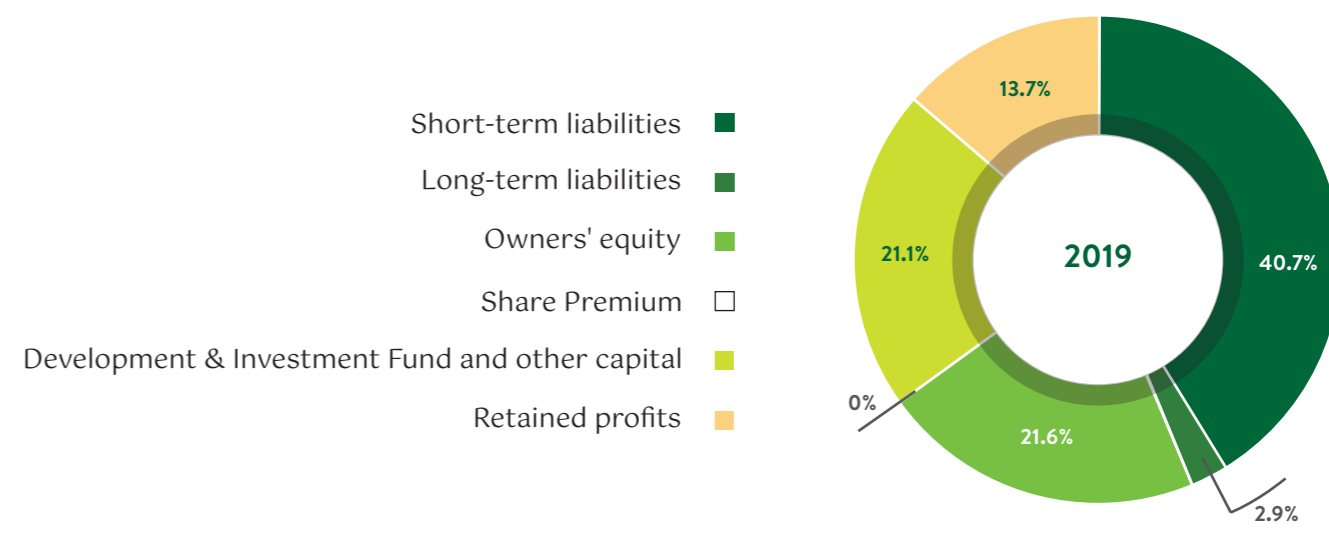
Indicators	Unit	2018	2019	2018 %	2019 %
Short - term liabilities	VND billion	2,387.4	1,854.1	49.0	40.7
Long - term liabilities	VND billion	236.4	130.8	4.8	2.9
Owners' equity ^a	VND billion	892,4	981.6	18.3	21.6
Share premium	VND billion	0.0	0.0	0.0	0.0
Investment& Development Fund and Other Capital	VND billion	824.4	962.5	16.9	21.1
Retained profits	VND billion	535.7	623.2	11.0	13.7
Total Resources	VND billion	4,876.3	4,552.3	100.0	100.0



* Capital structure of 2018



* Capital structure of 2019



Capital in 2019 decreased by VND 324 billion due to the main impact from the decline of short-term debt, which was 6.6%. The capital structure has fluctuated with the ratio of liabilities reduced from 53.8% in 2018 to 43.6% in 2019. This helps the Company proactive in finance, balancing between business activities and short-term funding.

Investment and development fund and other capital increased by VND 138.1 billion (equivalent to 16.8%); retained profit increased by VND 87.5 billion (equivalent to 16.3%) and owner's equity increased by VND 89.2 billion because of 10% capital raising of the Company shares issued.

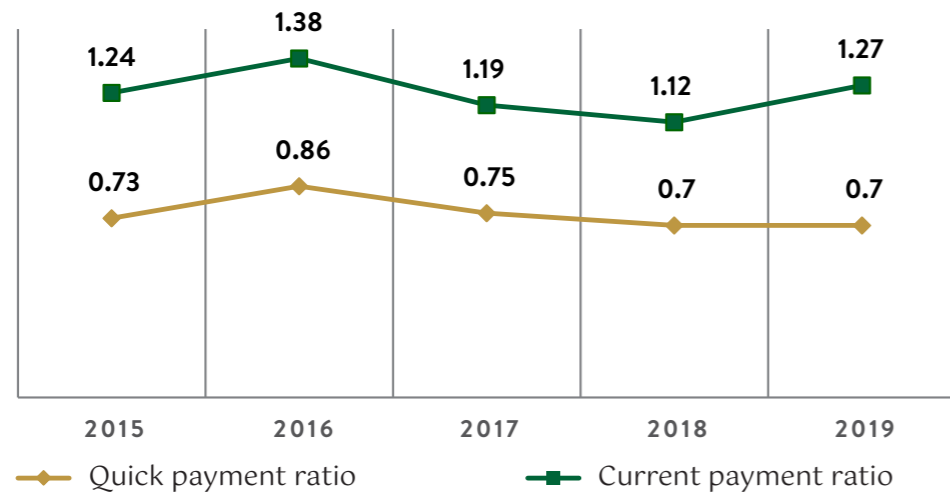
(5) Solvency indicators

* Table of solvency assessment during 2015 - 2019

Indicators	Unit	2015	2016	2017	2018	2019
Quick payment ratio	Time	0.73	0.86	0.75	0.70	0.70
Current payment ratio	Time	1.24	1.38	1.19	1.12	1.27

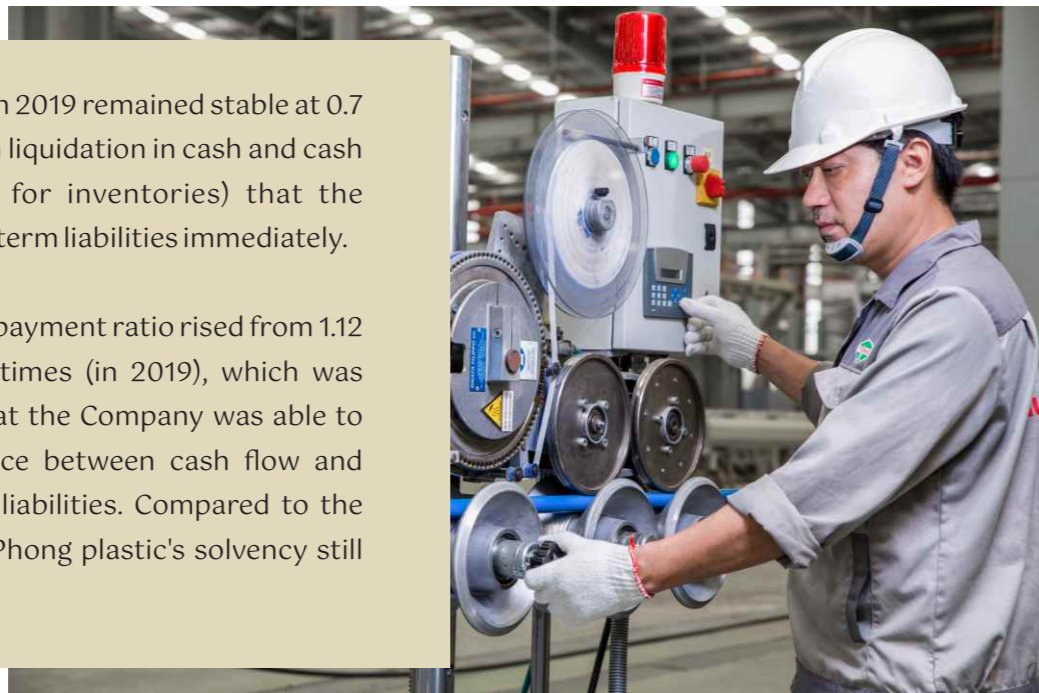
* Chart of the solvency ratio

SOLVENCY RATIO



Quick payment ratio in 2019 remained stable at 0.7 times, reflecting the high liquidation in cash and cash equivalents (excepting for inventories) that the Company can pay short-term liabilities immediately.

Similarly, the current payment ratio rose from 1.12 times (in 2018) to 1.27 times (in 2019), which was more than 2 showed that the Company was able to actively keep the balance between cash flow and solvency of short-term liabilities. Compared to the same enterprises, Tien Phong plastic's solvency still at middle level.



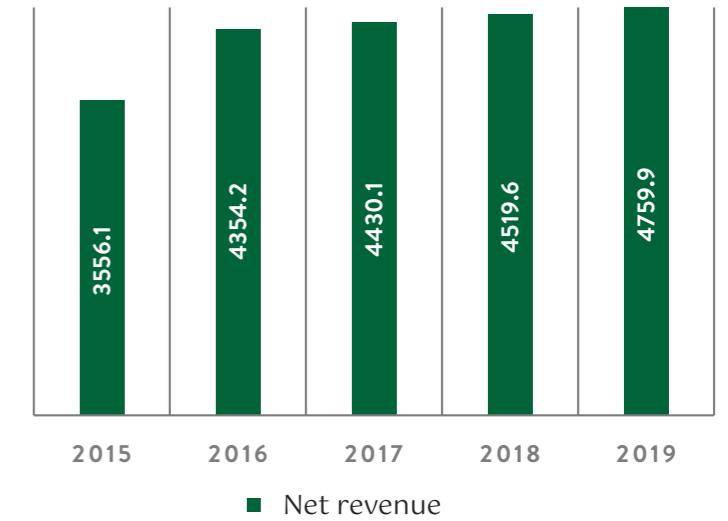
(6) Profitability Indicators

* Chart of revenue growth during 2015 - 2019

Year	Unit	2015	2016	2017	2018	2019
Net revenue	VND Billion	3,556.10	4,354.20	4,430.10	4,519.60	4,759.90

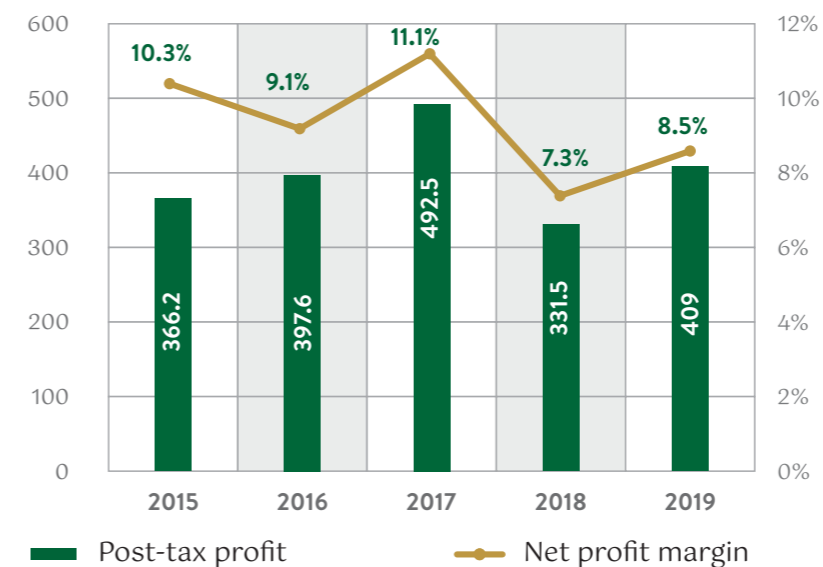
As can be seen in 2019, net revenue of NTP increased by VND240 billion, equivalent to 5.31% compared to over the same period. However, the growth rate reached only less than 10% but still estimated as high growth within building plastic material. In 2019, because of some reasons such as a leveling out of the real estate industry, the demand for construction plastic pipes decreased. On the other hand, the demand of plastic pipes in market declined therefore NTP has to cope with the reduction of sale from other manufacturers' promotion policies, which attracted NTP agencies.

NET REVENUE GROWTH DURING 2015-2019



* Chart of post-tax profit and net profit margin during 2015 - 2019

Year	Unit	2015	2016	2017	2018	2019
Post-tax profit	VND Billion	366.2	397.6	492.5	331.5	409
Net profit margin (%) (Post-tax profit/Revenue)	%	10.3	9.1	11.1	7.3	8.5

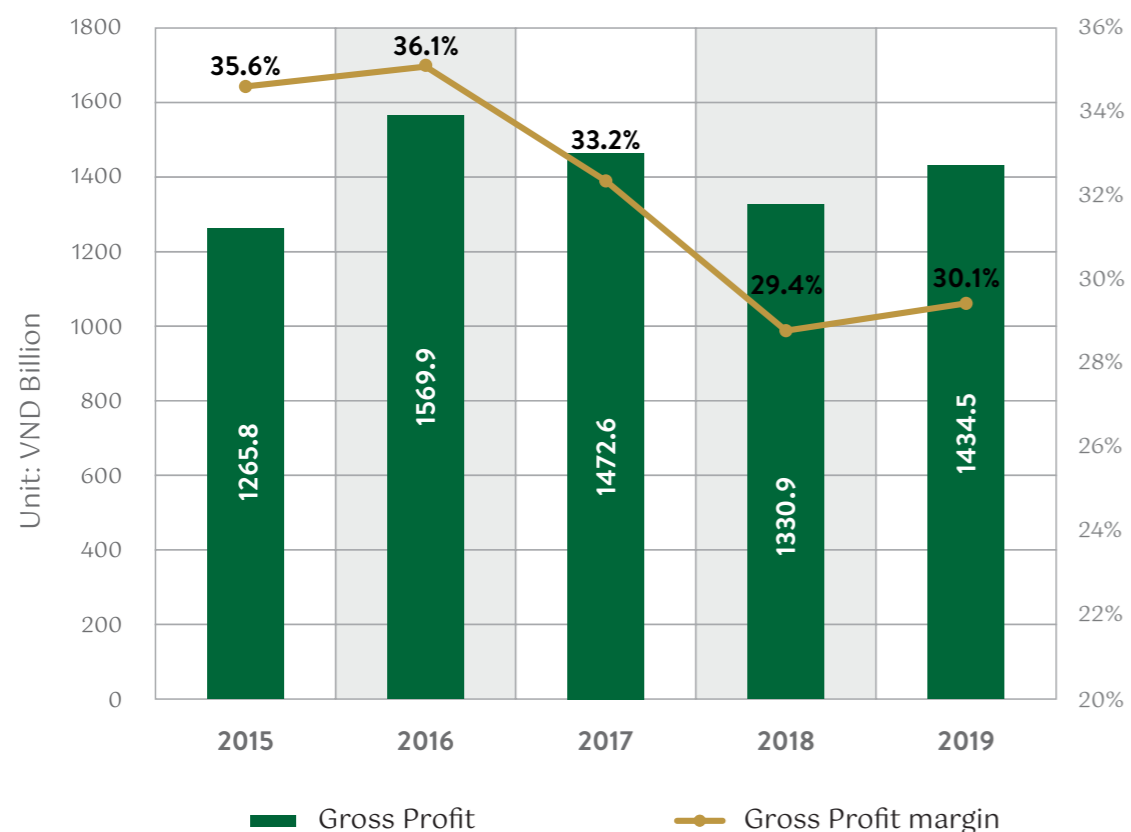


In 2019, post-tax profit increased 23.4% compared to over the same period.

Moreover, net profit margin rose from 7.3% to 8.5%. The Ratio of post-tax profit to revenue remained stable over the years, reflecting the Company's profitability and efficiency of sales revenue. On the other hand, the increase in profit at a higher rate than revenue is due to the better Company's ability to control costs.

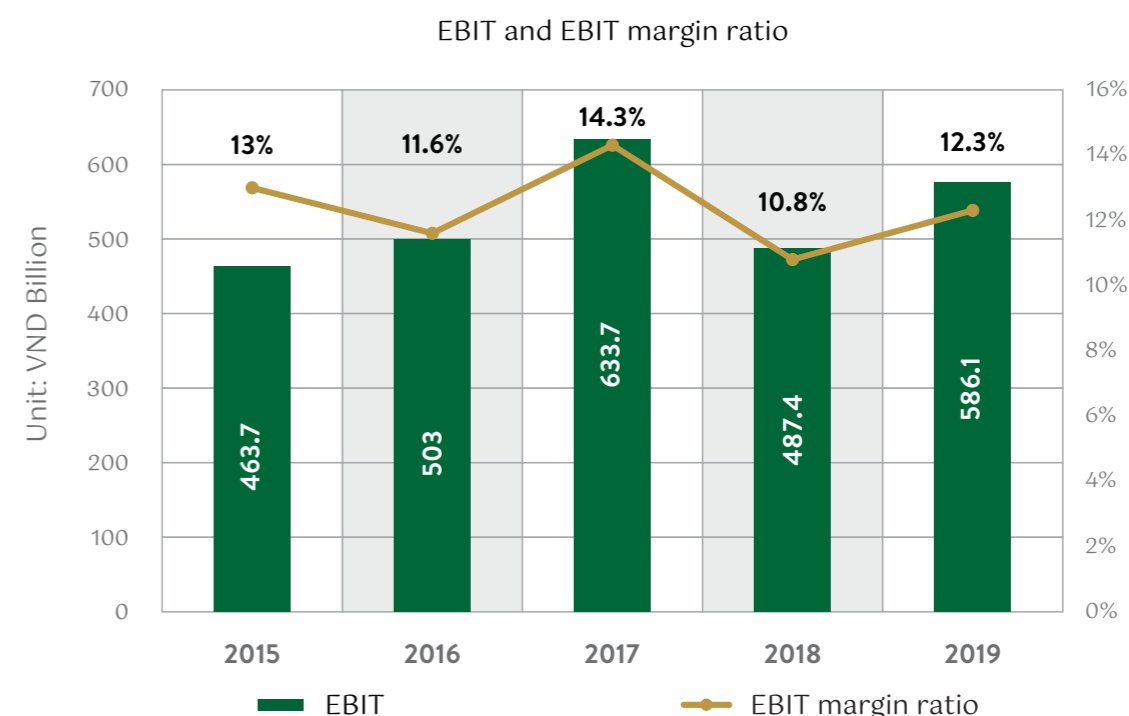
* Chart of gross profit and gross profit margin during 2015 - 2019

Year	2015	2016	2017	2018	2019
Gross Profit	1,265.8	1,569.9	1,472.6	1,330.9	1,434.5
Cost of goods sold	2,290.3	2,784.2	2,957.5	3,188.7	3,325.4
EBITDA margin ratio (%) (Revenue- Cost of goods sold) /Revenue	35.6	36.1	33.2	29.4	30.1



* Chart of EBIT and EBIT margin ratio.

Year	Unit	2015	2016	2017	2018	2019
Pre-tax profit	VND billion	411.9	447.3	557	379.8	471.2
Accrued interest expenses	VND billion	51.8	55.7	76.7	107.6	114.9
EBIT (Pre-tax profit + Accrued interest expenses)	VND billion	463.7	503	633.7	487.4	586.1
EBIT margin ratio (EBIT/Net revenue)	%	13	11.6	14.3	10.8	12.3

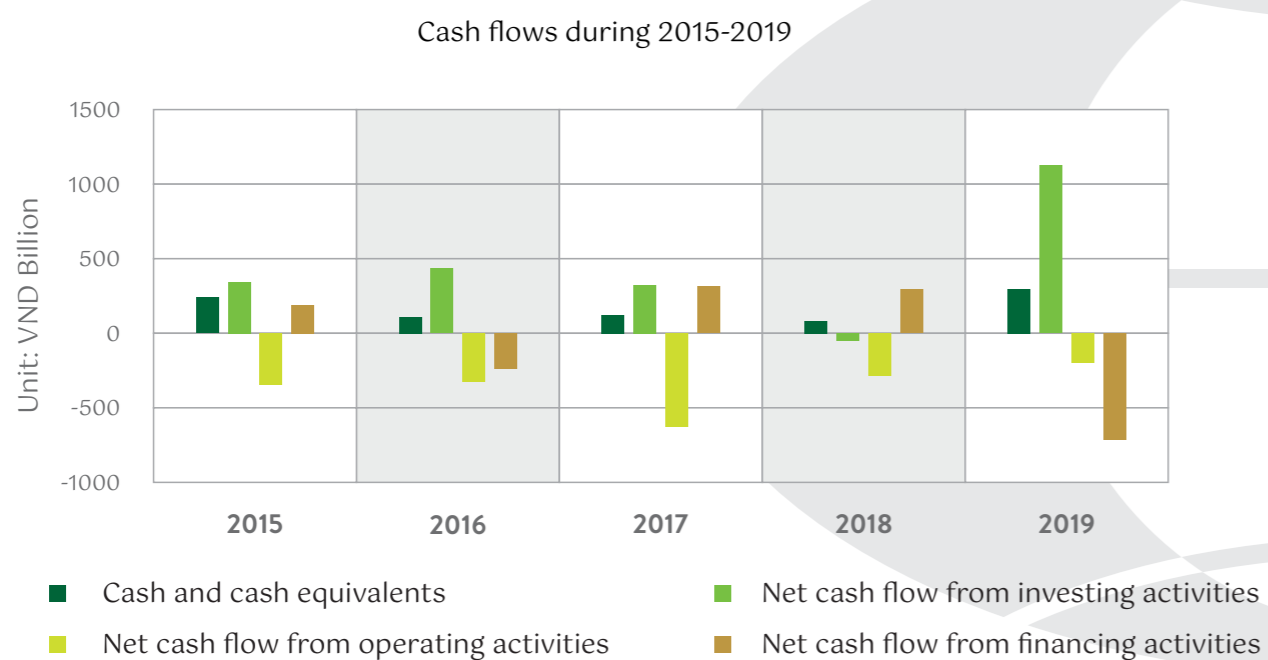


Gross profit from sales and service supply in 2019 was VND 1,434.5 billion, which increased of 7.78 %, compared 2018. Accordingly, EBITDA margin went up from 29.4% to 30.1% as the result of a tumble in raw materials compared to 2018.

In 2019, EBITDA reached VND 471.2 billion, which increased 24% in comparison with the same period of 2018. Particularly, EBITDA margin ratio grew from 10.8% in 2018 to 12.3% in 2019 that illustrated the possibility of profit distribution to settle the Company's accrued interest expenses. This ratio showed the accurately operation of Company because of avoidance of tax policy impacts as well as other earnings. In general, the chart provides information of the stable growth ratio compared to other entities at the same industry, ensuring the business result of Tien Phong Plastic over the past years.

* Chart of cash flow during 2015 - 2019

Indicators	Unit	2015	2016	2017	2018	2019
Cash and cash equivalents	VND Billion	240.1	109.9	124.5	83.1	297.0
(I) Net cash flow from operating activities	VND Billion	345.4	435.1	323.2	-52.3	1,126.3
(II) Net cash flow from investing activities	VND Billion	-346.7	-325.7	-623.6	-282.3	-195.8
(III) Net cash flow from financing activities	VND Billion	191.7	-239.7	314.9	293.1	-716.4

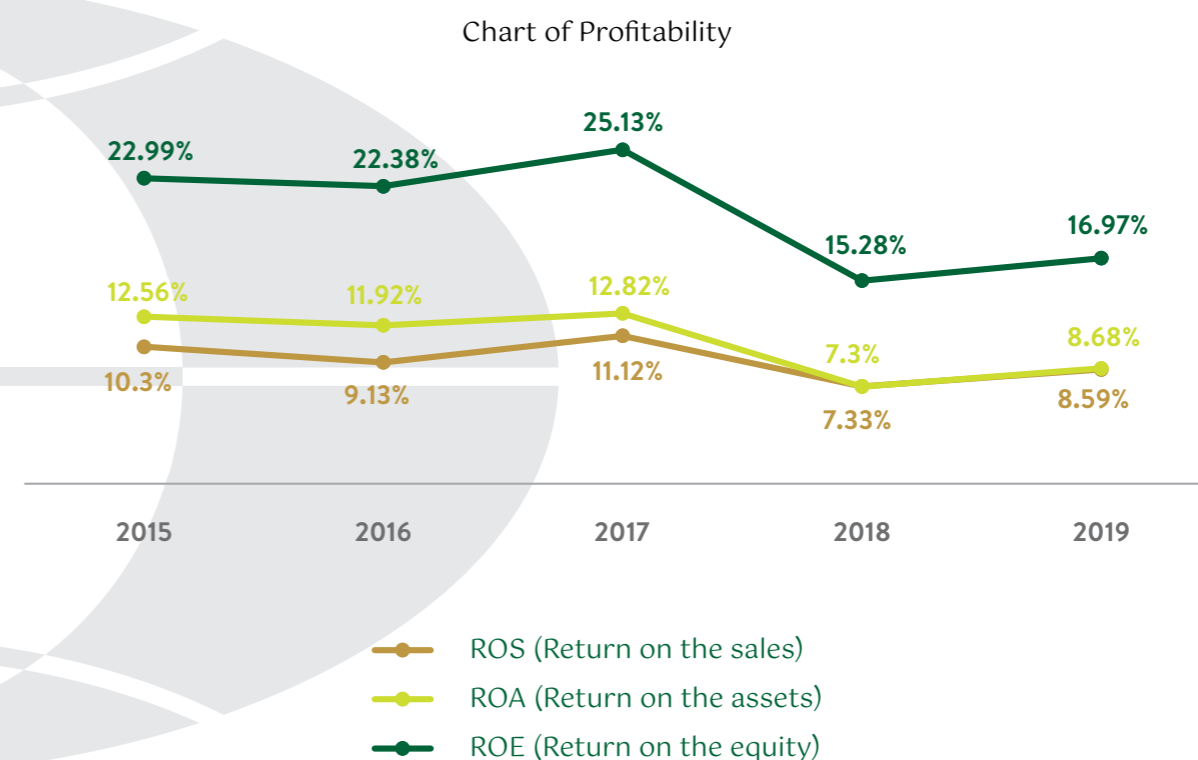


The improving business results of Company was indicated through a sharp enhance in terms of net cash flow from production and business activities, reached VND 1,126 billion compared to the negative figure of VND 52 billion in 2018. The cash flow from investment activities also has positive signs when increasing VND 86 billion even though it still maintained negative VND 195 billion.

Assessment of profitability during 2015 - 2019

* Chart of Profitability during 2015 - 2019

Indicators	Unit	2015	2016	2017	2018	2019
ROS (Return on the sales)	%	10.30	9.13	11.12	7.33	8.59
ROA (Return on the assets)	%	12.56	11.92	12.82	7.30	8.68
ROE (Return on the equity)	%	22.99	22.38	25.13	15.28	16.97



· ROA shows that each VND 01 of assets used in production-business process in 2019 produced VND 0.0868 of post-tax profit. In particular, there was an increase in ROA compared to 2018, which was 7.3% (equivalent to 18.85% of increase, reflecting decreasing production expenses).

· ROE reveals the obtained profit for enterprise owners after investing VND 01 of capital into production-business. In case of NTP, from 2018 to 2019, ROE also increased from 15.28% because of the growth in after-tax profit.

· ROS reflects that each VND 01 of obtained revenue, the enterprise will obtain VND 0.0859 of profit. The same as ROS and ROE, ROS in 2019 was declined because of the minimization of production expenses.

(7) Operational efficiency indicators

* Table of transaction analysis

Indicators	Unit	2015	2016	2017	2018	2019
Receivables turnover	Times	5.12	4.86	4.13	3.52	3.80
Inventories turnover	Times	3.17	3.82	3.77	3.45	3.21
Accounts payable turnover	Times	22.56	24.30	14.16	13.35	12.59
Fixed Assets turnover	Times	3.45	4.02	3.65	3.15	3.08

· Receivables turnover reflects the convertible speed of receivables into cash, from 3.52 to 3.80 times, which means that receivables had to move 3.80 times per fiscal year to reach VND 4,759.9 billion. This illustrated the appropriation of Company was reduced, while the speed of recovering receivables rised.

· Inventories turnover decreased slightly from 3.45 to 3.21 times, which still ensured to meet the customers' demand. Additionally, accounts payable turnover fell from 13.35 to 12.59 times, therefore, Company was capable of utilize much more capital of suppliers and decline short-term the payment pressure. Fixed assets turnover in 2019 reached 3.08 times, reflecting that each VND 01 of fixed assets within in the production-business process produced VND 3.08 of revenue, declined 3.15 times in comparison with 2018.

Share price fluctuation

* Table of 2019 NTP volatility stocks price.

Stock price trading	Date	Price
Closing price at the end of the year	31/12/2019	32,300 VND/share
Highest transaction price	02/01; 08/01; 28/01/2019	42,500 VND/share
Lowest transaction price	09/12/2019	28,300 VND/share
Price fluctuation in the year		8,400 VND/share
Volume at the end of the year	31/12/2019	36,137 shares
The highest	23/12/2019	1,508,270 shares
The lowest	31/01/2019	0 share
Average daily trade		44,904 shares

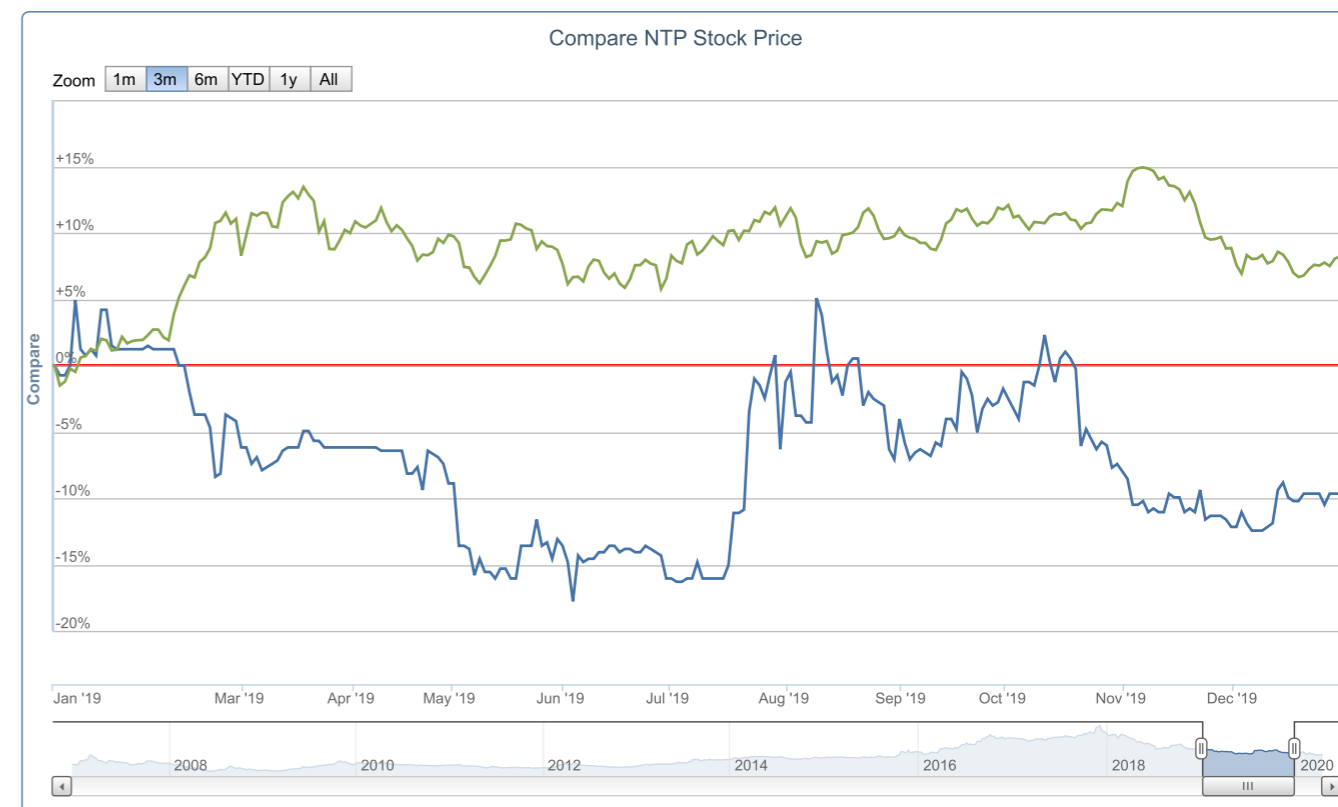
* Chart of closing price of NTP shares from January 01st, 2019 to December 31st, 2019



Source : finance.vietstock.vn

The share price of NTP in 2019 fluctuated with the lowest closing price of VND 28,300/share, meanwhile the highest price was VND 42,500/share which the difference was VND14,200, equivalent to 50.2%.

* Chart of comparison between NTP and VNINDEX from January 01st, 2018 to December 31st, 2018



Source : HSX, www.vndirect.com.vn

In 2019, NTP share price fluctuated corresponding to the fluctuation of VN-Index.

Investment

In 2019, NTP continuously implemented economic and social development projects, specifically:

No.	Project	Status
1	Commercial complex and superior apartment at No. 2 An Da, Lach Tray Ward, Ngo Quyen District, Hai Phong.	NTP has coordinated with Ngo Quyen District Environment Resource Office to calculate site clearance compensation for resettlement project.
2	Project on construction of plastic product manufacturing plant phase 2	Hai Phong City decided to hand over 4.3 hectares and issued Decision No. 2935/ QĐ-UBND dated November 27th, 2019 regarding approval of adjustment coefficient to calculate leasing prices for Tien Phong Plastic. At the same time, the City assigned Tax Department to work out site leasing price, handed over land to carry out project. In 2020, it is expected to propose to the BOD for investment in ground filling, surrounding wall and drainage.
3	Project on construction of plastic product manufacturing plant phase 3	NTP has been granted a Certificate of Land Use Right with an area of 61,740.4 m ² and been proposed to City for an additional lease of 8.321 m ² along with a planning 1/500 as approved.
4	Tien Phong Packaging Project	In terms of investment procedure, the City agreed undertaking that Tien Phong Packaging Co., is permitted to lend without auction. This project had been conducted its ground filling already.
5	Expansion of Central Factory Project	The surrounding walls have already been conducted and handed over Tien Phong Plastic Central to be used temporarily. Others have not been planned yet.

3. ASSESSMENT REPORT ON ENVIRONMENTAL – SOCIAL IMPACTS

Economics impact

The development of Tien Phong Plastic is not only declared through the steady increase in net revenue and profit over the years but also the increase of the state budget payment as well as fulfill the tax payment obligation on time. Based on the 2019 business results report, Tien Phong Plastic achieved a net revenue of VND 4759 billion, profit before tax was VND 471 billion and maintained a high contribution to the state budget - nearly VND 325 billion.

This has contributed significantly to the economic development of the local community and stabilized the lives of locals. It is also known as the goal that our Company willing to accomplish to achieve sustainable development.

Environmental impact

The sustainable development of enterprises is always closely linked to environmental protection and rational use of natural resources. During the operation, the Company always focus to use safety material, limit emissions, environmental pollution, save resources, ensure compliance with laws and international standards in order to protect nature.

Since the industrialization and increasing modern production equipment and machines, Tien Phong Plastic has simultaneously organized activities to raise awareness for employees as well as supported subsidiaries and affiliates to deploy environmentally friendly production programs, applied ISO 14001:2015 standard in environmental management, ISO 45001 standard in Occupational health & safety management system, which has been recognized globally, to improve our ability to preserve environment,. Also, a “5S” movement has been kickstarted: “Sort, Systematize, sweep, sanitize, Self - discipline” requiring all factory workers' participation in creating an efficient and clean working condition.

Although NTP is known as specific industry, closely related to the process of chemical waste and emissions treatment, Company waste water always meets cleanliness standards which was reflected in environmental monitoring reports that NTP stated quarterly. Moreover, green trees covered inside and outside the company, as well as the records of the households living around the company, are clear evidences for the environmental protection solution implemented by NTP.

In 2019, NTP has focused on selecting investment projects, production activities that are not only profitable but also meets the requirements to protect the environment, contribute to the community, and share economic values with the parties. The Eco-friendly products and Top Eco-friendly factory awarded by the Vietnam Association of Environmental Economics are not only a pride but also a motivation for businesses to keep trying.

Social impact

NTP recognizes that an organization that brings both economic development and sharing profits as well as helping those in need is the organization society needs. As such, being the leader in plastic in Vietnam, the company has been coordinating with various groups and unions to host several charitable events. Firstly, NTP is a major contributor to stabilizing social unrest by providing nearly 1,400 jobs and accepting hundreds of seasonal workers across Northern and Central Vietnam. The Union is also successful in preventing conflicts between and protests from departments, creating a unified workforce working for progress.

Regarding contribution, in 2019, NTP has contributed VND 325 billion, known as one of companies that pay the highest tax payments and also the pioneer in social and economical development in Nghe An.

MAKE DREAMS COME TRUE FOR CHILDREN IN POVERTY

Ever since the humble beginning and until now, NTP has always respected history and been reminding ourselves of the original goal of the company: for the next generation. Continuing that tradition, the “Cau noi yeu thuong” program has been launched since 2017 with the aim of building 60 bridges until 2020 to give children in rural areas a safe path to school. In collaboration with “Thien Nguyen Tu Tam” group, those bridges were quickly built in various of provinces such as Tra Vinh, Ben Tre, Tien Giang, Dong Thap, Ca Mau, Yen Bai, Lai Chau, Hoa Binh, etc. Furthermore, the company provides scholarships to poor families, support infrastructure needs for kindergarten and primary schools as well as hosting activities such as “Lantern of Hope”, “Tet for children”, etc



CHARITY EVENTS

Beside activities organized by Tien Phong Plastic, the company also actively cooperates with local organizations to participate in many practical social work programs towards the community.

Some typical community activities in 2019:

Time	Event	Content
January	Practical experience at Tien Phong Plastic company	More than 400 students of Pham Ngu Lao High School had a field trip and practical experience at Tien Phong Plastic JSC. With the theme "Learning at school - Learning at factory", a day at NTP was an unforgettable memory for teachers and students when having the opportunity to apply the theory into practice.
January	Supporting local community	<ul style="list-style-type: none"> - Collaborated with Hai Phong Red Cross Association to give 150 Tet gifts to poverty families with total value of VND 500,000/gift. - Gifted for Tet and annually support for 6 helpless elderly which total cost of VND 36 million. - Sponsored fireworks for Lunar New Year of city
April	Career-oriented talkshow for high school student.	Tien Phong Plastic cooperated with Hanoi University of Technology, Economics and Management department to organize a seminar "Logistics & Supply Chain Management - Career Opportunities and Challenges in the Integration Period" for more than 200 students of 12th grade of Ngo Quyen and Thai Phien high school.
May	Propagating traffic safety	Tien Phong Plastic presented 800 gifts including helmets and raincoats to students at 10 high schools in Haiphong city.
August	Presenting bicycles	Tien Phong Plastic presented 30 bicycles at cost of VND 45 million to poor and orphaned children in Duong Kinh district.
September	Supporting new countryside	Tien Phong Plastic funded for new countryside of Hai Duong provinces to establish computers with total value of VND 20 million.
October	Together for community	Tien Phong Plastic donated 10 cows with a total value of VND 150 million to households in poverty.
October	"For the poor" program	Tien Phong Plastic donated VND 80 million to the fund "For the poor" in Duong Kinh district, thereby helping to repair hundreds of houses, support medical examination and treatment for thousands of poor patients, and give gifts to thousands pupil who overcome hard to study well.

CONSUMER PROTECTION

There is no doubt that counterfeit goods negatively impact the nation's economy and consumers' benefits. Therefore, since 2018, Tien Phong Plastic has established an internal department to prevent counterfeit goods and cooperated with the authorities to destroy the counterfeited goods line of our brand across the country. In 2019, in Bac Ninh and Nghe An provinces, Tien Phong Plastic has discovered a store selling counterfeit goods, as the result, Company cooperated with the Market Management team to inspect, evaluate, seize and investigate to prevent of wrongdoing and bring the violators to the law. Besides, the sector "Protection of consumer rights" of Haiphong Security newspaper has been maintained providing information to readers quickly, honoring and promoting businesses, organizations and individuals to strictly abide by law provisions, thereby raising people's awareness.



PIONEERING INNOVATION

1. Overview of 2019 plastic market
2. S.W.O.T analysis
3. Growth Strategy during 2020 – 2025
4. 2020 Sales Plan

1. OVERVIEW OF 2019 PLASTIC MARKET

Worldwide

Plastic is the general term to denote a range of synthetic plastic materials or quasi-synthetic that is popular among all industries. Plastic is also classified as an organic material like wood, paper or wool. Substances used in producing plastic come from natural sources such as cellulose, coal, natural gas, salt and crude oil.

Thermoplastic, with prominent chemical and physical properties (reusability) as well as lower price than other types, dominates 75% of global plastic. Within the composition of thermoplastic, PE (with its derivatives HDPE, LDPE, LLDPE) and PP are used the most, accounting for over 60% of thermoplastic production, used mainly in making wraps, films or home appliances... By taking up 15% of market share, PVS is the third most popular thermoplastic, mainly used in producing wraps and construction materials such as pipes and frames. PE and PP are manufactured from crude oil and natural gas, hence the price for these two substances fluctuates with Brent's price. In 2019, Brent price stays in the average range of 63 to 65 USD per barrel, which translates into a similarly stable price range for PE and PP. USA's EIA has forecasted that 2020's average Brent's price will fall further as oil production is being reduced.

Nexant's report concludes that demand for plastic around the globe will have growth of 3.8% on average during the period 2017-2025. This is due to the saturation of plastic industry whose productivity has only grown 4% per year over the past 20 years.

Prominent plastic-making-ingredient providers belong to top countries in chemical plastic industry such as USA, China, UAE or Brazil. Chinese companies have an advantage in producing PVS using low-price coal while USA or UAE companies relying on vast resources of oil and natural gas can produce PE and PP or PS - which are produced purely from crude oil and natural gas. A series of plastic-making-ingredient projects will greatly improve China's potential production capability, which will not only satisfy domestic demand but may also strengthen its position as a prominent exporter of plastic ingredients.

Asia and China are the main drivers of the world's plastic industry. Growth rate of plastic demand from China and the rest of Asia are speculated to be 4.95% and 4.57% respectively, higher than global's average. This is thanks to Asia's relatively high economic growth and plastic consumption per capita remains low compared to the world's average. Moreover, Middle East also boasts a high demand for plastic with a growth of 4.46% from 2017 to 2025.



World's demand for plastic may have an average growth of 3% per year from 2018 to 2020, with PET having 3.4%, PE 2.9% and PP 3%. Gross value of plastic industry in 2019 reaches almost 500 billion USD, continuing a growth streak of decades. According to BCCResearch, plastic industry can achieve a growth rate of 9% - 10% per year in the period 2019-2023.

PVC is one of the most consumed and produced materials in the world. However, unlike its brethren, PVC is mainly used in construction, both infrastructure and civil construction. As a result, the demand for PVC will rely heavily upon the demand and construction activities in any given region.

Asia's demand for PVC in 2019 is estimated to be 30 million tons. Not only is Asia the biggest consumer of PVC but also the region with highest demand growth in the period 2018 - 2022 (18.5% estimated) when compared to USA's 16.7% and Europe's 14.3%.

Total value of construction globally is expected to grow at an average rate of 3.33% over 5 years from 2018 to 2022. Asia has a large population, a relatively high economic growth and a worse infrastructure condition compared to USA or Europe, which gives Asia a huge potential for construction and demand growth. It is also the region with the highest growth in construction value in the world with an expected average growth of 5.3% per year from 2017 to 2022. This is the main driver of the demand for construction plastic.



Vietnam

Vietnam's plastic market possesses a relatively favorable growth compared to the general growth of the economy. Unlike global market whose growth was only 3.9%, plastic market in Vietnam experienced strong growth, in which 2012-2017 period saw 11.62% per year. This result is even higher than the period's average GDP growth of 6.2%.

Products from Vietnam's plastic industry are used widely, from general consumption, commercial, construction and assembly. There are four main segments within the industry itself which are plastic packaging, civil plastic, construction plastic and engineering plastic. Similar to global market, the plastic industry in Vietnam has experienced a strong growth in recent years. In 2018, estimated production growth was 8.3 million tons; in 2019, that figure was 9 million tons, the most significant contributors to which are plastic packaging and construction plastic.

In addition to meeting domestic demand, Vietnam's plastic products are also present in over 160 countries around the world whose gross export value is estimated at 3 billion USD. According to Mordor Intelligence Research, Vietnam's plastic market might achieve a yearly CAGR of 6.63% during 2018-2023, in which 2019's growth could be below 8%. Currently, plastic market in Vietnam splits in to 2 major groups:

Plastic packaging:

Divided in to 4 groups (thin film, high-barrier film, PET bottles and non-PET bottles). Most products from this group serve the food and beverage industry and pharmaceuticals; as a result its growth depends heavily on these industries.

Construction plastic:

Main products are pipes, doors, ceiling plates, flooring which means growth is dependent on construction and real estate developments.

Construction market in Vietnam is heavily affected by economic growth and macroeconomic policies. Its potential development will depend on the following factors:

- Real estate was and is on a rapid growth, leading to demand for more infrastructure.
- Urbanization in Vietnam is the fastest in SEA, requiring a high level of infrastructure and real estate demand. BMI reports that urbanization rate will reach 37 - 38% in 2021 (compared to 1998's 20%). Population aged 20-39 (34.6%) and middle-class in Vietnam are growing fast, average yearly family income will rise from 2016's 3,765 USD to 5768 USD in 2021.
- High GDP growth, interest rate and inflation stays at a low level.
- Significant FDI will reach Vietnam in 2019. Vietnam is an attractive target for foreign investment thanks to low construction cost and an advantageous population composition.
- Government support regarding policies such as Housing Law (2014) allowing individuals and foreign companies to own houses in Vietnam, policies supporting credit loan for real estate, etc.

Despite advantages, growth in construction plastic is slowing down as the number of real estate projects has been reducing since 2018; public investment capital disbursement is restricted. These are potential influencers in hampering plastic demand's growth.

Raw material supply:

Plastic beads account for 70% of material cost, which makes this the major price determiner. Currently, there are 5 suppliers in Vietnam which satisfy 15-20% domestic demand, the rest has to be imported. Delays in import, exchange rate, increased tax, etc. are factors that greatly influence the industry's operation. Since material cost has an especially high weight in production cost within plastic industry, whenever crude oil or natural gas price surges, they would lead to higher production cost causing negative impact to suppliers and retailers of plastic industry.

Competition:

According to data from General Statistics Office of Vietnam, there are around 3,300 enterprises in plastic industry, the majority of which specialise in plastic packaging (41%) - which are approximately 1,353 enterprises. Suppliers of construction plastic and civil plastic account for 24% and 22% respectively. As for construction plastic, major suppliers include: NTP, Binh Minh Plastic, De Nhat Plastic, Hoa Sen with NTP being the market leader and focuses in Northern Vietnam market. Recently, new suppliers have emerged with high discount and higher material price have adversely affected revenue and marginal profit of plastic producers.

Demand for plastic materials will grow at a rate of 6.6% annually in the period 2017-2022. S&P Global Platts has suggested that demand for primary plastic in Vietnam is approximately 8.1 million tons in 2022. However, Vietnam is still largely dependent on imports as its own production capacity of plastic has not been improved much.

VN's plastic industry potential

On one hand, Vietnam has certain advantages such as relatively low labour cost (22% lower than South East Asia's average cost). On the other hand, overall plastic production capability does not meet demand, leading to additional foreign exchange risk for producers, as well as unable to set up production lines and assemble necessary machinery for the production of plastic products. Vietnam has maintained a stable economic growth coupled with improved income/spending per capita, which in turn motivate the expansion of plastic packaging and civil plastic. A wave of producers moving their production lines from China to Vietnam has created opportunities for advance in civil construction and infrastructure.

Furthermore, Vietnam plastic industry will face challenges such as a considerable surplus growth, competition from foreign producers and FDI enterprises, especially when the price of plastic materials is at relatively low level currently. The rising popularity of green plastic products also poses an issue since the majority of plastic products are traditional and not environmentally-friendly.

S . W . O . T

ANALYSIS

Strength and opportunity

Strong production capability: Ever since 1990, NTP has successfully built an ecosystem of manufacture and retail sales around the country, establishing a firm brand recognition and recognised product quality.

In 2019, NTP has achieved a robust fiscal year with a 23.38% rise in after-tax profit; gross revenue is 4.800 billion VND. This is a remarkable achievement considering the ever-growing competition in the market. Profitability performance in 2019 is better than those of 2018: ROS 8.5% (2018 was 7.33%), ROA 8.9% (2018 was 7.3%), ROE 15.9% (2018 was 15.28%). From 2017 to 2019, NTP has always managed to achieve growth in total revenue and protect its market share in the Northern Vietnam market.

The company has 3 factories in Hai Phong, Nghe An, Binh Duong producing around 150,00 tons per year. At the end of 2019, NTP has finished the construction of a second factory in Binh Duong. It is ready to enter operation in 2020 and will increase total production by 60,000 tons annually in Southern market. The expansion of production capability is still ongoing with the addition of a new facility in Hai Phong. In the short term, this improved capacity will satisfy demand from a new market segment in 2019. Within the next 2 years, that could be improved by 30% when factory expansion projects are complete. This would allow NTP to expand its market and meet increasing demand in near future.

In addition, NTP is the pioneer in manufacturing products that meets internationally-recognized standards. Investments in technology is the element that allows NTP to be the market leader in Vietnam as NTP is able to constantly introduce new products and models, which improves money value for customers. Additionally, NTP also buys and imports technology and processes from recognised brands, then through research and developments comes up with new products adaptive to practical consumer demands in Vietnam. These are the prime conditions that allow the company to retain its dominance in market at a time when new competitors are entering.

Vast distribution network: NTP has the largest network of distributors and retailers among plastic pipes suppliers: 9 distribution centers, 300 agents and nearly 16.000 point-of-sales around the country. This huge network is the company's unique advantage in the market. Moreover, by dominating Northern market, having 3 factories in 3 major parts of nation, partnership with Seikisui Chemical (Japan) and major construction enterprises, etc. along with a recognized brandname, NTP would have the necessary tools to expand its market share.

Market: The majority of NTP's market share is in Northern Vietnam with efforts being made to increase it in Central and Southern Vietnam. With a number of unilateral and bilateral agreement signed with other countries and regions, the opportunity for NTP to expand to international market is getting ever more considerable.

Brand recognition in Northern market: NTP is the first and the original plastic pipes manufacturer in Northern Vietnam years ago, hence the brandname has a major influence within construction pipe market in the North. The brand name 'Tien Phong Plastic' has been firmly established in the market. However increasingly fierce price competition has prompted the company to pay extra attention to after-sale services, distribution network and product quality.

NTP does not focus on price competition but rather product quality and service to ensure that NTP's brand name remains strongly dependable. This is the correct strategy for a sustainable growth and development.



Weaknesses and threats

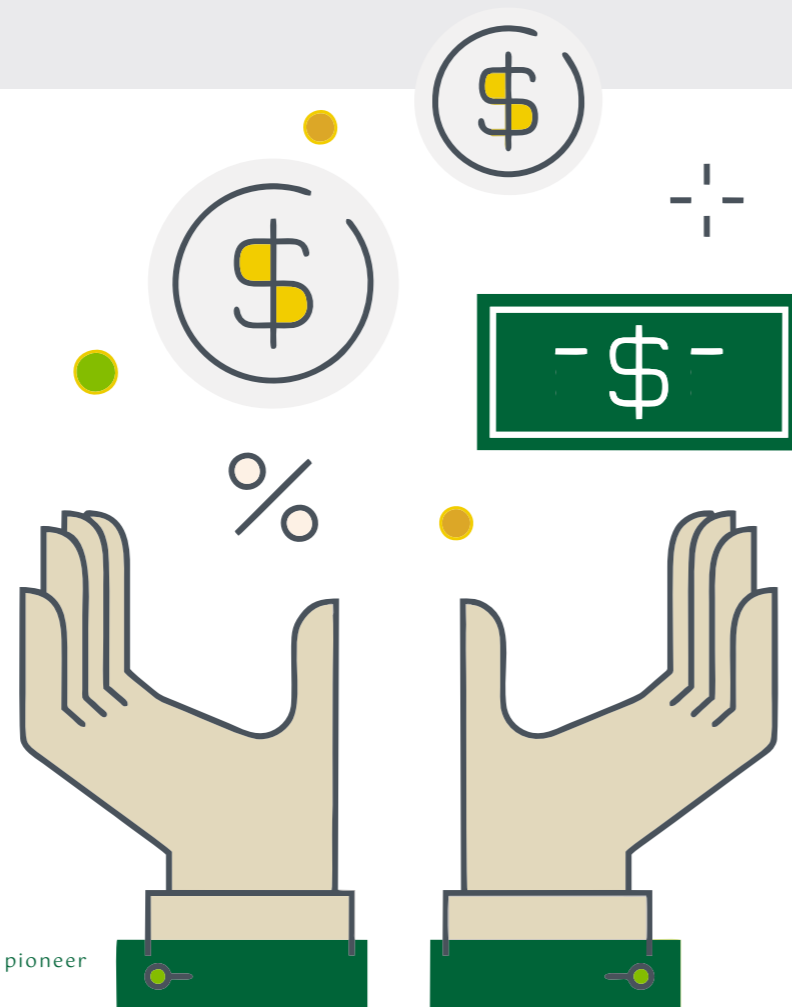
Market pressure and profit: Demand growth for NTP has slowed down recently due to pressure of new competitors. After the rapid growth during 2014-2016 period thanks to real estate and construction boom, it has now stagnated in 2017, 2018. There has been minor improvements in 2019.

A number of NTP's competitors are expanding their market share in the Northern region, as well as producers of tole, steel, inox, etc. joining the plastic market, which raise the heat of the competition drastically.

The main method to compete is rate of discount, which is extremely popular to capture as much market share as possible. Hence, to maintain a desirable profit level and product quality, NTP has had to maintain a relatively low discount which prevents NTP from entering contracts with clients who don't require such high quality product.

Surging competition in 2019 is the main culprit of NTP's reduced marginal profit.

Risks from material price fluctuations and exchange rate: these are elements impacting NTP's business efficiency. As 100% of plastic beads has to be imported (70% of raw material cost), and to be paid in USD and EUR, NTP has to bear double risks. Nevertheless, with proper hedging policy and positive price forecast for plastic beads in 2019, the mentioned risks' impact on profit could be limited.



3. GROWTH STRATEGY DURING 2020 - 2025

With the aim of maintaining and developing NTP as the largest plastic pipe manufacturer in Vietnam as well as the top of producing and supplying plastic pipes in Vietnam and SEA, NTP Board of Directors has proposed a strategy for sustainable development in order to increase efficiency in operation and sales with certain targets:

· Develop a highly-skilled workforce with experience in business administration;
Create a business culture and expand core values: Credibility through action – quality products – prosperous partnership – Communal responsibility.

· Ensure the sustainable growth of Tien Phong Plastic in the future through existing products and new construction materials;
 Diversify product range with high utility, applying scientific methods to control pollution;
 Research and develop solutions to better use raw materials in production.

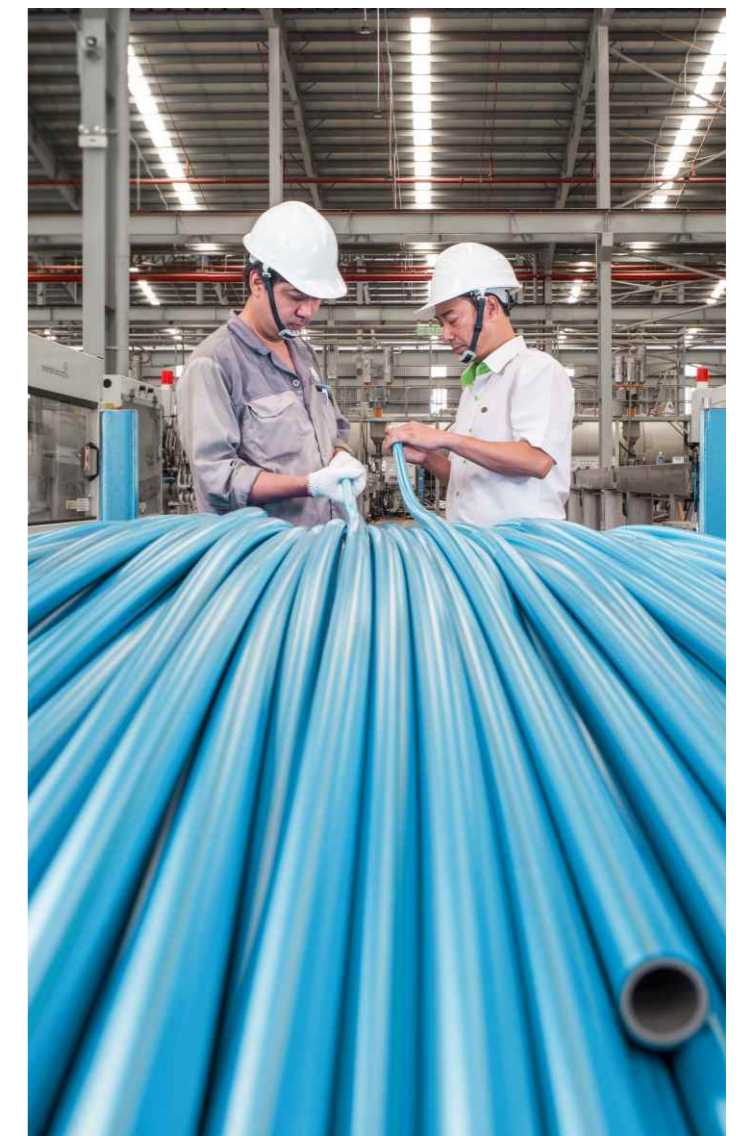
· Develop an efficient retail network that packages most areas in Vietnam. Apply information technology in administrating and controlling retail network in order to maximise business efficiency and delivery.

· Improve capital expenditure efficiency of investors;
 Improve on supervising and applying IT in controlling financial risks and ensure all financial parameters stay within safe zone.

· Provide jobs and improve living standards for employees;
 Apply better benefits to attract high-skilled employees and encourage loyalty.

· Look for new investment opportunity and enter new foreign partnerships to expand international market.

· Build a brand that is friendly to community and serves people's everyday life;
 Ensure and maintain social security and welfare, sharing the profits from sales with local community; being one of the top pioneers in environmental protection and community development.



4. SALES PLAN IN 2020

In 2019, NTP has achieved certain milestones and results. However, there are rooms for improvement and problems to be solved in 2020, especially when growth must be sustainable and workforce's standard of living must be raised.

Hence, 2020 Sales plan aims for these following targets:

No.	Indicators	Unit	Implemented in 2019	2020 Plan	Growth
1	Consolidated revenue	VND Billion	4,759	5,100	107%
2	Output	Ton	95,450	104,000	109%
3	Pre-tax profit of Parent Company	VND Billion	456.5	470	103%

To achieve these targets, certain measures have to be employed in 2019:

Business:

- Follow market trend and marketshare to obtain latest intel on product consumption. Increase forecasting and analyzing global and local plastic industry to adjust operation in accordance with market variations.
- Actively conduct market research and survey to identify areas that need attention and to be pushed, which ultimately assist NTP in expanding marketshare.
- Maintain a good after-sale policy, resolve complaints without fail and with extra care to preserve and promote company's prestige.
- Constantly review prices of the product NTP is offering to ensure it follows current market situation, suitable with raw material variation, exchange rates, competition, industry development, economic growth... so that consumers accept our products and ensure NTP's profit.
- Always apply a variety of advertisements, commercials and public relation events to maintain brand recognition and support sales.
- Expand retail network to nationwide and aim for foreign markets.
- Always evaluate and inspect retail network to push for the highest distribution and sales of company's products.
- Form new partnerships and enter more contracts with potent clients.

Finance:

- Manage finance efficiently, control cash flow and product supply to ensure capital turnover and maximize profit.
- Prioritise capital for production. Increase internal financial audit, supervision and control
- Consider to purchase shares from water and drainage companies - traditional and long-term clients of NTP.

Technology:

- Appoint teams to control quality of product and tech support at factories to increase work efficiency.
- Follow sales plan closely and apply known solutions to arising problems based on appropriate market and period.
- R&D new solutions that enhances the quality of NTP's products to meet increasing demand.
- Improve quality of existing products; raise productivity by implementing automation and machinery into production line.
- Invest on new machines and equipments, moulds, materials, techniques to produce new products and maintain leadership in Vietnam plastic industry.

- Finalize designs and logos that promote and allow easy brand recognition

- Apply new techniques in manufacturing activity to guard against fakes and imitates.

- Control costs and overheads to maximize investment efficiency.

- R&D new solutions that enhances the quality of NTP's products to meet increasing demand.

- Renovate current line of products to improve quality, design and adjust price to meet demand from consumer.

- Deploy in sync and effectively measures to improve administration, technology and expertise, which help increase productivity.

- Constantly improve and modify systems, processes, organization and production to optimise company's operation efficiency, from planning to actual production. Minimize and limit cross-function and undefined responsibility, professionalize all stages from input to output.

Employees' living standards:

- Continue to maintain discipline and raise the awareness of compliance with internal labor regulations of all employees.

- Continuously improve material and spiritual life of employees to encourage their devotion to work, carry out all labour policies required by law.

- Insist on building a unique company culture since it not only goes along with better productivity but also promote workforce's loyalty and encourage them to stay in long-term.

- Always evaluate and re-evaluate employees' competence to assign work and promote correctly, as well as making sure salary level is appropriate.

- Continue trainings in management, business knowledge and expertise for the next generation of officers

- Review rules and regulation to ensure compliance as a Limited Company.

Environment and work safety:

- Maintain production based on regulation on environmental protection by law.

- Devise plans for work safety and labour protection as well and keeping hygiene. Improve work condition and prevent accidents and occupational hazards/diseases. Ensure strict adherence to fire safety regulation.

- Provide sufficient healthcare for employees.



THE GREAT BREAKTHROUGH

1. Internal Governance
2. Shareholder structure and change of owners' investment capital
3. Investor Relation's activities
4. General Meeting of Shareholders' Activities
5. The Board of Directors' Activities
6. Sub-committees under the BOD's Activities
7. The Board of Supervisors' Activities
8. Remunerations, transactions and benefits for the BOD, BOS, BOM
9. Risk management

1. INTERNAL GOVERNANCE

INTERNAL GOVERNANCE ACTIVITIES

In 2019, Tien Phong Plastic concentrated on consolidating internal strength, maintaining and developing the corporate governance mechanism. The Company has abundant of adjustments in organizational and management structure to enhance its efficiency.



Management of organization

In administration work, the Company has conducted a series of major projects, such as: continue to deploy the assessment of employees' capacity based on adjustment working position as well as income level commensurate with result, perform labor norm task, apply new labor regulation and policies to encourage and simulate employees, maintain the effectiveness of jobs relating to System of Management and management tools in terms of ISO, 5S, etc.

The Company continuously applies Lean Six Sigma model, which eliminates wastes and irrationalities during operating process, shortening production lead-time and supplying new products to customers. Simultaneously, the Company maintained training and coaching courses for managerial positions in order to change their mindset and apply effectively.

Compliance with Vietnamese laws on corporate governance

Being aware the importance of the management system in managing an effective legal operation, Tien Phong Plastic has focused on improving the governance mechanism. In particular, Company concentrated on consolidating the organizational structure and internal governance regulations such as the Company's Charter, Corporate Governance Regulations, Information Disclosure Regulations, Coordination Regulations between the BOD, BOM, BOS, etc. As one of the leading listed companies in Vietnam plastic industry, Tien Phong Plastic strictly adheres to corporate governance frameworks in accordance with the Enterprises Law and follows new regulations in Decree 71/2017/ND-CP and Circular 95/2017/TT-BTC.

In addition to build a framework on the basis of complying with the Vietnamese laws, which is a combination of international and regional practices in corporate governance, Tien Phong Plastic is also under process of building and promulgating internal regulations to create a unified and consistent management model to control and supervise the company's operations.

Moreover, in 2019, with the aim of promoting compliance with regulations, operating procedures as well as a premise for the upcoming change of organizational and management model, the Company established Supervisory Division. All the processes and policies are regularly updated, assessed risk and systematized; the key activities are carefully reviewed to ensure the compliance activities are effective.

Compliance with laws, ensure shareholders and employees' benefit

Tien Phong Plastic obligated adequately pay taxes to the state budget; fully pay social insurance, health insurance and unemployment insurance for employees in accordance with the laws. The Company has also promoted the personnel development through the training campaigns for staff development as well as wages reform. Moreover, we regularly evaluated and classified staff through the process of assigned tasks, then created a training program domestically and abroad to meet the requirement. Our reasonable compensation policies to be commensurate with employees' dedication are researched and implemented to attract talented personnel.

In 2019, the Company ensured the benefits of shareholders in the dividend payment, disclosed and provided appropriate information promptly, especially on the major transactions that affect Company.

Corporate governance training

In 2019, employees were sent to participate in related programs to corporate governance as the following:

- Conference of Issuing organizations registered at VSD in 2019, organized by Vietnam Securities Depository in coordination with the Securities Announcement Department (State Securities Commission) in 2019 October.
- Hanoi Stock Exchange organized courses of information disclosure and Corporate Information Management System (CIMS) in October 2019.



2. SHAREHOLDER STRUCTURE AND CHANGE OF OWNERS' INVESTMENT CAPITAL

Book value per share

Indicator	Unit	2014	2015	2016	2017	2018	2019
Book value per share	VND	26,019	27,741	24,653	23,375	25,241	26,154

Shareholder structure as at December 31st, 2019

No.	Indicator	Number of shares	Proportion %	Number of shareholders	Structure of Shareholders	
					Institution	Individual
1	State shareholders	36,423,129	37.1	01	01	
2	Major shareholders	34,025,894	34.7	04	02	02
3	Trade Union	0	0			
4	Treasury Shares	0	0			
5	Other Shares	27,714,830	28.2	1,798	39	1,759
6	Total	98,163,853	100	1,803	42	1,761
In which - Domestic				1,711	19	1,692
- Foreign				92	25	67

Major shareholders structure as at December 31st, 2019

No.	Name of shareholders	Number of shares	Proportion (%)
1	State Capital and Investment Corporation (SCIC)	36,423,129	37.1
2	Sekisui Chemical Co., Ltd	14,724,650	15
3	Tien Phong Plastic South Joint Stock Company	5,559,591	5.66
4	Mr. Dang Quoc Dung	6,746,946	6.87
5	Ms. Le Thi Thuy Hai	6,994,707	7,125

Total of Shares	98,163,853
Types of shares in circulation: Common shares	98,163,853
Number of freely transferred shares	98,163,853
Number of restrictedly transferred shares	0

Shares owned by members of the Board of Directors as at December 31st, 2019

No.	Name	Title	Number of shares by the end of fiscal period	Shares holding proportion by the end of the fiscal period (%)
BOARD OF DIRECTORS				
1	Dang Quoc Dung	Chairman	6,746,946	6.87
2	Noboru Kobayashi	Vice Chairman	0	0
3	Chu Van Phuong	Member	421,559	0.429
4	Tran Ngoc Bao	Member	220,000	0.224
5	Tran Ba Phuc	Member	533,258	0.543
6	Nguyen Quoc Truong	Member	518,953	0.529
7	Nguyen Anh Tuan	Member	0	0
8	Dao Anh Thang	Independent Member	122,720	0.138

BOARD OF MANAGEMENT

1	Chu Van Phuong	General Director	421,559	0.429
2	Nguyen Van Thuc	Deputy General Director	3,396	0
3	Ngo Thi Thu Thuy	Deputy General Director	377	0
4	Tran Nhat Ninh	Deputy General Director	5,679	0
5	Tran Ngoc Bao	Chief Accountant	220,000	0.224

BOARD OF SUPERVISORS

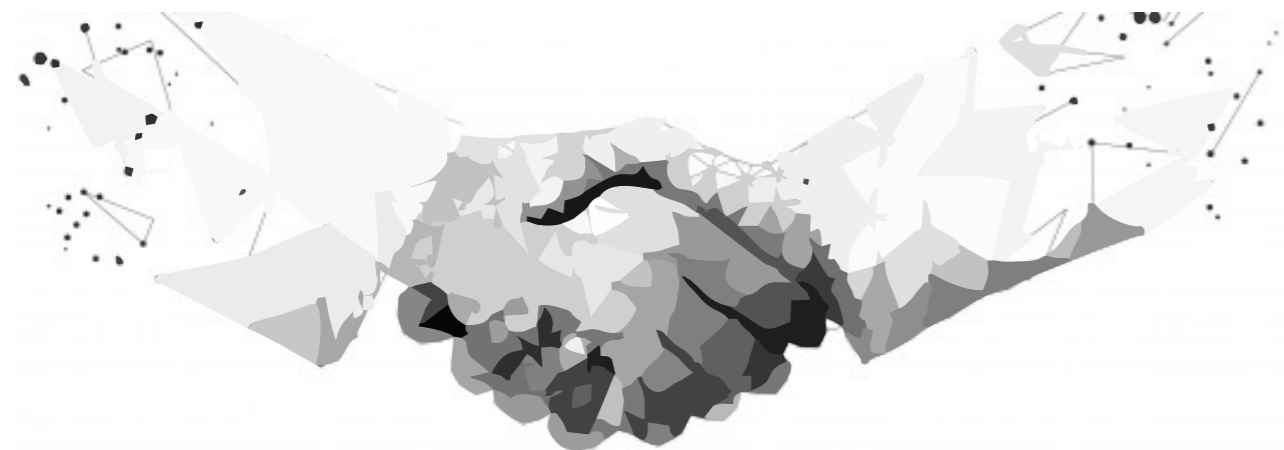
1	Vu Thi Minh Nhat	Head of BOS	0	0
2	Nguyen Thi Quynh Huong	Member	452	0

3. INVESTOR RELATION'S ACTIVITIES

Along with methodically investor relations towards the international standards, Tien Phong Plastic has been building an image of transparency in business, openness in disclosing information. Investor relations is known as a new field and associated with public enterprises, especially listed companies. Consequently, Tien Phong Plastic officially listed and traded shares with the code of NTP on HNX while its IR department at NTP officially was also established at the same time, which has been highly evaluated by many securities presses and investors. IR department ensures that information is publicly available, accurate and in compliance with current laws.

Transparency in disclosing information is also reflected in NTP's openness in sharing information with investors who are interested in the Company and want to explore investment opportunities. In particular, the IR department of the Company has many measures to manage and catch up information about Tien Phong especially the information related to NTP shares and the evolution of NTP shares to prevent promptly from the risk of crises. So far, NTP shares are considered a good investment opportunity in the eyes of investors.

Through the efforts and proactively active of IR activities, Tien Phong Plastic has been building an image of "a transparent listed company in disclosing information". With the desire to integrate into the world market, Tien Phong continues to adjust drastically and build up IR activities in accordance with international standards.



4. GENERAL MEETING OF SHAREHOLDERS' ACTIVITIES

In 2019, the Company held the Annual General Meeting of Shareholders to ask opinions within competence of the AGM. The order and procedure were fully implemented in accordance with the regulations to ensure the maximum benefits for shareholders. The Meeting approved the following details:



Resolution	Date	Content
28/NQ-ĐHĐCĐTN-2019/NTP	19/04/2019 April 19, 2019	<p>The Annual General Meetings of Shareholders approved the following details:</p> <ul style="list-style-type: none"> - Report of the Board of Directors on the Company's operation in 2018 and direction of operation in 2019; Report on 2018 Operation and 2019 Direction of Board of Supervisors; Report on production - business result in 2018; audited financial statements for 2018. - Profit distribution plan in 2018 and expected dividend in 2019; - 2019 production - business plan; - Regular Investment Plan for 2019; - Remuneration for BOD, BOS in 2019; - Authorizing BOD to select auditing firm for 2019; - Change the number of BOD in the term of 2015-2020, from 07 members to 08 members; - Election of additional independent BOD member in the term 2015-2020; - Approval of the plan on issuance of shares in order to increase capital by owners' equity; - Approval of transactions of sales in 2019 to Minh Hai Trading and Import-Export Co., Ltd, its value is expected over 20% of total assets of NTP; - Approval of 02 legal representatives of the Company

5. THE BOARD OF DIRECTORS' ACTIVITIES

BOD Members' information and attendance proportion (in the term of 2015-2020) as at December 31st, 2019:

Member	Title	Starting Date /No longer as a BOD member	Number of BOD meetings attended	Proportion of Attendance	Reason for absent
Dang Quoc Dung	Chairman		4	100%	
Noboru Kobayashi	Vice Chairman		4	100%	
Chu Van Phuong	Member		4	100%	
Tran Ba Phuc	Member		4	100%	
Nguyen Quoc Truong	Member		4	100%	
Tran Ngoc Bao	Member		4	100%	
Nguyen Anh Tuan	Member		4	100%	
Dao Anh Thang	Independent Member		3	75%	Starting date being independent BOD member was April 19, 2019



During 2019, the BOD held in total of 04 Board meetings, which Minutes and Resolutions of meetings have been delivered to all members of BOD and BOS. Board of Supervisors and Board of Management were invited to the Meeting in order to discuss and agree in strategies, business orientations and directions of BOD to BOM.

No.	Date	Participant	Contents
1	March 21st, 2019	Members of Board of Directors, Members of Board of Management and Head of Board of Supervisors.	<ol style="list-style-type: none"> 1. Report on 2018 Production & Business Result, 2019 Plan of Tien Phong Plastic Joint Stock Company (Parent company), Central of Tien Phong Plastic Co., Ltd (Subsidiary) and Tien Phong Plastic South Joint Stock Company (Affiliate). 2. Report on 2018 Financial Status and 2018 Investment Implementation of Parent company. 3. Report on 2019 Investment Plan of Parent company. 4. Report on 2018 Cost Savings of Parent company. 5. Report on 2018 Risk Management of Parent company 6. Preparation for 2019 Annual General Meeting of Shareholders
2	April 19th, 2019	Members of Board of Directors, Board of Management and Head of Board of Supervisors.	<ol style="list-style-type: none"> 1. Elect Chairman of the Board of Directors, replacing Mr. Tran Ba Phuc from April 19th, 2019 2. Elect Chairman of the Board of Directors, replacing Mr. Dang Quoc Dung from April 19th, 2019
3	July 15th, 2019	Members of Board of Directors, Board of Management and Head of Board of Supervisors.	<ol style="list-style-type: none"> 1. Report on Production & Business Result in the first 06 months of 2019 of Tien Phong Plastic Joint Stock Company (Parent Company), Central of Tien Phong Plastic Co., Ltd (subsidiary), and Tien Phong Plastic South Joint Stock Company (affiliate). 2. Report on Financial Status in semi-annual 2019. 3. Report on new products cooperated with SEKISUI 4. Report on decision of assignment of management tasks. 5. Report on the event of 60th years of establishment of the Company.
4	October 08, 2019	Members of Board of Directors, Board of Management and Head of Board of Supervisors.	<ol style="list-style-type: none"> 1. Report on operating performance in the first 09 months of 2019 and Vietnam plastic industry status in the first 06 months of period 2015-2019. 2. Report on financial status in the first 09 months of 2019. 3. Report on the event of 60th anniversary of establishment of the Company 4. Other issues of the Company in the Quarter 3/2019.

6. SUB-COMMITTEES UNDER THE BOD'S ACTIVITIES

6.1. Activities of Project Management Committee

- Project of Commercial Complex for lease and superior apartment at No. 2 An Da:

Project Management Committee submitted a handful of designing dossier to Ministry of Construction for appraisal on April 21st, 2018; and transferring it to advisory agent in order to prepare assessment of environmental impacts.

After receiving dossiers, Ministry of Construction appraised and drafted a report. Accordingly, the approved evaluation of environmental impacts and opinions of Fire prevention and fighting's solutions of competent authority needed to add.

Consultancy and evaluation environmental impact agency prepared dossiers that were submitted Hai Phong City People's Committee for approval, in which the content of area clearance compensation was included. At the meeting on June 11, 2018 held by Ngo Quyen District People's Committee regarding implementation on An Da Project, Ngo Quyen District also authorized Office of Natural resources and environment to calculate the site clearance compensation for resettlement project.

- Plastic product manufacturing factory construction project - stage 1:

Project Management Committee conducted to renovate and repair as requested.

- Plastic product manufacturing factory construction project - stage 2:

Hai Phong City decided to hand over 4.3 hectares and issued Decision No. 2935/ QĐ-UBND dated November 27th, 2019 regarding approval of adjustment coefficient to calculate leasing prices to Tien Phong Plastic. At the same time, the City assigned Tax Department to work out site leasing price, handed over land to carry out project. In 2020, it is expected to propose to the BOD for investment in ground filling, surroundin wall builing and drainage.

- Tien Phong Packaging Project:

In terms of investment procedure, the City agreed undertaking that Tien Phong Packaging Co., is permitted to lend without auction. This project has been conducted its ground filling.

Plastic product manufacturing factory construction project - stage 3; relocate production area of Tien Phong Packaging Co., Ltd from No. 2 An Da to new premises at Phan Dung Area, Duong Kinh District:

It has been granted a Certificate of Land Use Right with an area of 61,740.4 m2 and been proposed to City for an additional lease of 8.321m2 along with a planning 1/500 as approved.

- Expansion of Central Premises Project

The surrounding walls have been conducted and handed over Tien Phong Plastic Central to be used temporarily. Others have not been planned yet.

- “Cau noi yeu thuong” Project

In 2019, the bridges in Ha Giang and Thanh Hoa provinces had completely been constructed.

6.2. Activities of Human Resources Sub-committee

During 2019, Human Resources Sub-committee conducted some tasks relating to management apparatus consolidation in the whole Company:

- Established Internal Control Division under the Board of Directors.
- Carried out the assessment of the entire Company's employees' capacity

6.3. Activities of Risk Management Committee

During 2019, Risk Management Committee conducted a meeting and discussed to evaluate potential risks and provide preventing measuring in investment, financial, fire fighting and prevention, human resources, business and production areas, etc. as well as prepare a report submitted to Top Executives.

7. THE BOARD OF SUPERVISORS' ACTIVITIES

Member	Title	Starting Date /No longer as a BOS member	Number of BOS meetings attended	Proportion of Attendance	Reason for absent
Vu Thi Minh Nhat	Head of BOS		4	100%	
Nguyen Thi Quynh Huong	Member		4	100%	

During the year, the Board of Supervisors has implemented its activities in accordance with the rights and duties prescribed in the Law on Enterprises and the Charter of the Company. The Board of Supervisors planned, built up working program and assigned tasks to each member, inspected and controlled issues that the Board of Supervisors thinks necessary, specifically:

- Attended meetings of the Board of Directors, reviewed and scrutinized internal documents issued by the Board of Directors, ensuring directions and guidelines set out in compliance with applicable laws and the General Meeting of Shareholders' orientations.

REPORT OF THE BOARD OF SUPERVISORS (BOS)

Supervise activities of BOD, General Director and BOM

In 2019, the BOS attended 3/4 (75%) of the Board meetings. Accordingly, the BOS has grasped the key points of the business situation of the Company, participated in questions and contributed ideas to the Board of Directors in making decisions and implementing the goals approved by the General Meeting of Shareholders. The BOS also contributed opinions to the BOM to consider improvement of the internal management and control system.

Basically, the BOS evaluated the management and administration of the Company of the BOD, the General Director and the BOM were implemented carefully, reasonable, effective in accordance with the current laws.

Internal control activities and risk management

The Head of the BOS has established plan for recruiting and training personnel for the Internal Control Division. In 2019, the Head of BOS and the Internal Control Division carried out two internal audits in accordance with the plan approved by the Board of Directors, supported financial regulations, the process of document rotation, and commented to update the purchasing and inventory process. Basically, the BOS offered extensive contribution to enhance the rigor and awareness of compliance with the Company's operating procedures. In early 2020, the Head of the BOS and Internal Control Division proposed important recommendations to improve the organizational structure and system processes in terms of the internal audit of Tien Phong Plastic Central.

- Kept track of information disclosure periodically, extraordinary information timely and verify the authenticity of the information disclosed to shareholders of the Company.

- Updated the laws and send their proposals to the Board of Directors and Board of Management in order to rectify the Company' regulations in accordance with prevailing laws.

- Supported Tien Phong Plastic Joint Stock Company and Tien Phong Mien Trung Co., Ltd. in establishing the Internal Control Department and conducting internal audits.

The Head of the BOS also contributed opinions in the meetings of the Risk Management Committee as well as the coordinated action plan. During the implementation of the internal audit, the review and assessment of risks in the Company's operating processes were carried out in parallel to provide the most appropriate solutions. The risk management system is still being enhanced and widely implemented in 2019 to better align with production and business activities.

Recommendations to the Board of Directors

1. Regarding receivable debts

Although in 2019, the Company has made efforts to enhance the debt collection and obtained good results but the outstanding receivables remain at VND 893 billion, estimated at 2% of assets. To minimize the current average collection period of 96 days, the Company needs to continue implementing appropriate cash collection policies to accelerate the process, increases the Company's ability to take initiative in coordinating working capital. In addition, NTP needs to coordinate with distribution centers to review the receivable terms of customers, especially project owners to minimize the time of late payment and avoid appropriation.

In terms of construction projects extension, the Company needs to consider carefully and offers flexible decisions according to the current situation while also consider giving the maximum time of late payment to control.

In addition, the Company may negotiate with suppliers to extend payable time to balance income and expenditure.

2. Regarding inventory management

Inventory turnover has had positive changes in 2019, which increased to 3.21 compared to 1.73 in 2018, means that NTP has been selling faster and the average inventory has decreased. However, the value of inventories at the end of the year still reached VND 1,078 billion, enhanced VND 70 billion (equivalent to 8%) compared to 2018.

Storing a large amount of inventory is putting pressure on the Company in terms of warehouse capacity, storage costs, financial costs, risk of material damage, etc. If the inventory of main materials is high because of imported raw materials depend, which Company has to reserve huge amount to ensure production as well as avoiding the risk of increasing world raw material price and exchange rate risk, Company also needs to consider solutions to improve this situation as following:

- Completing the smart warehouse project in combination with the University of Electricity in 2020. If the project is successfully implemented, it will help improve the management, warehouse arrangement, loading and unloading methods, etc; Review business production planning and purchasing plans; adjust the plan based on production capacity, warehousing capacity, storage costs and financial costs;

- Expanding the supplier network, giving priority to domestic suppliers; focus on improving the ordering process, negotiating with suppliers to reduce waiting times and change delivery frequency;

3. Regarding the transformation of the organizational structure of management and operation of the Company

In preparation for the transition from the model of BOS to the Internal Audit Committee under the Board of Directors, the Internal Control Division was established that has demonstrated outstanding efficiency in the way of implementation of the work as well as a significant contribution in the process of strengthening the internal control system of the Company. If the conversion decision is approved, the Internal Control Division will become the core of the Internal Audit Committee with the expected activities:

- Transfer auditing process, working papers, report forms, archives from Internal Control Division to Internal Audit Committee;

- Update the audit plan according to the goals approved by the Board of Directors;

- Assess the current KPIs, change job titles, describe job positions, adjust KPIs (if necessary);



8. REMUNERATIONS, TRANSACTIONS AND BENEFITS FOR THE BOD, BOS, BOM

No.	Member	Title	2018	2019
BOARD OF DIRECTORS				
1	Dang Quoc Dung	Chairman	2,296,755,629	1,965,433,454
2	Noboru Kobayashi	Vice Chairman	457,000,000	470,000,000
3	Chu Van Phuong	Member	2,227,038,285	1,917,660,027
4	Tran Ngoc Bao	Member	2,050,146,388	1,619,115,180
5	Tran Ba Phuc	Member	2,415,793,372	1,217,457,496
6	Nguyen Quoc Truong	Member	2,369,903,657	787,529,000
7	Nguyen Anh Tuan	Member	91,000,000	144,000,000
8	Đào Anh Thang	Independent Member		525,780,000
BOARD OF MANAGEMENT				
1	Chu Van Phuong	General Director	2,227,038,285	1,917,660,027
2	Nguyen Van Thuc	Deputy General Director	1,643,948,244	1,240,239,924
3	Ngo Thi Thu Thuy	Deputy General Director	1,456,279,184	1,077,205,348
4	Tran Nhat Ninh	Deputy General Director	1,472,889,076	1,070,299,629
5	Tran Ngoc Bao	Chief Accountant	2,050,146,388	1,619,115,180
BOARD OF SUPERVISORS				
1	Vu Thi Minh Nhat	Head of BOS	676,646,916	839,393,719
2	Nguyen Thi Quynh Huong	Member	46,000,000	72,000,000

9. RISK MANAGEMENT

Risk of laws and compliance

Compliance with law is an integral part of governance culture of Tien Phong Plastic and prescribed in each regulation, being in consistent with in the whole Company.

System of laws and documents guiding tax and social insurance has continuously changed, but still not synchronized, therefore, it impacted on operating performance and the orientation of Company. Risks of lawsuit, disputes, and compensations may occur if the Company does not update new regulations frequently. NTP has established a mechanism for following, updating and adjusting in order to be adaptable to these changes.

Risk of economic crisis

Economic risk is a type of systematic risk that impacts directly on businesses within the market. The global economic crisis can affect the demands for plastic products and thus affect the ability of the business to sell. Currently, Vietnam is known as one of the countries which broads its economy with a strong interaction in the world.

Risk of competition

Trends in plastic pipe consumption and prospects for the development of the plastic industry in Vietnam lead to fiercer competition in the plastic pipe industry. The risks come from competition largely due to business's inability to grasp the market's trends and demands. In order to reduce competitive risks, Tien Phong Plastic has actively improved its production, business development, cost optimization based on modern and scientific management system. The Company also constantly researches for new better quality products, and serves more customer bases.

Risk of operation

Risk of Production Safety

The plastic pipe production are closely related to the operation of machinery, fire prevention and fighting. Therefore, any problems related to machinery, equipment and safety during production can cause serious damages to the Company. Operational risks also affect the ability to fulfill the production targets and most importantly affect the safety of the collective staff, employees as well as the environment.

In addition to annual inspection, maintenance and repair, the Company is aware the importance of production safety and business operation, specifically: build and strictly comply with regulations on work safety - labor protection - fire prevention and fighting and environment protection. Safety inspection is scheduled regularly, in combination with the dissemination, practising of safe technical measures. The Company' fire prevention and fighting is well equipped and always has proactive prevention plans for bad situations.

Risk of new product development

Facing the competitive pressure from other manufactures in the same industry, Tien Phong Plastic always strives to innovate and develop new products, in order to meet diverse needs of the market. For any products before releasing to the market, Tien Phong Plastic always takes seriously measures, starting from market research, product reseach, raw materials, cost to distribution strategy and product output. Not only focusing on the distribution channel, Tien Phong Plastic also commits to creat a breakthrough by focusing on the production of important and specialized items to meet the needs of customers. The launching of products are introduced in seminars with the participation of scientists, business owners, domestic and foreign customers.

The risk of senior personnel and skilled labor

To take the initiative in risk of human resources management, the Company continues to focus on training and coaching staff, especially the next generation. High quality human resource recruitment and training focus not only on specialty skills but also on risk management for key staff, such as training courses on risk management, the CEO, Production Director, Strategic Director, etc .In addition, the Company staff are also regularly participated in training programs on corporate governance.

More importantly, the Board of Directors and Board of Management always take the initiative to create dynamic environment for young leader generation to learn, develop and promote the creavity, new ideas. This not only improves the dedication of each employee, but also builds a friendly and open-minded corporate image and culture that aligns with the common goals.

Risk of finance

Risk of liquidation

In order to prevent and minimize the liquidity risk, NTP has developed and applied measures to prevent and respond to liquidity risk through strict cash flow management and maintenance of liquidity; arranged short-term and long-term credit agreements from the banks as well as other financial sources to ensure that the loan will be repaid after completing the financial plan, maintaining the solvency index at a healthy level and reasonable ratio, balance between assets and liabilities. Monthly reports on cash flow and liquidity of NTP have been prepared and reported to the Board of Management by relevant departments.

Risk of Credit

During 2019, Tien Phong Plastic formulated debt policies for each group of customers based on their financial status, security assets and transaction prestige of each group and recommendations of sales units in order to determine appropriate credit limits. Monthly, the Board of Management reviews the debt limits. The sales units are responsible for recovering the debt on time. The Finance and Accounting Department prepares and reports weekly on cash flow plans to the Board of Management for flexible business measures, ensuring no overdue payments incurred.

Risk of market

+ Risk of exchange rate:

With the demand of business capital, the Company incurred loans in foreign currencies, alongside mainly material is imported from abroad, thus causing many risks related to solvency, exchange rate, etc. In addition, the unrest of world economy - politic and monetary policies of the US will put constraint on the VND/USD exchange rate, requiring Tien Phong plastic managers to continue to focus on the following controls:

-Regularly update, forecast the exchange rate fluctuations through the relationship with banks, conduct L/C contracts so that the bank can ensure payment for risk prevention in foreign currency shortage;

-Actively negotiate with customers to sign contracts for providing services and payment in foreign currencies to create foreign currency sources in business;

+ Risk of interest rate:

In 2020, the Company will continue to maintain a reasonable debt ratio or seek to reduce its debt to profitability ratio in order to reduce pressure from interest expenses.

Perform financial restructure through debt reversal (find banks, credit institutions or investment fund with low and stable interest rate to replace) or mobilize capital from other channels such as: raising capital, withdrawing capital from some investment portfolio, appeal to invest of cooperation from large organization domestically and overseas.

+ Risk of price

Price fluctuations in the world market may affect the purchase price of raw materials and semi-finished products of the Company. Good risk management not only ensures the profit but also contributes to cost reduction.

However, due to the policy of diverse suppliers and customer lists as well as the match mechanism of the contracts of material purchase and semi-finished products, NTP enables to maintain the profit margin between the selling price and finished products of plastic resin.

Tien Phong Plastic always strictly monitors developments of the market and has solutions in time to purchase and stock up raw materials with reasonable prices to ensure the stability of plastic production. At the same time, the Company also takes measures to save on raw materials, energy, etc. to reduce production costs, keep price at a stable level, and maintain competitive advantages for the Company in the situation of raw materials market has many complicated developments.

The environmental protection is an integral part of sustainable development of enterprises. As a credible leader on the market, NTP always takes the initiative in recognizing its responsibility for protecting the environment clearly. Prior to putting a project into operation, the Company always scrutinizes environmental impacts and considers it as the key factors when making investment decisions.

In order to minimize environmental impacts, the Company has undertaken the research to improve the production process, invested in equipment, machinery lines and wastewater treatment system. In addition, the Company has signed environmental commitments, issued the environmental book, applied management guidelines, using the most advanced standards on product design and use of less polluted raw materials in the production process to minimize the negative impact on the surrounding environment.



SUSTAINABLE GROWTH

1. Sustainable growth report implications
2. Introduction
3. Main content
4. Content guidelines
5. Contact information
6. Associate relevant parties
7. How to assemble a sustainable growth report
8. NTP's Actions for sustainable growth in 2019
 - NTP and "Green Growth"
 - Activities to promote green growth in 2019
9. 2020 sustainable development criteria
 - Economic growth
 - Environment protection
 - High quality product
 - Human Resources activities
 - Community development
10. Managing sustainable development and planning in the future

1. SUSTAINABLE GROWTH REPORT IMPLICATIONS

Sustainable growth report (SG) is a tool to measure, record and announce goals and responsibility of the company towards sustainable growth. Information regarding company's operation concerning environment and society is increasingly paid attention to. This is because only if the company can guarantee sustainable growth for environment and society can profit target be achievable. SG plays a major role to related parties and the company itself. Through transparent and responsible reporting, the company can reinforce trust from interested parties, raising company's prestige and brandname. As of now, the announcement of SG is becoming an universal practice. It not only helps firms reinforce their relationship with partners, investors and community but also strengthen risk management and adaptability in a competitive world.

5. CONTACT INFORMATION

NTP always provides transparent information and commits to communal responsibility. We really look forward to your feedback, which can be sent to:

TIEN PHONG PLASTIC JOINT STOCK COMPANY

· **Representative office:** No.02 An Da Street, Lach Tray Ward, Ngo Quyen District, Haiphong City, Vietnam

· **Headquarter:** 222 Mac Dang Doanh Street, Hung Dao Ward, Duong Kinh District, Haiphong City, Vietnam.

- + Telephone: + (84 225) 3813979
- + Fax: + (84 225) 3813989
- + Website: www.nhuatienphong.vn

2. INTRODUCTION

OVERVIEW:

NTP's SG for 2019 is completed to present the information on company's impact on environment, society and economy. Sustainable growth is and will be the center of attention for companies, markets and societies.

SCOPE:

This report concerns the operation of Tien Phong Plastic JSC, its subsidiaries and affiliates. Information is updated for fiscal year 2019 starting from 1st of January 2019 and ends on 31st of December 2019.

- Subsidiaries:
 - Tien Phong Central Plastic Limited Company.
 - Tien Phong Land Limited Company
- Affiliates:
 - Tien Phong Packaging Joint Stock Company.
 - Tien Phong South Plastic Company

6. ASSOCIATE RELEVANT PARTIES

NTP focuses on maintaining relationships, receiving and processing information to offer solutions in time as well as harmonize the interests for them.

IDENTIFYING RELEVANT PARTIES

Tien Phong Plastic evaluated Relevant parties as individuals or organizations, direct or indirect impact on the Company and vice versa. NTP identifies them as follow:

- Stakeholders and investors
- Clients
- Employees
- Suppliers and partners
- Credit institution
- Credit institution
- Competitors
- Authorities
- Local community

3. MAIN CONTENT:

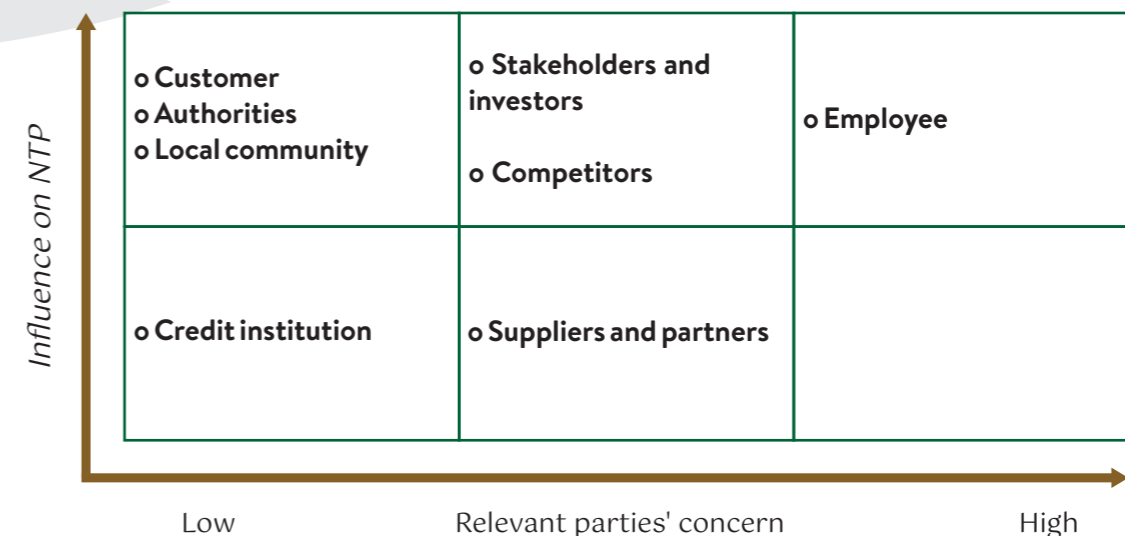
Main content in 2019 Sustainable development report

- Economic development
- Environmental protection
- Perfect product
- Resource management
- Community development

4. CONTENT GUIDELINES

This report is composed based on Guidelines on Sustainable Growth report released by State Securities Commission in collaboration with International Finance Corporation (IFC) and follows "core values" established by Sustainable Growth report Guide G4 by Global Reporting Initiative - GRI.

ASSESSING THE IMPORTANCE OF RELEVANT PARTIES



CONSULTING RELEVANT PARTIES:

NTP uses flexible methods in approaching and responding to different target audience. This ensures that the company can distribute its resources appropriately as well as live up to interested parties' expectation, maintaining the company's development.

Party	Method
Stakeholders and investors	<ul style="list-style-type: none"> · Annual and Extraordinary General Meeting · Company Website · Conferences, seminars, meetings · Other electronic media channels
Clients	<ul style="list-style-type: none"> · Customer service center and hotline 24/7 · Sales reps at point of sales and retail stores · Client conferences
Employees	<ul style="list-style-type: none"> · Productivity report and evaluation system · Union · Internal Circulation · Internal trainings and consultations
Suppliers and partners	<ul style="list-style-type: none"> · Direct exchange at forums and conferences · Public announcements · Survey and evaluation of partnership opportunity.
Authorities	<ul style="list-style-type: none"> · Attend Conferences, Forums hosted by the Government and State/Local Departments · Public Statement Announcements · Inspections
Local Community	<ul style="list-style-type: none"> · Survey and evaluation for local contributions · Press and media
Financial institutions	<ul style="list-style-type: none"> · Organization credit rating · Periodic credit report
Competitors	<ul style="list-style-type: none"> · Constant market update · Plastic Industry's seminar and forums

BENEFITS AND EXPECTATIONS

Party	Interest	NTP actions
Stakeholders and investors	<ul style="list-style-type: none"> · Investment efficiency · Transparency and protection of stakeholders' interests · Market value of share and company value · Company's administrative ability 	<ul style="list-style-type: none"> · Use investment to improve current technology and infrastructure, production process and look for new investment opportunity · Timely and correct provision of information · Maintain high share value through successful business · Complete administration model, risk control system, internal audit.
Clients	<ul style="list-style-type: none"> · Brand · Product quality, competitive price and wide range of product · Expansive retail network · High-quality customer service 	<ul style="list-style-type: none"> · Invest heavily on R&D · Improve technology and monitor product quality · Expand production and distribution network · Internal trainings and monitor client interaction process.
Employees	<ul style="list-style-type: none"> · Benefits, promotion, salary · Dynamic, friendly and safe working environment · Trainings to improve competence and professionalism 	<ul style="list-style-type: none"> · Establish Union, sign collective labor contract, and inform employees of their rights and obligations. · Apply transparent processes in recruiting, internal evaluation and promotion. · Periodic evaluation of equipment and environments and inform employees of conditions for a safe workplace. · Host events that raise employees' spirit and promote unity. · Build an internal training system and provide employees with external trainings to improve competence.

BENEFITS AND EXPECTATIONS

Party	Interest	NTP actions
Suppliers and partners	<ul style="list-style-type: none"> Follow terms of contract strictly and cooperatively Requirements for suppliers regarding environmental and social responsibility 	<ul style="list-style-type: none"> Assemble a fair and clear trade policy Form Board of Supervision for contract compliance and progress. Prioritise suppliers that comply with regulations, protect environment and social benefits.
Authorities	<ul style="list-style-type: none"> Comply with law Support State policies Contribute to State budget Produce and conduct business in harmony with environment and society 	<ul style="list-style-type: none"> Follow regulations and law, constantly update legal documents concerning company's operation. Perform tax duty as required Support and exercise State's policies Participate in events organized by government departments meant to support community Manage company with a view to sustainability
Local community	<ul style="list-style-type: none"> Create jobs and employments that support local economy Protect the environment Partake in activities that benefit the company 	<ul style="list-style-type: none"> Create jobs through multiple production activities, improving local community's income Strict adherence to environmental regulations, especially where factories locate. Organize a wide range of community-oriented programs: Scholarships, donations, build and improve local infrastructure.
Credit institutions	<ul style="list-style-type: none"> Business result Ability to settle debt on due date 	<ul style="list-style-type: none"> Ensure profitable sales to maintain ability to repay debts Reports on debt repayments
Competitors	<ul style="list-style-type: none"> Ability to gain market share Discount policy Revenues and sales result Technology and new products 	<ul style="list-style-type: none"> Establish appropriate sales policies that is also dynamic, expand retail network to gain more market Guarantee a positive sales result Update and modernize production technology, focus on R&D to invent new product lines.

7. HOW TO ASSEMBLE A SUSTAINABLE GROWTH REPORT

CHOOSING CRITICAL ELEMENTS

Identify core factors in relationships with concerned parties:

No.	Criteria	Content
1	Economy	<ul style="list-style-type: none"> Economic activities efficiency Consumer behavior Indirect economic impact
2	Environment	<ul style="list-style-type: none"> Energy Water source Emission
3	Product responsibility	<ul style="list-style-type: none"> Consumer health and safety Transparent product information Responsible communication and marketing Complain-resolving mechanism
4	Job creation	<ul style="list-style-type: none"> Create jobs Labor health and safety Education and trainings Fair and diverse opportunities
5	Human Rights	<ul style="list-style-type: none"> No discrimination No child labor No forced labor Protect local workers' right Rights to join Union and group negotiations
6	Social	<ul style="list-style-type: none"> Develop local community Fight corruption Fight unfair competition



Analyzing factors' influence on related parties and TPP



Review and evaluate:

TPP review and evaluate all contents of Sustainable growth report 2019 after official release, take in feedback and suggestions from involved parties in order to identify the next critical issues for the next round of report. Feedback and comments or questions can be sent through company's website: www.nhuatienphong.vn or visiting "Contacts" section.

8. NTP'S ACTIONS FOR SUSTAINABLE GROWTH IN 2019

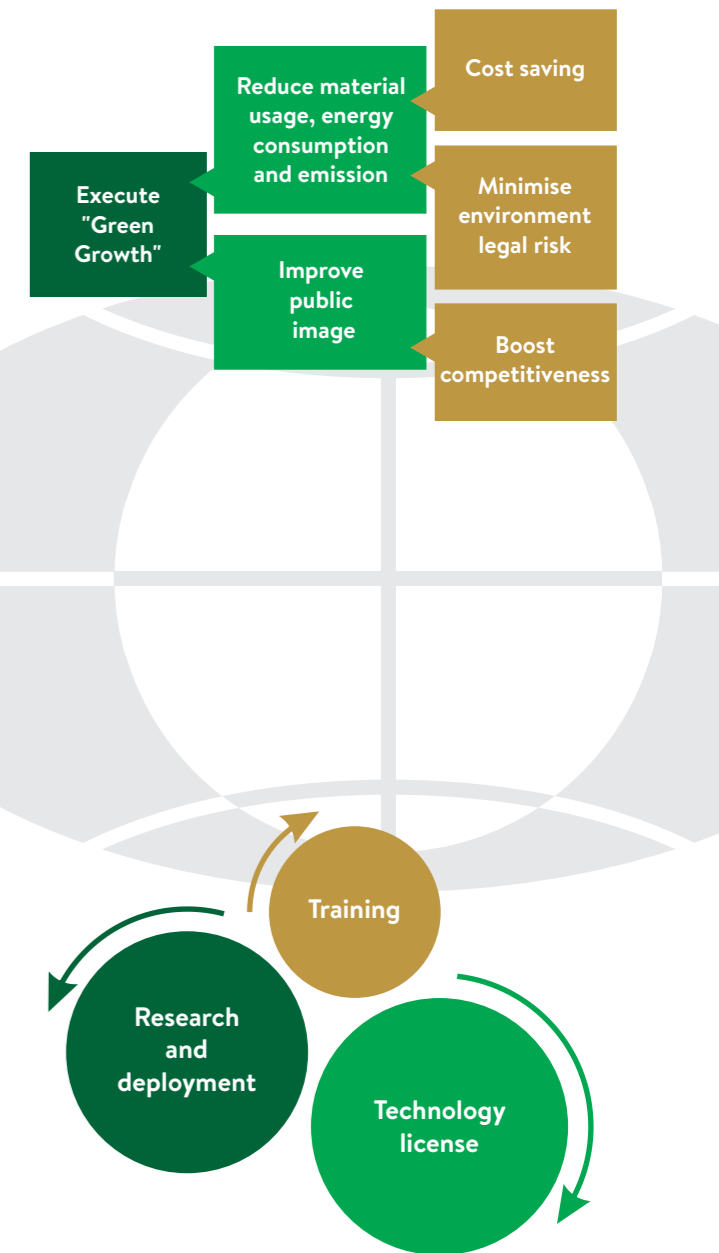
NTP AND "GREEN GROWTH":

"Green Growth" is the core of sustainable growth policy. National policy for sustainable growth is a major and important strategy of the Party and the government in an attempt to "green" the economy. Most noticeably, National Strategy for green development period 2011-2020 with a view to 2050 has stated that: "Green development is a crucial part of sustainable development, ensuring that the economy will grow quickly and efficiently for a long time, contributing to National Strategy for Climate change".

However, among the Enterprise sector, "Green Growth" has received little attention and its importance has not been recognized. Vietnam enterprises are not aware of the negative impact of their production activities on the environment and their potential to follow "Green Growth" strategy remains questionable.

"Green Growth" execution requires enormous investment

In order to successfully carry out "Green Growth" on a global scale and in Vietnam, NTP has increased the frequency and improved the propaganda material regarding "Green Growth" and popularized it among employees; at the same time adopted environmentally friendly production models and processes; organized meetings and seminars to share the experience on how to conduct green growth.



ACTIVITIES TO PROMOTE GREEN GROWTH IN 2019.

In research and development, it is of prime importance to realize the key role of green growth in sustainable development. Not only does it guarantee success for NTP in the short run but also in the long term. Consequently, NTP has deployed an array of management solutions and redistribute resources more appropriately to enhance the performance of research and development with focus on applicability and meet demands from the market.

In 2019, NTP has conducted over 20 R&D projects, the most significant of which are technological innovation projects:

- In honor of pursuing the dream for ever more applicable innovations, NTP has launched project “Design uPVC expander equipment diameter D250 to D400 with pressure tank”. At Hai Phong's “Blue-collar's technological marvel Contest 2019”, among over 50 other projects from all over Hai Phong, this project has been awarded First Prize. The application of such device has drastically improved working conditions since heating fluid and liquid coolant will be automatically retrieved and distributed in a closed circulation.

- At the same aforementioned contest, another project from NTP receives Consolation Prize, which is “Deploy connection between HDPE fittings and pipe by electrofusion method “. The success of this project paves the way for a new line of product for NTP, which can replace the existing complicated bonding welding method due to better aesthetic, better quality and easier to produce. The final product will not create residual plastic and completely eliminate oil leaking compared to the old welding method which does.

- In order to optimize the production process of uPVC solvent cement, the company technical team has spent countless hours researching and successfully tested a new adhesive production machine, which guarantees both high product quality and high productivity. This particular machine saves up to 75% of production time, which in turns reduces the total energy required to manufacture and directly follows the strategy for energy saving.

Alongside research and development, NTP also stresses the significance of international co-operation for the sake of learning about current state-of-the-art technology and machinery. This action not only enables constant improvements for NTP's products but also helps raise the expertise and ability of technical experts. Some of the most considerable technological events in 2019 are:

- Receive production technology transfer from Sekisui (Japan) for uPVC inner spiral pipe, PVC true union ball valve, manhole. This event contributes greatly to the diversity of NTP's new products catalogue, as well as allowing NTP to roll out internationally-recognized quality at a more locally-reasonable price.

- Receive production process transfer for HDPE single-wall corrugated pipe, enabling NTP to be on the frontline for underground power and cable lines program from the government.

- Receive and deploy production line for PE/PP double-wall corrugated pipe. Once entering consumption, this product can replace concrete pipelines. Which in turn would reduce the popularity of products made from natural resources.

- Receive and install an advanced automatic micro-weighing system which improves the precision in mixing raw materials and ultimately produces high quality products. This system has a bonus benefit of reducing contact between workers and raw materials.



To satisfy the requirements for sustainable manufacture and environmentally safe, NTP has applied a vast array of advance management protocols and systems, such as ISO 9001:2015 standards, Environment monitoring system 14001:2015, energy management system ISO 50001:2011, Health and safety management system, Laboratory management system with 21 certified tests, most of the products follows ISO/SEC 17025:2017. Additionally, NTP has managed to come up with and put into production a tin stabilizer substance used for uPVC pipes to minimize negative health impact to consumers.

9. 2020 SUSTAINABLE DEVELOPMENT CRITERIA

ECONOMIC GROWTH

Maintain market share and leading position

In 2019, alongside many fluctuations in international politics which significantly affected the cost of imported raw materials as well as increased competition in the building materials industry, Tien Phong Plastic has maintained leading position within plastic industry by applying dynamic sales policies, improving quality of products and services, as the result, the consolidated net revenue in 2019 increased by 1% compared to 2018 and the total consolidated profit before tax exceeded the plan of VND 471 billion. In addition, the relationship with customers is closer, and attract new customers to use Company's products.

Sustainable contribution to the economy

During its operation, NTP always consciously complies with tax obligations and does not allow arrears and tax evasion. The company understands that strict compliance with tax law is the foundation to build prestige for businesses as well as create a sustainable brand in the market. Moreover, NTP annually receives certificate from local authorities and always rank the first of the list of most taxpayers in Haiphong.

* Table of tax obligation during 2017-2019

	Unit	Payment in 2017	Payment in 2018	Payment in 2019
Pay national budget	VND Billion	366.3	306.3	324.7

Besides, the Company also contributes significantly to the budget revenue and offers regular jobs for employees not only in Haiphong but also in Northern, Central and Southern provinces where company has operating branches. In particular, with 3 factories in Haiphong, Nghe An and Binh Duong, the Company has provided stable jobs for more than 1,400 official employees, helping to reduce unemployment and stabilize the lives of people.

Bringing the brand to international reach:

Since 2018, the Company has a strategic cooperation with Sekisui Chemical Company (Japan) and in 2019, Sekisui Chemical has become a strategic shareholder of Tien Phong Plastic with a 15% of equity ratio. Besides, in October 2019, Tien Phong South built an expanded factory in Binh Duong, raising the production capacity to 60,000 tons/year, and simultaneously investing in manufacturing products with advanced technology from Sekisui. This will be the foundation to help Tien Phong Plastic enhance demands of the domestic market and provide high quality products which is able to compete in export markets

ENVIRONMENT PROTECTION

Environment Protection

As increasing efficiency is one of the major ways to reduce environmental impact, the Board of Directors has instructed all departments to exercise the utmost efficient use of resources and equipment, employ strict adherence to the rules regarding the usage of electricity and water. The company also tries its best to comply with existing environmental protection regulations and has received some notable recognition; establishes policies for product management and waste management as directed by law; successfully applies ISO 14001:2015 standards for environmental impact management and is certified; participates and contributes to communal programs aiming to raise awareness of public environment preservation.

+ Energy

* Period 2017-2019's energy consumption summary:

Tien Phong Plastic (NTP) recognizes that efficient use of power is an effective method to raise profit level. Supervision of energy consumption and natural resource usage will help mitigate the negative impacts to the environment.

* Table of energy consumption from 2017 to 2019:

No.	Item	Unit	2017	2018	2019
1	Electricity	kWh	36,391,419	39,115,271	40,528,170
2	Gas	Kg	13,272	11,436	13,152
3	DO Oil	Liters	51,375	55,419	82,866
4	Total energy consumed	MJ	133,677,773	140,814,976	149,790,218
5	Production	Tons	87,253	88,611	95,450
6	Average energy consumed per ton	MJ/Ton	1,532.07	1,589.136	1,569.303

Source: NTP

In 2019, NTP has carried out a number of energy saving practices and activities as follows:

- Co-operate with Hai Phong Power Company, Ngo Quyen and Duong Kinh Power Management Authority in inspecting the operation of power supply system for the factories, ensuring a stable power provision for normal production operation.
- Prioritize and frequently check power lines and transformers
- Create maintenance plan and closely manage maintenance activities regarding factories' power equipment
- Set a water and power consumption limit for all departments.
- Upgrade power measurement system for Central VN NTP to increase power supply capacity.

** Solutions for controlling power consumption:*

NTP absolutely take extra care building a specific usage limit for all energy sources. Back office and factories are required to provide a periodic report of energy consumption. Furthermore, internal communication often stresses to the employees the importance of protecting the environment. Specific solutions include:

- Power supply control: build a usage guideline and supervise the application.
- Efficient use of power: establish and supervise the application of an efficient use of power protocol through maximum automation of production.
- Internal Communication: constant reminder regarding proper and effective use of company resources.
- Some innovative practices for better power efficiency have been employed:

No.	Goal	Target	Details
1	Energy saving	All departments	<ul style="list-style-type: none"> · Use energy-saving appliances (compact bulb, fluorescent lamp, etc.) instead of traditional light bulb. · Set up a more efficient windows layout for better ventilation and heat insulation · Employ a remotely controlled monitoring system for power and water supply, security and fire fighting system
2	Resource saving	Factories	<ul style="list-style-type: none"> · Upgrade current machinery and apply state-of-the-art technology · Use fuel more efficiently.

NTP always encourage innovative ideas from employees to further improve energy saving and productivity. This also has been the company's tradition since the early days.

+ Water source

Protection of water supply remains top priority. NTP understands the impact its water usage may have on surrounding neighborhood.

** Summary of a 3-year water consumption report*

Content	Unit	2017	2018	2019
Water used	m ³	81,129	130,967	121,703

Source: NTP

** Directives for managing and treating the water resource:*

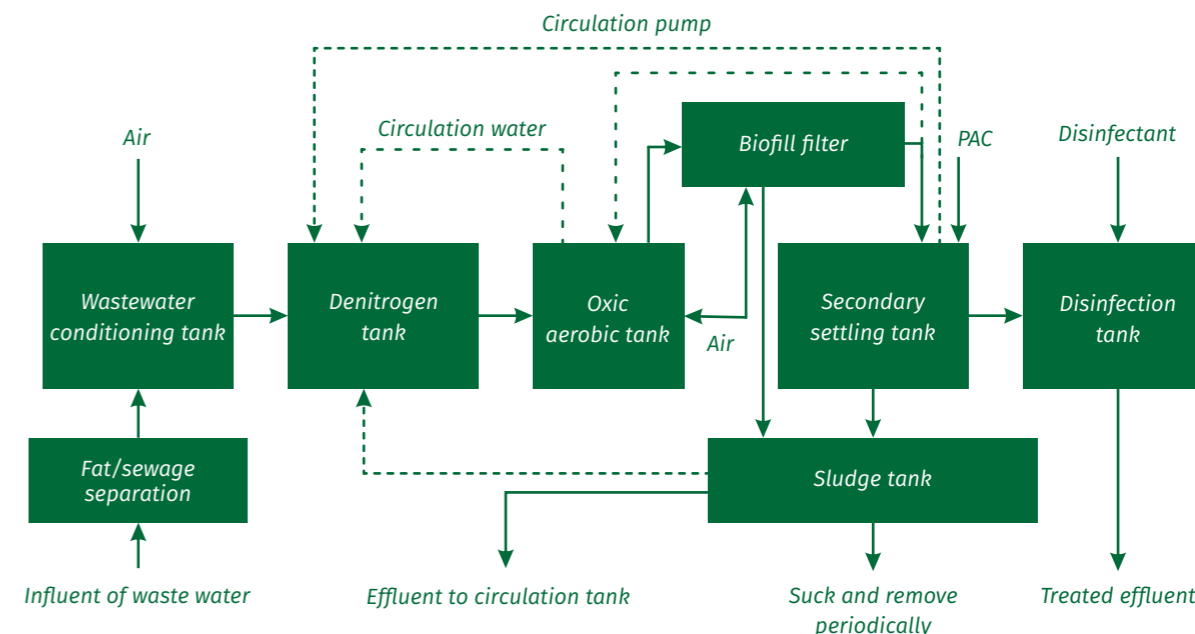
- + Treatment: Use a water treatment system and recycle water resource
- + Internal communication: constantly raise awareness of efficient usage of water among employees.

+ Waste

NTP's main product is construction plastic, which produces a considerable amount of waste ranging from solid waste to exhaust fumes and sewage, etc. However, NTP always abides by the existing regulations set by Vietnam law and international standards.

- Sewage treatment

Sewage treatment layout with a capacity of 130 cubic meter/day:



Source: NTP

- Existing sewage treatment solutions:

- + Build a plan for sewage treatment system
- + Evaluate post-treatment water quality
- + Invest on new equipment and technology for water treatment and push toward water recycling model

- Directions for managing by-products:

- + Reuse and recycle: Reuse by-products for other production stage or employ techniques to recycle by-products.
- + Process: mitigate negative impact on environment by using technology and techniques.
- + Internal Communication: raise general awareness of creating as little waste as possible.

- Emission control solutions:

- + Set up emission control protocols in factories
- + Monitor and evaluate air quality
- + Plant trees around factories and office blocks
- + Ensure normal operation of ventilation system
- Solid waste management process at factories:
 - + Set up protocols for processing solid waste
 - + Monitor processed solid waste
 - + Categorize solid waste and perform frequent cleaning operations
 - + Recycle office waste such as papers, packaging and stationaries

HIGH QUALITY PRODUCT

Tien Phong Plastic has always prioritized quality of products to ensure customers' benefits when they use the company's products. Therefore, Tien Phong Plastic always invests in advanced production lines and machinery from leading European and Japanese firms. The equipment system always ensures high accuracy, ensures uniformity of materials and high productivity, product quality at the best level.

The Board of Director has strictly guided building and maintaining a quality management system. All products of Tien Phong Plastic have met the international standards, mechanical, physical, chemical and industrial characteristics and exceeded the permitted norms. Over nearly 60 years of development and growth, the company has always been one of the leading producers within the plastic industry of Vietnam. Currently, the company has been applying the Total Quality Management and met the quality management standards under the Quality Management System ISO 9001:2015

List of certified products:

No.	Products	Quality standard
1	PE corrugated pipe	TCVN 11821-3:2017/ISO 21138-3:2007
2	MPVC pipe	TCVN 11822:2017/AS/NZS 4765:2007
3	Pipe for electrical system installation	BS 6099:2.2:1982
4	PP-R heat resistant pipe	DIN 8077:2008-09 & DIN 8078:2008-09
5	PE fittings use for supplying water	TCVN 7305-3:2008/ISO 4427-3:2007
6	Group 1: PE pipe use for supplying PE80 and PE100	AS/NZS 4130:2009
7	PE pipe use for supplying PE4710 and PE4608	ASTM F714-13
8	PE pipe use for supplying PE80 and PE100	DIN 8074:1999-08 & DIN 8075:1999-08; ISO 4427-2:2007
9	PVC-U pipe	ISO 1452-2:2009
10	PP-R fittings 80	DIN 16962-5:2000-04
11	· PVC-U pipe for water supply system (DN21-DN800) · PP-R pipe used for hot and cold water system (DN20-DN200) · PE80, PE100 pipe used for supplying water (DN20-DN2000)	QCVN 16:2017/BXD; QCVN 12-1:2011/BYT

Products of company have always met the quality standards, which are safe for users, have been carefully researched from design, production, inspection until launching. The carefulness in each stage of the production process together with the desire of employees to contribute to the results has not only been demonstrated by quality products that are trusted, but also clearly proven by the reliable partners who have engaged for many years. Due to the seriousness in production and strict requirements in each product, Tien Phong Plastic has maintained a market share of over 60% in the North, 30% nationwide and increasingly expanded.

+ Process of product quality inspection

With the aim of creating the most perfect products, NTP proactively established a standard framework with a clear hierarchy, clear responsibilities with specific quantitative requirements, all production processes are strictly controlled to minimize the risks related to product quality.

* Table of regulatory system of product quality

No.	Division	Testing requirements
1	Worker	- Follow the job instructions - HD 08 - Check products during production according to job instructions - Responsible for controlling the quality of products produced. - Collecting products in shifts at the factory's inspection location - Testing the impact strength of PVC and PPR pipes at the impact testing machine of the factory: 1 sample/machine per shift - Test the silver pasted uPVC fittings: 5% of the products produced in the day and at least 1 product / size according to the daily plan of division
2	Testing at the shift	- Test quality of product at the factory and inspection area of the factory. - Responsible for quality control of products produced in shifts at the factory
3	Administrative checking	- Check product quality after shift checking and label "Waiting for inspection". - Responsible for quality control of products manufactured at the factory
4	Processing and Quality Management department	- Check quality of product after the administrative check and label "Inspected by factory" - Responsible for quality control of products sent to warehouse in the company.

After completing the product, the Company measures and takes criteria which the Processing and Quality Management department tested sample at laboratory, according to the form of the inspection unit, the test file was stored at the technology department, including: the influence of materials on water quality, industrial frequency voltage durability, insulation, heat resistance, fire resistance through detailed indicators. After inspection process, the best products branded Tien Phong Plastic have been launched to users, constantly expanding, reaching out to remoted and difficulty areas to bring value and share benefits with community.

HUMAN RESOURCES ACTIVITIES

+ Human Resources activities

NTP is celebrating its 60th anniversary, hence its business culture is of great emphasis which its employees have gone to great lengths to preserve. Transparency, equality, unity and support have always been maintained as NTP's spirit animal ever since its first days. Hence, each Commissioner is tasked with preserving and expanding this spirit, strengthen unity and focus towards the ultimate achievements of the business.

Work-life balance is the solid foundation from which employees can find support from their family, ensuring they have the best mental health for top performance. Therefore, NTP have created a lot of opportunities and activities for its employees' family members to make them feel like a part of NTP family themselves.

In 2019, recruitment continued to be one of the top priorities to attract highly-skilled candidates and professionals. A democratic environment with lots of opportunities for merit-based promotion is main attractions to a quality recruit. Headcounts may fluctuate slightly in the incoming months, therefore the recruitment criterion will be completed in the second quarter with transparency and quality guaranteed to all candidates.

NTP continues to provide expertise training classes, along with soft skills for career development and experience accumulation, for employees. Furthermore, there are monthly seminars in which high-ranking managers will spend their time sharing experiences and coaching skills for employees, as well as giving clear business directions and provide motivation.

Physical activities and sports are taking places regularly for the sake of workers' health and safety. Daily meals are under constant renovation with a robust menu, highly nutritious and are prepared with the highest level of food safety. Working spaces, especially production areas, are well kept and cleaned and ventilated for the best productivity and reduce the risk of harmful incidences.

DIVERSITY IN HUMAN RESOURCES MANAGEMENT FOR SUSTAINABLE GROWTH

Machineries and equipment can bring accuracy but humans will bring additional value to business such as customer satisfaction, increased benefits for stakeholders, improved production processes, etc. As such, in order to secure a sustainable growth, NTP always pays a close attention to the development and motivation of its workforce.

+ Intellectual property and trade mark protection

Tien Phong Plastic has long considered as the leading plastic brand in Vietnam. For many years, the brand "Tien Phong Plastic" has entered the subconscious of consumers as good quality products, a variety of design styles as well as after-sales services and reliable maintenance. Recognizing the importance of maintaining and developing the brand, the Board of Directors and all employees of Tien Phong Plastic have always made all efforts and strive to bring Tien Phong Plastic as the pioneer in Vietnam plastic industry and gradually affirmed its brand position in the international market.

Tien Phong Plastic has always developed its brand name, therefore, the Company takes it seriously in detecting counterfeit goods. In 2019, in Bac Ninh and Nghe An provinces, Tien Phong Plastic has discovered a store selling counterfeit goods, thereby coordinating with the Market Management team to inspect, evaluate, seize and investigate openly to increase the prevention of wrongdoing and bring the violators to the law.

With the goal of being a transparent enterprise, Tien Phong Plastic has always played leading role in protecting intellectual property rights and trademarks to guarantee the best interests for consumers.

+ Transparent information

Information on labels, packaging and product of NTP is guaranteed the compliance with the law and sufficient information for customers. Information includes:

- Information about the Company (logo, brand, address, v.v)
- Name of product
- Technical specification
- Product specifications
- Directions and recommendations

This information is not only aimed to provide information to customers but also helps the company to control quality through traceability of products when there are complaints from customers. In addition, when there is a change in information about products or when new products are available, Tien Phong Plastic provides information directly to consumers in order to maintain safety and transparency in relationships to consumers as procedure, to ensure:

- Notices are promptly sent to customers and related parties;
- Notices are sent to all customers and related parties in a consistent and synchronous way through all communication channels;
- Customers and related parties are properly and fully aware of changes in products of company.



·HR summary

As of 31st December 2019, there were a total of 1,407 employees. Among these, although the average age of human labour is getting younger, the middle-aged employees (30 to 50 years old) occupies a relatively high proportion, who are also the most experienced with a vast applicable knowledge and are staying with NTP for the foreseeable future.

Statistics

Item	Year	2019	
		Number	Percentage (%)
Age group			
Under 30		214	16.40%
From 30 to 50		965	73.8%
Above 50		129	9.80%
Gender			
Male		871	66.60%
Female		437	33.40%
Rank			
Top management		8	0.60%
Middle management		28	2.14%
Employees		1,272	97.26%
Qualification			
Post-graduate		13	1.00%
Bachelors and College Graduate		455	34.70%
Other		840	64.30%

Furthermore, after a number of evaluations, 2019 has seen a lot of rotations and newly appointed personnel to satisfy the increasing demand of business.

- Internal management according to law
- Child labor: strictly prohibited, NTP does not approve the employment of underage workers for the company's production lines
- Forced labor: NTP has managed to build a friendly working environment, with a company culture geared towards quality and democratic and will not condone the action of forcing employees to work overtime against their will (standard 8 hours per day) or to engage in life-threatening work.
- Investigate and apply government's regulations for company management such as Law on Enterprise, decree 71/2017/NĐ-CP, circular 95/2017/TT-BT, etc. Simultaneously, NTP carries out all obligations of and provide benefits to employees as declared by law: pay income taxes, provide social insurance, unemployment insurance and any other benefits.

- Training and development
- Recruitment

NTP focuses on seeking after candidates with appropriate skills, knowledge and expertise and young employees with passion and energy. NTP has facilitated a number of internships and on-site experience for students from Vietnam's top university with a view to attracting the best talents to work for the organization.

- Encouraging innovation

As a manufacture enterprise, NTP always priorities the development of production technology and innovative designs. Policies aiming at inspiring original ideas are in place for everyone and anyone to contribute their ingenious ideas. Every year, NTP holds competitions for efficiency maximization and reducing inefficiency for all departments to participate and present their unique approaches. Any ideas with practical application will receive hot rewards and honored internally to pique all employees' interest in such activities.

- Skill and expertise training

NTP always encourage and support its employees in learning and receiving trainings, as well as soft skills classes in order to improve their professional abilities, organized by the company itself and according to popular demand. As for middle management and above, NTP provides exchange programs and trainings at recognized overseas enterprises so that they can experience the latest management practices and state-of-the-art technology.

Beside traditional training method, other forms of internal trainings are also popular at NTP such as Summary meetings, monthly 4-Sector meeting, LEAN project competition have created opportunities for information exchange between leaders and staff, enabling the latter to receive latest information and have a clear vision of business direction and also to form appropriate ideas for work.

	2017	2018	2019
Total employees engaged	1,265	1,350	1,788
Total training hours	13,040	10,800	10,980
Total training cost (VND)	1,200,000,000	512,814,000	684,345,000
Profit after tax (VND Billion)	391	320	409
T/P ratio	0.30%	0.16%	0.16%

Total expense for HR in 2019 (VND), including:

1. Total compensation in 2019: 274,774,288,554 VND
2. Total insurance expenditure: 29,577,987,363 VND (Including Health insurance, Social insurance, Unemployment insurance)
3. Total benefit expenditure: 28,506,605,930 VND (Including overtime meal, toxic, teambuilding, regular health check)

· Benefit scheme

+ Work health and safety

NTP has adopted a number of international standards such as ISO 14001:2015, 5S and environment monitoring systems to minimise noise pollution and maintain a clean and green atmosphere.

Staffs are provided with safety gears and uniforms; NTP also holds regular inspection of fire prevention system at all departments and factories, as well as perform industrial cleansing. NTP has its own safety inspection teams, supervisors for food hygiene and safety, for first aid and firefighting, etc. Simultaneously, workers are provided with sufficient safety training, especially those operating pressure equipment, electrical system and hydraulics. The company selects only clean and odorless materials for the sake of its employees' health benefits.

Apart from policies supporting employees' personal medical expenses, NTP also arranges regular health exams and have first-aid centers ready with enough medicines and medical equipment at all times.

Regarding food hygiene and safety, NTP has a personal kitchen and daily menus to cater to all staffs' nutritional demand, avoid instances of food poisoning, overtime payment, increased supply of electrolytes and salted congee during hot days to prevent fatigues and faints.

+ Internal activities

. Union

In 2019, NTP'S Union has monitored and ensured that all staffs benefits are delivered such as 100% of employees has Social Security and Health Insurance; organize yearly teambuilding trips; set up sports tournament for health improvement and strengthen co-operation.

Moreover, the Union's Executive Committee has established a democratic system within the organization, set up a Board of Conciliation to resolve disputes regarding labors' benefits. Hence, in 2019, there has been no dispute-taking place at NTP and productivity-focused movements have been popularized.

NTP is also one of the few enterprises with an on-site Library containing numerous book titles, newspaper, and documents to meet the demands from staffs for researching and entertainment. Twice yearly, Union will collaborate with City Library to import new titles and materials to ensure the Library is up-to-date.

COMMUNITY DEVELOPMENT

In order to celebrate the 60th anniversary of establishment, the "Cau noi yeu thuong" program has continued to be the key of charity program which NTP set a goal to complete a total of 60 bridges. Over 03 years of implementation, in 2019 a total of 23 bridges were built, bringing the total number of bridges to 37 in the North and the South, and organizing extracurricular programs for poor students and support expense for people in difficult areas.

In addition, NTP has continued to work with local charities and organizations to implement and maintain appropriate programs such as gratitude houses, supporting Vietnamese heroic mothers, etc. The prevention of counterfeit goods has still being promoted and determined by NTP to resolve this problem. NTP awares that this is not only responsible of any organization or an individual, but also the responsible of the whole society, therefore, in addition to closer coordination between law enforcement agencies, NTP also enhances communication to raise people's awareness.

NTP willing to join with the authorities to complete important regulations and policies such as building new rural areas, protecting national sovereignty, improving the lives of poor people, and helping society become a united and civilized sector.

10. MANAGING SUSTAINABLE DEVELOPMENT AND PLANNING IN THE FUTURE

SUSTAINABLE DEVELOPMENT GOALS FOR THE PERIOD OF 2019-2021:

Tien Phong Plastic is well aware of its pioneering role in declaring and implementing Sustainable Development Strategies. On the basis of clearly defining the pillars of sustainable development, Tien Phong Plastic has developed a specific plan to realize these objectives.

Tien Phong Plastic understands that in order to ensure effective development efforts, it is necessary to build a strong management structure, through the promulgation of internal regulations to clearly define the responsibilities of important related parties in system of company.

The achievements in 2019 once again affirmed the determination of innovation of Tien Phong Plastic's leaders and employees. Seizing the opportunity, turning challenges into a motivation for sustainable development in the new period will be the most practical results that employees and employees look forward to celebrate the 60th anniversary of NTP in May 2020.

Additionally, many solutions are promoted to keep and develop the market, increase competition with new products with many superior advantages and constantly offer dynamic sales policies, expand development of distribution system.

No.	Objective	Solution	Current and planned programs
1	For sustainable and efficient economic growth	<ul style="list-style-type: none"> · Attract foreign investment and technology transfer, improve product quality; · Completing value chain in the Plastic Industry, especially proactively invest in production of input materials; · Improving reputation and strengthening brand; · Looking for new investment opportunities; · Doing responsible business, contributing to the local economy, creating jobs in areas of Tien Phong Plastic. 	<ul style="list-style-type: none"> · Strengthening cooperation with partners, such as Sekisui Chemical Company (Japan), will be an opportunity to absorb advanced technology from Japan in the production and marketing of advanced products which have not been produced by any competitors in Vietnam, or imported from abroad; · Looking for new opportunities through positive reviews from the future prospects of the plastic drainage industry, Real Estate industry, etc. · Tien Phong Plastic is one of investment withdraw by SCIC. Investment withdraw by SCIC will help Tien Phong Plastic shares to increase liquidity on the market and in the long term attract many potential investors; · Expanding business location: factory, system of agents, transportation, warehouse, etc.

No.	Objective	Solution	Current and planned programs
2	For a green-clean-beautiful environment	<ul style="list-style-type: none"> · Research and apply scientific and technological advances in environmental protection in parallel with production activities; · Conduct assessment and selection of suppliers who comply to social responsibility and environmental protection; · Internal propagation, energy and material saving and reasonable materials. 	<ul style="list-style-type: none"> · Applying international standards for environmental protection throughout the production process, organizing a strict monitoring system, periodically assessing environmental quality; · Encourage the usage of recycled products, energy saving ideas.
3	For the development of society	<ul style="list-style-type: none"> · Improving the working environment and income for employees, ensuring long-term commitment; · Support community development. 	<ul style="list-style-type: none"> · Transparent recruitment, promotion and remuneration regimes; · Investing in training activities to develop the quality of human resources, infrastructure and welfare activities for employees; · Periodical allocation for community activities: supporting learning promotion, disaster recovery, poverty reduction, etc



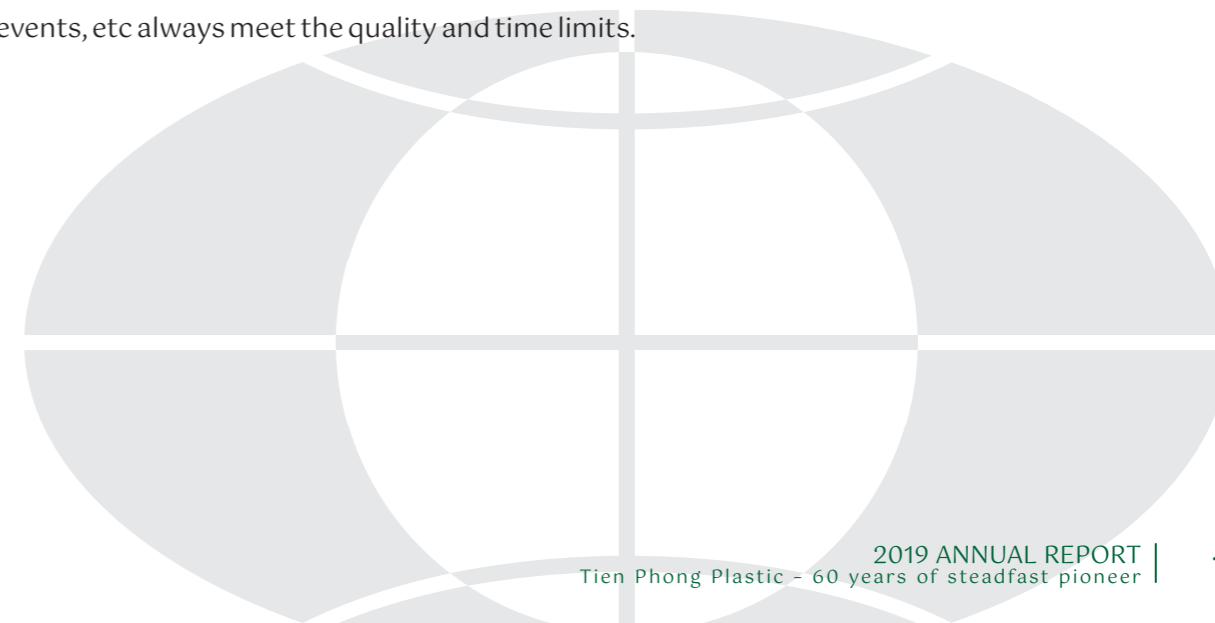
SUSTAINABLE DEVELOPMENT MANAGEMENT MODEL

Division	Roles and responsibilities
Board of Directors	<ul style="list-style-type: none"> - Set goals and orientations - Performance evaluation - Follow and direct implementation
Management Board	<ul style="list-style-type: none"> - Implement, monitor and report on progress of sustainable development activities for the Board of Directors - Concret the goal into plans for each division and department to implement - Direct and monitor the implementation process - Periodic reports to the Board of Directors
Member companies	<ul style="list-style-type: none"> - Implement sustainable development activities at each division and report to the Management Board - Implement the assigned sustainable development plan - Coordinate and support the implementation process at other division
Supervision Board /Internal Control Division	<ul style="list-style-type: none"> - Independently monitor the implementation process and proposed improvements - Periodically report unexpectedly problems arising during the implementation process

In order to well manage risks in the process of implementing sustainable development goals, Tien Phong Plastic have always strictly complied with domestic and international regulations on corporate management and administration. The company has also built a risk management process to detect and prevent possible negative impacts during the implementation of this sustainable development plan.

The management system also has many innovations when upgrading the quality management system to ISO 9001:2015, maintaining a lean LEAN manufacturing system to maximize production cycles and costs.

In the management process, numerous of projects have been implemented such as continuing to conduct capacity assessment of employees based on that adjustment of job position as well as income level according to capacity assessment, public performance, impact labor norms, apply new labor regulations as well as policies for employees, implement and maintain effectively the works related to the management system, management tools in ISO, 5S, etc. well implement the initial health care regimes for employees in the company. Moreover, management of working environment, prevention of occupational diseases, service of facilities and events, etc always meet the quality and time limits.



Risk management

The company has proactively identified a number of critical risks in the process of operation, thereby developing solutions to overcome risks to optimize the process of management, production and environmental protection.

No.	Factor	Content	Prevention measures
1	Climate change and environmental pollution	<ul style="list-style-type: none"> - Increasing floods and saline intrusion; - Lack of clean water sources and new epidemics with increasing levels of danger; - Decline in natural resources and biodiversity. 	<ul style="list-style-type: none"> - Apply science and technology in the process of production, waste treatment and recycling; - Promote training and internal propaganda to raise awareness of environmental protection, energy saving...
2	Human Resource	<ul style="list-style-type: none"> - Professional capacity of the workforce compared to those in the other region is not high; - Employees do not have long-term awareness in sustainable development activities; - Job opportunities are increasingly diversified, making it possible for employees not to work for the company for a long time. 	<ul style="list-style-type: none"> - Reasonable recruitment policy to attract high-skilled labor; - Promote internal professional training, capacity assessment, as well as provide timely advice and assistance to the labor force; - Transparent regime of salary and bonus; maintain activities to improve material and spiritual life for the workforce.
3	Market	<ul style="list-style-type: none"> - Prices of input materials (especially oil prices) fluctuate unpredictably; - Risks of decreasing market share and increasing competitive pressure; - Imported materials account for a large proportion, so there is a great risk of exchange rate and payment. 	<ul style="list-style-type: none"> - Actively conduct research and develop technology to partly supply input materials; - Plan reasonable storage and purchase, select reputable suppliers; - Actively monitor market changes to have timely adjustment strategies.
4	Law abiding	<ul style="list-style-type: none"> - Law documents, guideline to the industry changed regularly; - The integration process of the country when integrate into international agreements as well as being members of international organizations; - Tien Phong Plastic has been expanding its international cooperation. 	<ul style="list-style-type: none"> - Always update and adjust activities of company in accordance to Vietnamese and international laws; - Review and evaluate the conditions carefully before signing contracts and agreements, especially multinational agreement; - Train the professional qualifications of staff and donate excelent staff to study abroad.

FINANCIAL REPORT

1. Statement of the board of general directors
2. Independent auditors' report
3. Consolidated balance sheet
4. Consolidated income statement
5. Consolidated cash flow statement



STATEMENT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of Tien Phong Plastic Joint Stock Company (the “Company”) presents this report together with the Company’s consolidated financial statements for the year ended 31 December 2019.

THE BOARDS OF MANAGEMENT AND GENERAL DIRECTORS

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

Board of Management

Mr. Dang Quoc Dung	Chairman (Appointed on 19 April 2019)
Mr. Noboru Kobayashi	Vice Chairman (Appointed on 19 April 2019)
Mr. Tran Ba Phuc	Member
Mr. Nguyen Quoc Truong	Member
Mr. Nguyen Anh Tuan	Member
Mr. Chu Van Phuong	Member
Mr. Tran Ngoc Bao	Member
Mr. Dao Anh Thang	Member (Appointed on 19 April 2019)

Board of General Directors

Mr. Chu Van Phuong	General Director
Mr. Nguyen Van Thuc	Deputy General Director
Mr. Tran Nhat Ninh	Deputy General Director
Ms. Ngo Thi Thu Thuy	Deputy General Director
Mr. Tran Ngoc Bao	Chief Accountant Deputy
Mr. Nguyen Trung Kien	General Director (Resigned on 19 April 2019)

BOARD OF GENERAL DIRECTORS’ STATEMENT OF RESPONSIBILITY

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

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and

Design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimize errors and frauds.

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

For and on behalf of the Board of General Directors,

Chu Van Phuong
General Director

Hai Phong, 20 March 2020

INDEPENDENT AUDITORS' REPORT

To: **The shareholders**
The Boards of Management and General Directors
Tien Phong Plastic Joint Stock Company

We have audited the accompanying consolidated financial statements of Tien Phong Plastic Joint Stock Company (the "Company"), prepared on 20 March 2020, as set out from page 04 to page 27, which comprise the consolidated balance sheet as at 31 December 2019, the consolidated statement of income and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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



Dang Chi Dung
Deputy General Director
Audit Practising Registration Certificate
No. 0030-2018-001-1
DELOITTE VIETNAM COMPANY LIMITED

20 March 2020
Hanoi, S.R. Vietnam

A handwritten signature in blue ink, appearing to read 'B. Huong'.

Bui Thi Thu Huong
Auditor
Audit Practising Registration Certificate
No. 1688-2018-001-1



CONSOLIDATED BALANCE SHEET

As at 31 December 2019

FORM B 01-DN/HN

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		2,363,188,726,746	2,663,120,671,142
I. Cash and cash equivalents	110	4	297,022,694,727	83,065,719,694
1. Cash	111		196,872,694,727	83,065,719,694
2. Cash equivalents	112		100,150,000,000	-
II. Short-term financial investments	120		10,000,000,000	-
1. Held-to-maturity investments	121	5	10,000,000,000	-
III. Short-term receivables	130		958,486,969,352	1,549,583,689,783
1. Short-term trade receivables	131	6	893,042,996,267	1,495,816,976,297
2. Short-term advances to suppliers	132		38,459,304,803	51,244,074,668
3. Short-term loan receivables	135		15,461,572,866	15,461,572,866
4. Other short-term receivables	136	7	12,834,015,445	6,546,183,510
5. Provision for short-term doubtful debts	137	8	(1,310,920,029)	(19,485,117,558)
IV. Inventories	140	9	1,073,746,248,873	995,457,074,011
1. Inventories	141		1,078,551,305,019	1,008,450,267,385
2. Provision for devaluation of inventories	149		(4,805,056,146)	(12,993,193,374)
V. Other short-term assets	150		23,932,813,794	35,014,187,654
1. Short-term prepayments	151	10	9,288,457,034	8,990,909,900
2. Value added tax deductibles	152		14,191,206,027	358,824,702
3. Taxes and other receivables from the State budget	153	11	453,150,733	25,664,453,052
B. NON-CURRENT ASSETS	200		2,189,130,945,492	2,213,174,513,015
I. Fixed assets	220		1,536,486,469,202	1,552,279,210,843
1. Tangible fixed assets	221	12	1,457,165,617,339	1,515,883,152,665
- Cost	222		2,695,676,486,086	2,609,280,678,954
- Accumulated depreciation	223		(1,238,510,868,747)	(1,093,397,526,289)
2. Intangible assets	227	13	79,320,851,863	36,396,058,178
- Cost	228		95,091,239,834	49,435,906,053
- Accumulated amortization	229		(15,770,387,971)	(13,039,847,875)
II. Long-term assets in progress	240		130,714,751,756	184,494,656,331
1. Construction in progress	242	14	130,714,751,756	184,494,656,331
III. Long-term financial investments	250	15	509,847,398,998	456,024,465,195
1. Investments in joint-ventures, associates	252		265,222,210,398	252,799,276,595
2. Equity investments in other entities	253		245,960,188,600	204,560,188,600
3. Provision for impairment of long-term financial investments	254		(1,335,000,000)	(1,335,000,000)
IV. Other long-term assets	260		12,082,325,536	20,376,180,646
1. Long-term prepayments	261	10	12,082,325,536	20,376,180,646
TOTAL ASSETS (270=100+200)	270		4,552,319,672,238	4,876,295,184,157

FORM B 01-DN/HN

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		1,984,900,418,669	2,623,789,620,930
I. Current liabilities	310		1,854,109,589,636	2,387,372,889,586
1. Short-term trade payables	311	16	260,013,816,111	268,111,475,037
2. Short-term advances from customers	312		1,782,268,775	1,917,062,719
3. Taxes and amounts payable to the State budget	313	11	17,276,017,652	21,408,479,538
4. Payables to employees	314		72,779,367,525	44,088,749,715
5. Short-term accrued expenses	315	17	122,598,158,473	131,790,309,530
6. Other current payables	319	18	12,882,910,719	15,809,412,127
7. Short-term loans and obligations under finance leases	320	19	1,362,611,134,057	1,884,176,551,665
8. Bonus and welfare funds	322		4,165,916,324	20,070,849,255
II. Long-term liabilities	330		130,790,829,033	236,416,731,344
1. Long-term loans and obligations under finance leases	338	20	130,790,829,033	236,416,731,344
D. EQUITY	400		2,567,419,253,569	2,252,505,563,227
I. Owners' equity	410	21	2,567,419,253,569	2,252,505,563,227
1. Owners' contributed capital	411		981,638,530,000	892,403,020,000
2. Investment and development fund	418		962,542,250,971	824,402,903,721
3. Retained earnings	421		623,238,472,598	535,699,639,506
- Retained earnings accumulated to the prior year end	421a		217,977,480,256	207,310,596,112
- Retained earnings of the current year	421b		405,260,992,342	328,389,043,394
TOTAL RESOURCES (440=300+400)	440		4,552,319,672,238	4,876,295,184,157

Luu Thi Mai
Preparer

Tran Ngoc Bao
Chief Accountant



Chu Van Phuong
General Director

20 March 2020

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

FORM B 01-DN/HN

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold	01	23	4,788,713,095,640	4,534,643,996,134
2. Deductions	02	23	28,851,422,791	14,998,541,997
3. Net revenue from goods sold (10=01-02)	10	23	4,759,861,672,849	4,519,645,454,137
4. Cost of sales	11	24	3,325,381,674,138	3,188,696,872,956
5. Gross profit from goods sold (20=10-11)	20		1,434,479,998,711	1,330,948,581,181
6. Financial income	21		16,779,717,442	15,052,715,584
7. Financial expenses	22	26	114,918,082,009	107,603,060,002
In which: Interest expense	23		114,690,167,705	107,149,414,700
8. Share of the net profit of joint ventures, associates	24		12,922,708,803	19,053,363,463
9. Selling expenses	25	27	745,661,295,573	733,044,654,226
10. General and administration expenses	26	27	135,939,110,503	148,052,213,717

FORM B 01-DN/HN

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
11. Operating profit (30=20+(21-22)+24-(25+26))	30		467,663,936,871	376,354,732,283
12. Other income	31		9,151,476,054	5,647,152,688
13. Other expenses	32		5,628,977,999	2,156,564,279
14. Profit from other activities (40=31-32)	40		3,522,498,055	3,490,588,409
15. Accounting profit before tax (50=30+40)	50		471,186,434,926	379,845,320,692
16. Current corporate income tax expense	51	28	62,160,442,584	48,328,277,298
17. Net profit after corporate income tax (60=50-51)	60		409,025,992,342	331,517,043,394
18. Basic earnings per share	70	30	4,167	3,377

Luu Thi Mai
Preparer

Tran Ngoc Bao
Chief Accountant



Chu Van Phuong
General Director

20 March 2020

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2019

FORM B 01-DN/HN

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	471,186,434,926	379,845,320,692
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	149,825,693,007	133,917,695,978
Provisions	03	(8,188,137,228)	1,483,243,073
Foreign exchange loss arising from translating foreign currency items	04	58,951,944	-
(Gain) from investing activities	05	(29,957,455,448)	(32,541,302,220)
Interest expense	06	114,690,167,705	107,149,414,700
3. Operating profit before movements in working capital	08	697,615,654,906	589,854,372,223
Changes in receivables	09	602,508,747,511	(260,161,161,404)
Changes in inventories	10	(70,101,037,634)	(143,868,765,932)
Changes in payables (excluding accrued loans interest and corporate income tax payable)	11	51,049,069,293	(31,569,391,873)
Changes in prepaid expenses	12	7,996,307,976	(5,422,480,861)
Interest paid	14	(114,571,266,552)	(106,266,622,542)
Corporate income tax paid	15	(28,203,387,482)	(66,240,919,220)
Other cash outflows	17	(19,994,932,931)	(28,628,198,176)
Net cash generated by/(used in) operating activities	20	1,126,299,155,087	(52,303,167,785)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(169,760,204,641)	(294,650,204,815)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	323,832,727	-
3. Cash outflow for lending, buying debt instruments of other entities	23	(10,000,000,000)	-
3. Equity investments in other entities	25	(33,120,000,000)	(1,128,120,000)
4. Interest earned, dividends and profits received	27	16,711,816,988	13,503,923,132
Net cash used in investing activities	30	(195,844,554,926)	(282,274,401,683)

FORM B 01-DN/HN

Unit: VND

ITEMS	Codes	Current year	Prior year
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	3,788,555,884,880	3,967,099,907,748
2. Repayment of borrowings	34	(4,415,747,204,799)	(3,540,104,213,837)
3. Dividends paid	36	(89,240,302,000)	(133,860,453,000)
Net cash (used in)/generated by financing activities	40	(716,431,621,919)	293,135,240,911
Net increase/(decrease) in cash (50=20+30+40)	50	214,022,978,242	(41,442,328,557)
Cash and cash equivalents at the beginning of the year	60	83,065,719,694	124,508,048,251
Effect of changes in foreign exchange rates	61	(66,003,209)	-
Cash and cash equivalents at the end of the year (70=50+60+61)	70	297,022,694,727	83,065,719,694

Luu Thi Mai
Preparer

Tran Ngoc Bao
Chief Accountant



Chu Van Phuong
General Director
20 March 2020

